

Cyber Insurance

Tim Jones – UK/I PI and Cyber Manager

CHUBB®

*Why you need it; how the
policy works and the
importance of incident
response management”*



What is a cyber event?

8th June 2016

*Data
breach/Hacking*

*Extortion
attempts*

Network Outage

*Programming
Error*

*Denial of Service
attacks*



*Media Liability
Internet/Social
Media*

*Human Error
leading to a data
breach*

*Rogue Employee
releasing info*

Change in Mind-set

Expectation

- Recognise and Mitigate

Preparation

- It shouldn't be a surprise

Response

- Damage not at the initial event stage

Handling

- Far-reaching and fundamental

What is Cyber Insurance?

A product designed to help businesses respond to Cyber events (risks and threats relating to data; network infrastructure and activities)

Provides coverage for immediate incident response, 1st party costs and 3rd party financial loss





1st Party costs:



Detection & Escalation: Dedicated Incident response manager
Costs relating to information security forensic investigators and auditors...

Notification: Costs relating to notifying affected people...

Post breach/crisis response: Costs relating to lawyers, public relations consultants, advertising, call centres, credit-monitoring services...

Business interruption: Loss of business income due to impairment or denial of business operations...

Data asset loss & restoration – i.e removal of threat and reconstitute data

Extortion threats – experts and negotiators as well as the monies paid

Regulatory action for privacy breaches – defence (payment?) of fines

3rd Party Liabilities:

Privacy Claims – failure to handle, manage, store, destroy or control records (personal and corporate)

Network Security Claim – failure to deter; defend against a malicious act

Media Liability – defamation; infringement; negligent dissemination of content (on the Internet; including Social Media Sites)

Let's look at those costs...

8th June 2016

**Source – Ponemon report
Per record - \$214**

**DIRECT
COSTS
\$13**

Discovery/
Data Forensics

Auditing/
Consulting
Services

**VICTIM
COSTS
\$15**

Notification

Call Center

Identity Monitoring
(credit/non-credit)

