



## Cyber Risk



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## What is Cyber Risk?

**Cyber Risk**  
The possibility that computer data will be obtained by unauthorized parties who might use the data in a way that is harmful to the entity owning the data or represented in the data.



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## Is cyber risk a technology problem?



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### Cyber Noise

**CYBER  
DISTRACTERS**

- Headlines about compromised consumer data
- Focus on the technology
- Legal analyses of court decisions



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### What is at risk?

**DATA.**



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### Not Just an IT Problem!



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### Cyber Risk Exposures

#### The Insurance Contract

**First Party:** the insured  
**Second Party:** the insurer  
**Third Party:** typically, a claimant party is liable



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### Third Party Exposures

Liability to other parties who suffer damages as a result of your data breach or other cyber event, such as:

- Loss of privacy regarding customer data
- Damages to the network security of a trading partner
- Liability for libel or slander when a website is hacked
- Directors & Officers liability for failing to defend against cyber attacks
- Errors & Omissions liability for producers failing to secure adequate cyber risk coverage

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### First Party Exposures

There are some very important first-party cyber risk exposures that organizations face, such as:

- Damage to or destruction of hardware, software, and computer networks
- Compromised or stolen data
- Cyber extortion
- Lost revenues and extra expenses due to business interruption
- Breach investigation expenses
- Post-breach repair costs
- Costs to notify customers or other stakeholders
- Reputational damage

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## How Best to Understand Cyber Threats?

Cyber is a Risk Management Issue, First and Foremost



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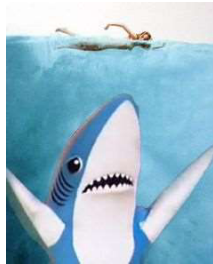
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## Cyber is a Risk

- We plan for the risks we know – fire, theft, liability.
- Cyber is a new threat, but we can handle it with a long-established risk management approach



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## Managing Cyber Risk



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## Just One More Risk to Manage

Cyber risk is not unique, and certainly not a tech problem



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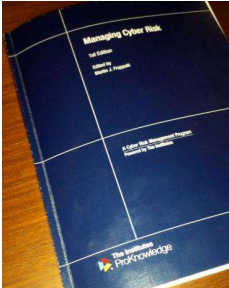
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## Thank You!

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See our textbook:  
***Managing Cyber Risk***  
at [www.TheInstitutes.org](http://www.TheInstitutes.org)



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