

Data Privacy Insurance: Insurer Perspective

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Liberty
International
Underwriters.

Challenge / Opportunity

- **Bad news – in first half of 2015...**
 - 228,000,000 records breached
 - 1,860 breaches
 - 78% of incidents result of hacking
 - 95% of all exposed records result of hacking

...According to Risk Based security study

- **Insurance – in first half of 2015...**
 - Less than 20% buyers overall
 - Less than 6% buyers in small / mid-sized companies

...According to ABI research study



The market today

- 30+ markets with core of 'specialist markets'
- Bifurcation of appetites:
 - Larger risks; experts
 - Small business; generalists
- Approx \$350M+ limits available
- Approx \$2.5B premium in 2015
- Various Growth Estimates
 - Between \$7.5M and \$20M in 2020

Drivers of Growth

Data breaches still on the rise

Increasing contractual obligations coverage

Boards recognizing it is the “right thing to do”

Continued legislation and litigation

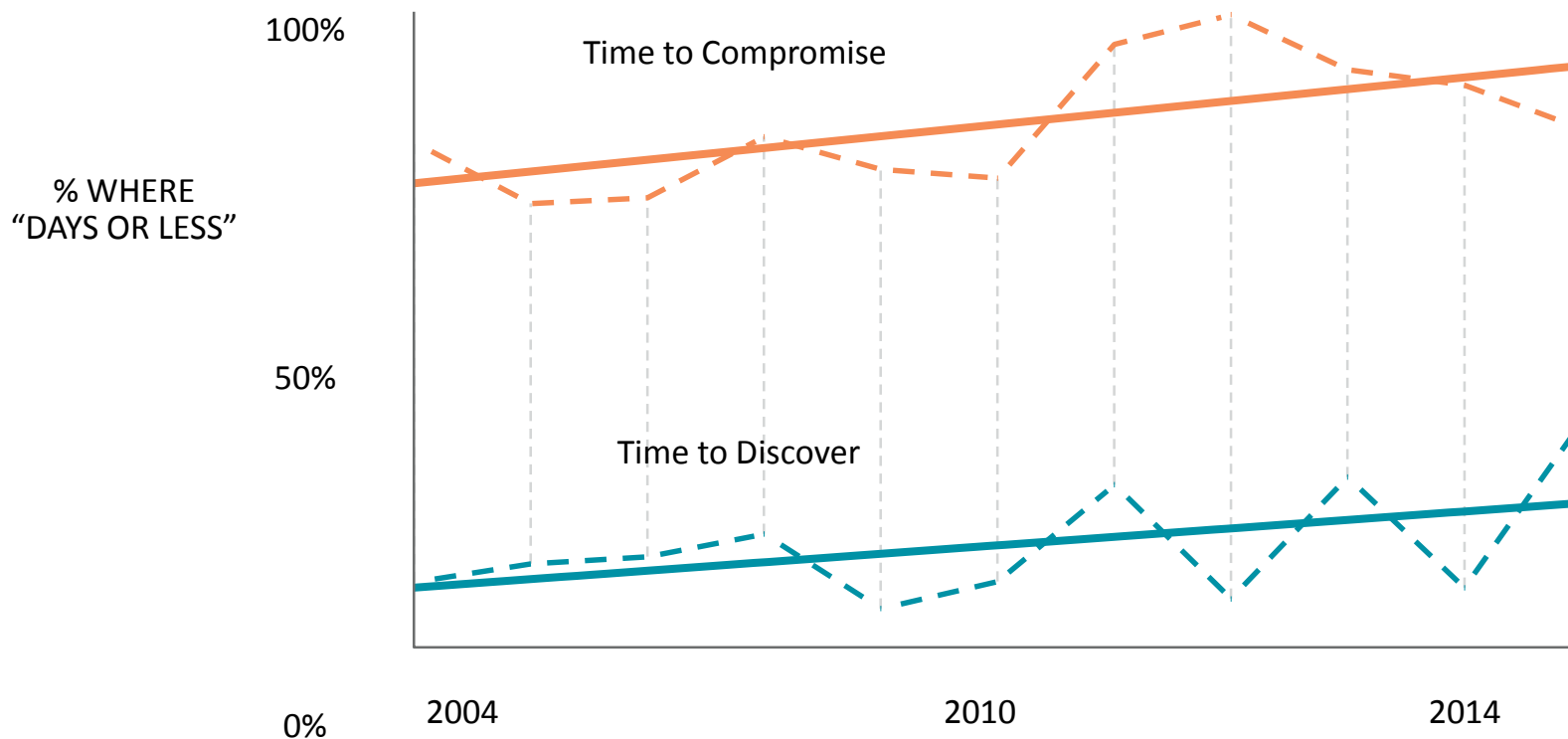
Active regulators flexing muscles

Where is the threat coming from?

- Hacktivism - Anonymous
- Organized financial crime
- “Just because I can”
- State sponsored...?



Defender-Detection Deficit



Verizon Data Breach Investigations Report 2015

All companies have cyber risk

Diverse Industries Targeted

(As the definition of PII expands)



Retailers (Online/Brick & Mortar)