Identity
Restoration

**INDIRECT
COSTS
\$51**

Restitution

Additional Security &
Audit Requirements

Lawsuits

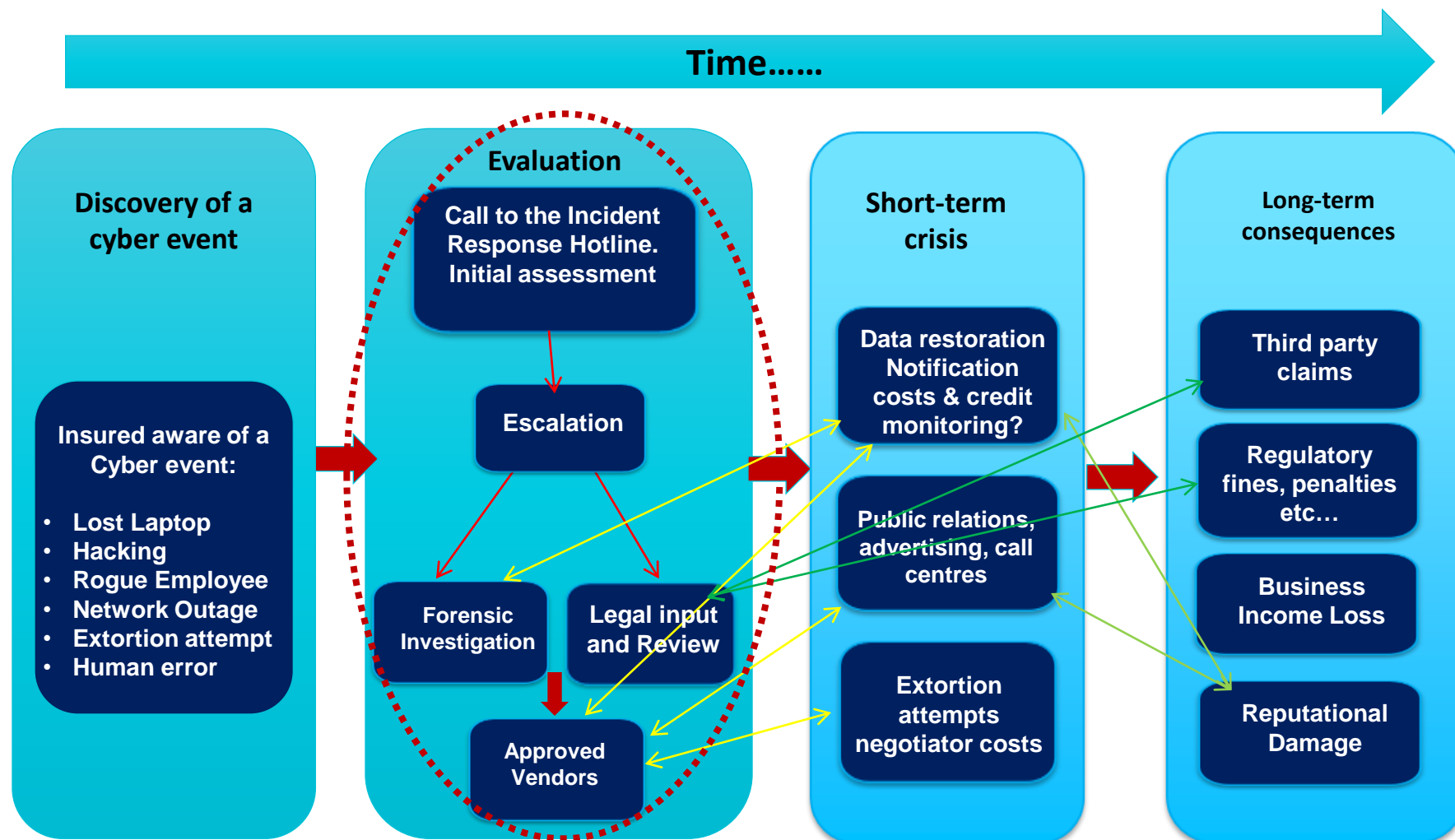
Regulatory Fines

**OPPORTUNITY
COSTS
\$135**

Loss of Consumer
Confidence

Loss of Funding

Managing a Cyber event with Chubb ERM



What do insurers care about?

8th June 2016

Risk management

*Information security
policy*

'Human Firewall'

*'BCP'
Business
continuity plan*



*'IRP'
Incident response
plan*

*Number of
individual records
and sensitivity*

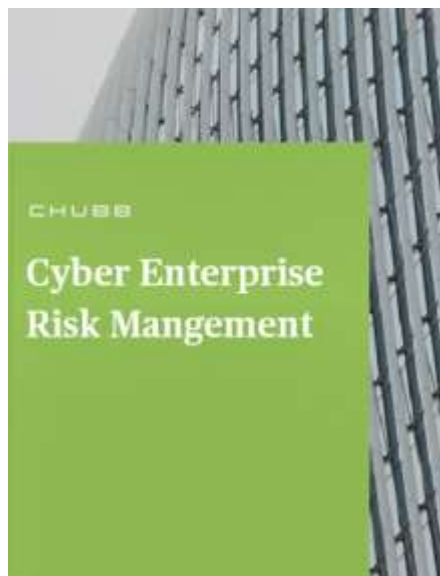
*Any prior
incidents?*

Encryption

*Payment card
transactions*

*Outsourcing to
3rd parties*

“Sorry – Cyber Insurance is just too expensive...”



Dedicated Incident Response Manager 24 hours a day; 365 days a year.

Access to experts/resource in forensics; extortion; PR, Call Centres; restoration; lawyers.

1st party costs – business interruption; potential notification; credit monitoring; further crisis support

Financial backstop for 3rd party liabilities & potential regulatory action

All handled in first few hours of the cyber event occurring – determining the impact to the business operations; reputation and future viability of the business

Incident Response



Paul Handy

Head of Global Technical Services, Europe



Paul has 23+ years of insurance and loss adjusting experience and is an established major loss specialist including complex UK and international property, business interruption, public & product liability and recall claims and more recently cyber risks.

A practiced technical and operational project manager for significant market losses including the Buncefield explosion, the 2011 English Riots and major catastrophe events such as the New Zealand Christchurch earthquakes.

Paul is currently responsible for Crawford Global Technical Services® in Europe and is also technical lead on our global cyber risks solution.

A dual qualified Chartered Insurance Practitioner and Chartered Loss Adjuster, Paul is an active Committee Member at both the Chartered Insurance Institute and Chartered Institute of Loss Adjusters. He sits on the Claims Committee of the Insurance Institute of London and is the immediate past President of the Insurance Institute of Cambridge.

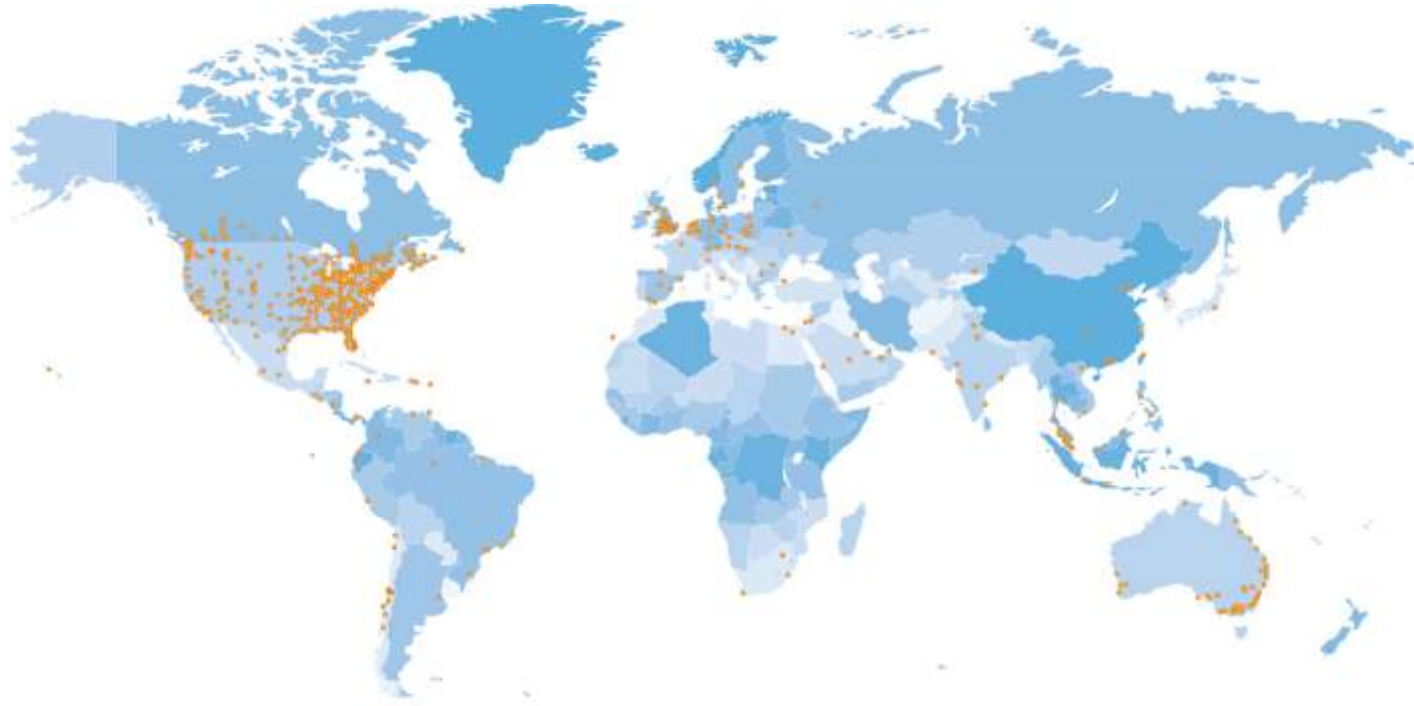
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Crawford & Company