Healthcare



Financial Industry



Payment Technologies



Social Media



Content Aggregators



Gaming



Entertainment



Cloud/SaaS Providers

Common Exposures

Customer Data

Credit Cards, Address, SSN
& Login Credentials



Employee Data

PII & PHI



Loss of Profits

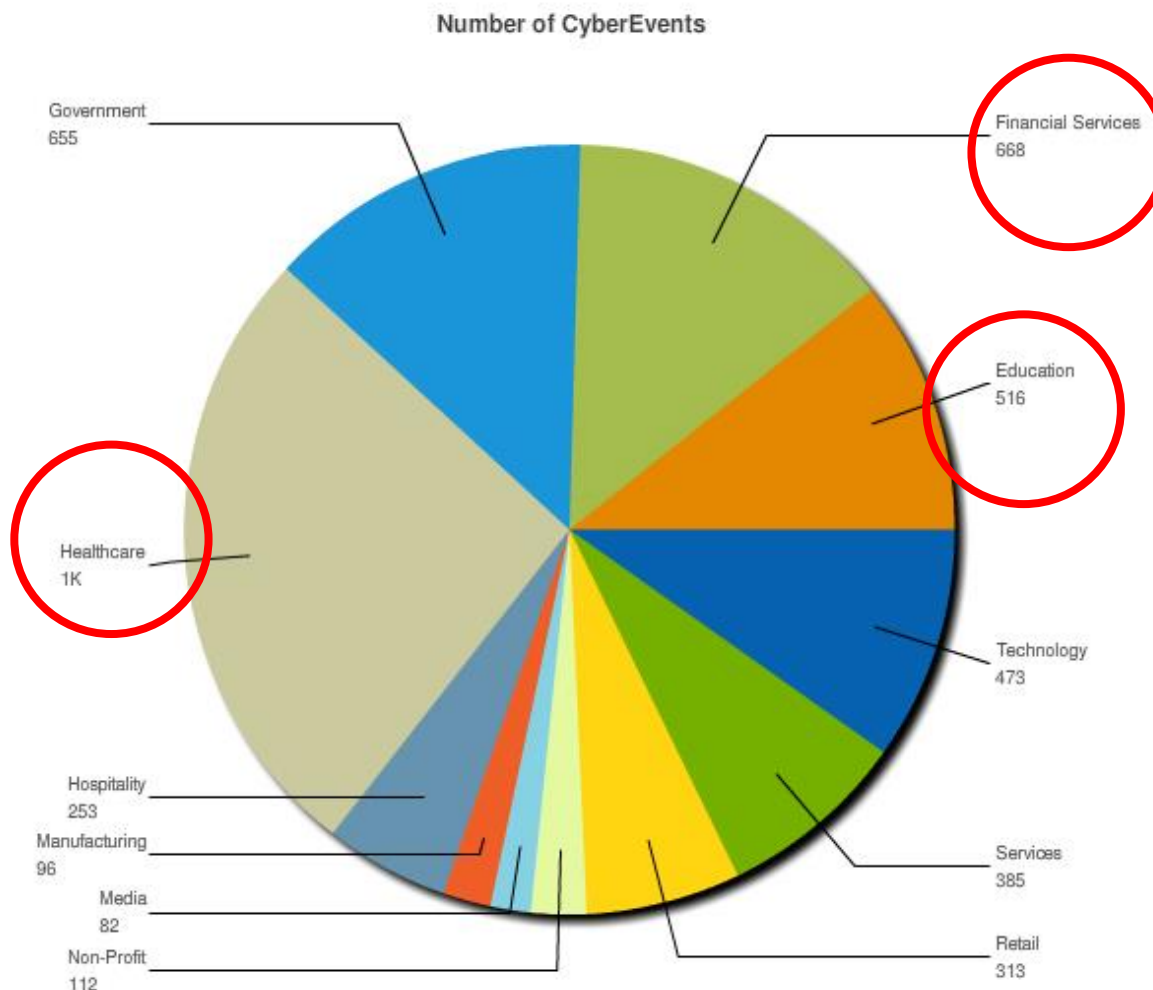
Network Outage or
Security Failure



" In 2013, Ponemon reports that **more than 55%** of the 1200 small businesses in their study experienced a data breach. "

Range of industries impacted

Cyber Events By Industry (2009 – 2014) *US Companies only