One of the world's largest independent claims management service provider



70 countries



8900
employees



700 offices



Strong
financial
ratings



Head office
Atlanta, listed
on NYSE



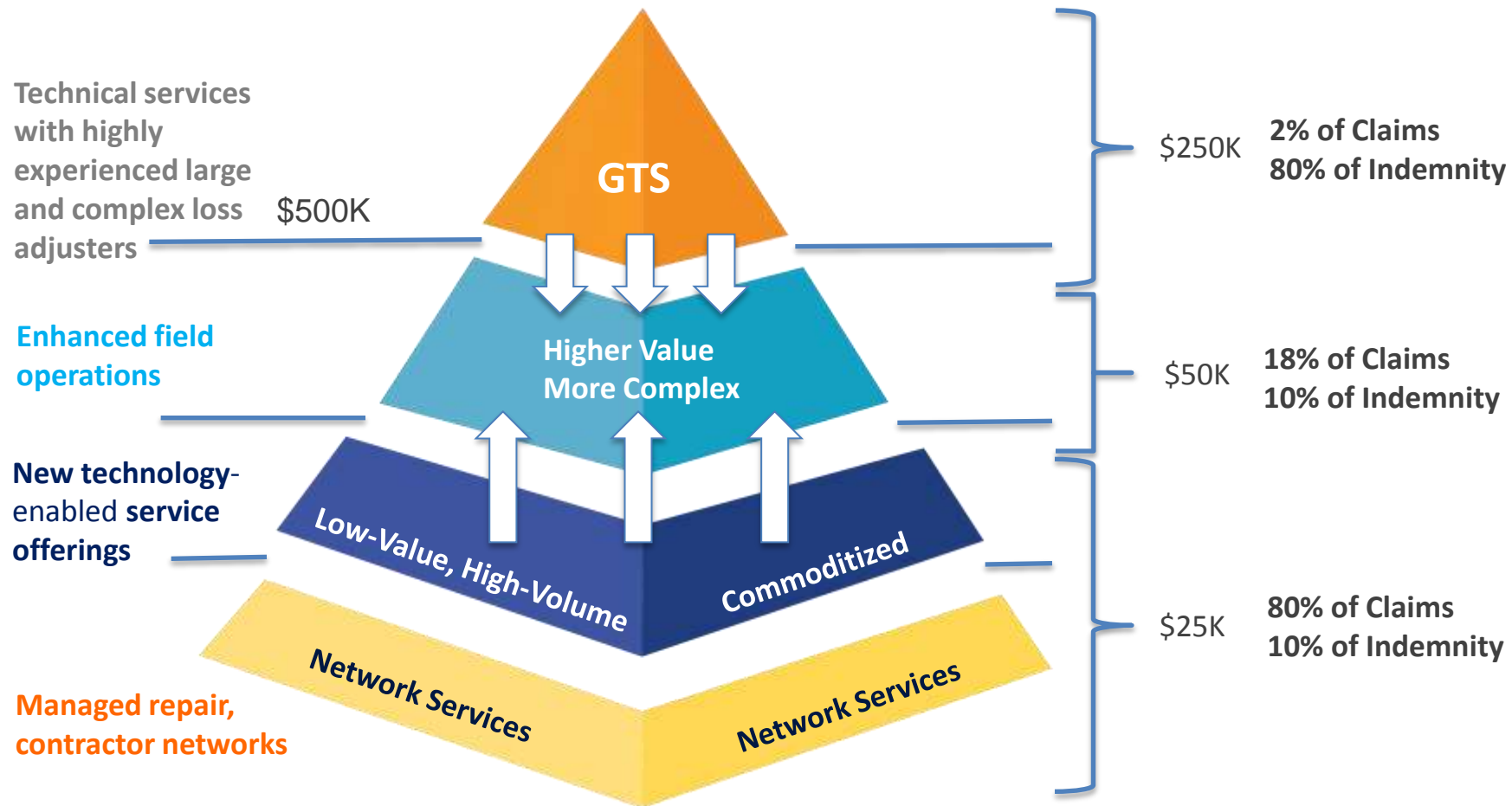
2014
revenue
\$1,14 billion

Let's recap – what does a typical cyber policy cover?

- ✓ Cross class first party and third party risks – privacy liability, asset replacement and business income losses
- ✓ Specified extensions – based around privacy breach costs (IT Forensics to Extortion), regulatory compliance, notifications and defence costs
- ✓ Payments and Fines
- ✓ And even Cyberterrorism



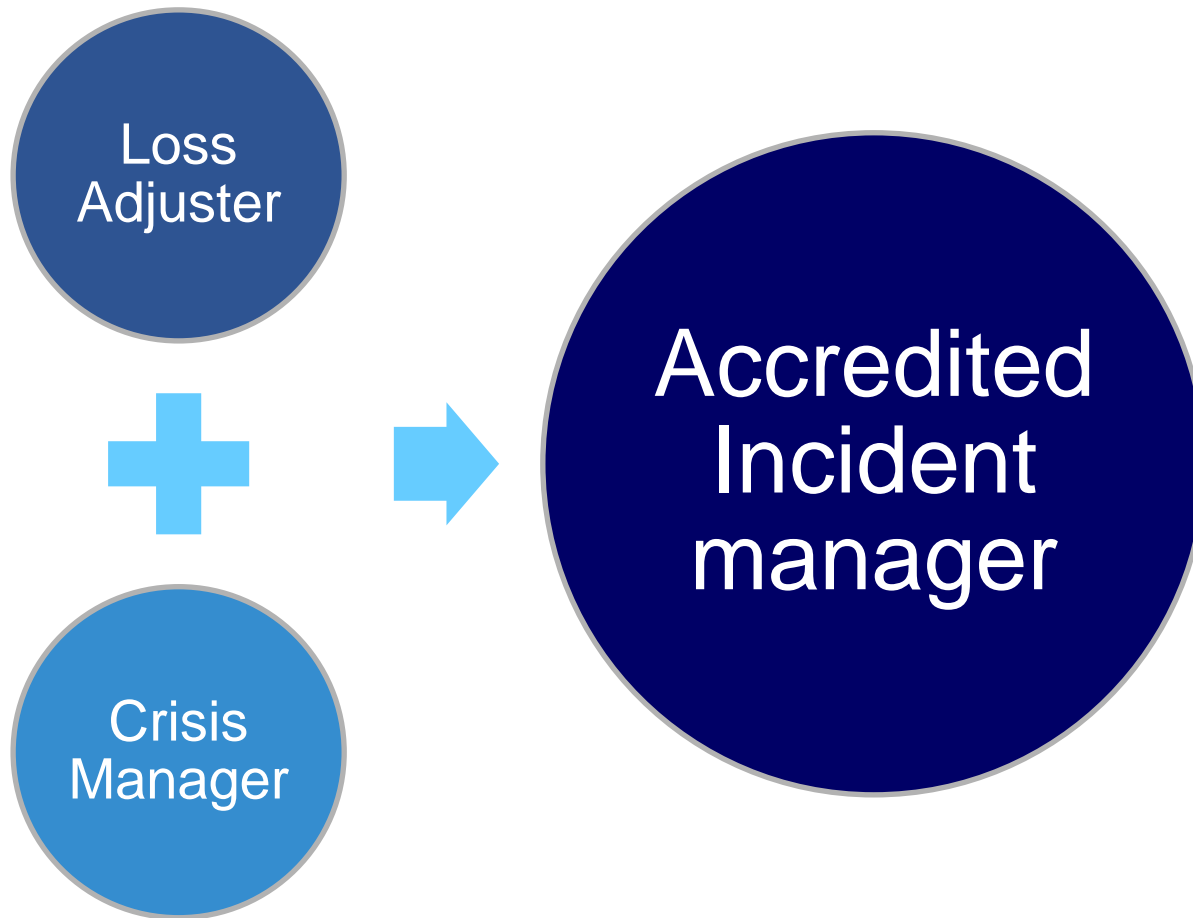
Crawford covers the loss pyramid



Brand threatening catastrophic events!



Incident manager



Specialists

MANDIANT

STROZ FRIEDBERG

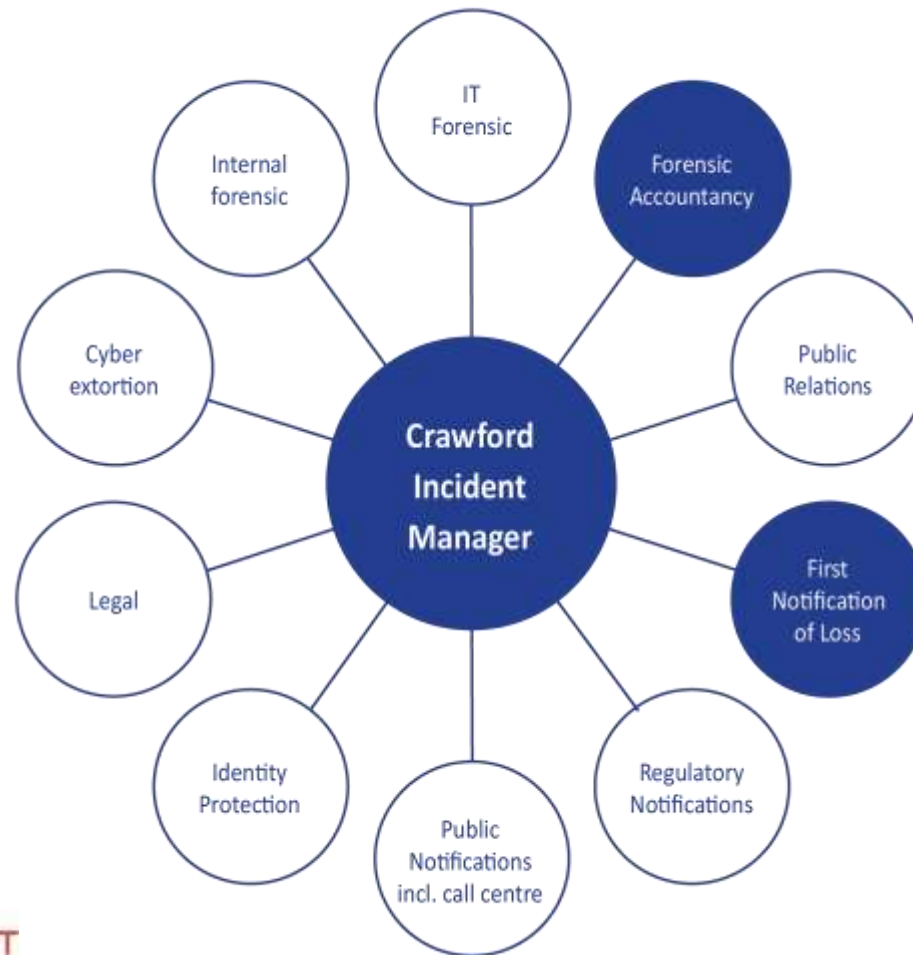
FOX IT
part of the group

CCL | future:
thinking:
technology

Control Risks
MWR
INFOSECURITY

DLA PIPER

NORTON ROSE FULBRIGHT



**FLEISHMANHILLARD
FISHBURN**

Experian

Blue indicates services performed directly by Crawford

Crawford

Response during critical first 48 hours



“The worst thing a company can do when it it’s been hacked is try and think on their feet.”

Complete End to End Turnkey Solution

First Notification of Loss

- Single Global intake centre
- Dedicated telephone number
- Available 24/7/365
- 200 Languages
- Guaranteed Response

Incident Manager

- Single Coordinator
- Selected individuals
- Triage to specialists as required

Specialist Providers

- Extensive range of services
- Best in Class
- Experienced
- Fast Response
- Completed Due Diligence

One global process

- Timely
- Consistent
- Flexible
- Solution driven
- Global breadth

Backed with a €50M Liability

Not just a talk shop but a working solution!

Key Differentiators

Crawford

Guaranteed Response

Global Solution

Contracted Specialists

Best in Class Specialists

Co-ordinated Solution

Crisis Response to Insured

Scalable

FNOL Intake:

- 200 Languages
- 24/7/365

And all Backed by a £50m insured liability from the largest independent claims management organisation

Typical

Best friend relationships

Revert to phone book

Risks:

- Capability
- Timeliness
- Expertise
- Indemnity Spend

Questions

Chubb. Insured.

Crawfords

- Paul H to step in with further detail on the Incident response: importance, timing; process; hand-holding etc... perhaps with an example.

Chubb. Insured.