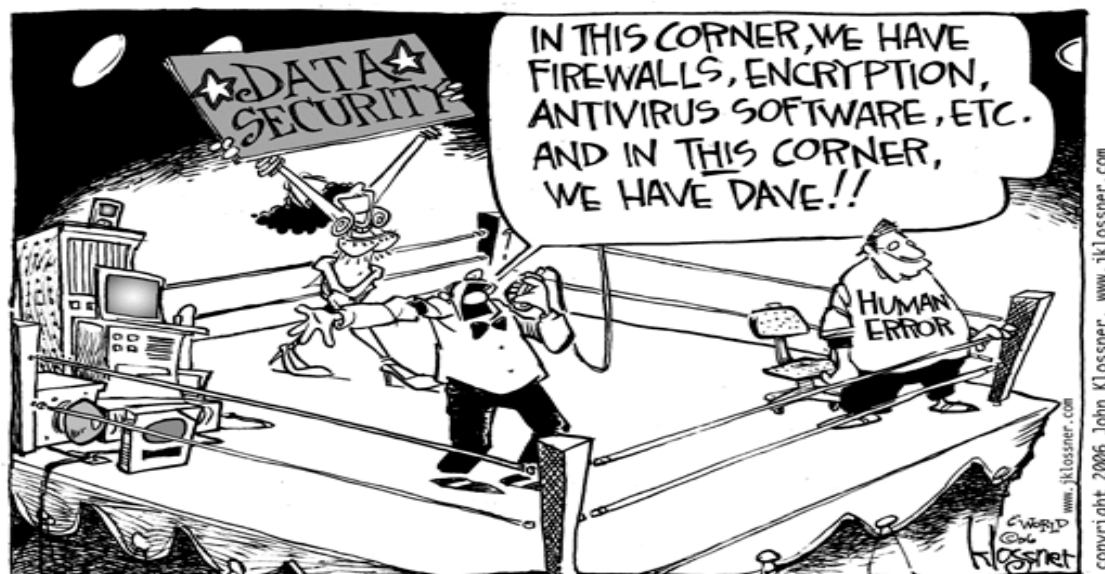
Underwriting the Risk

- Underwriting Challenges
 - Lack of Actuarial Data
 - Rapidly Changing Risk Environment
 - Market Competition
 - Access to Reliable UW info from broker

- Underwriting Approach
 - Varies by company profile (size & industry)
 - Paper Applications
 - Underwriting Market Calls
 - Questionnaire based Assessments
 - Technology based Assessments
 - Intrusive & Non-intrusive

Underwriting Considerations

- Risk Profile
 - Industry
 - Size of company
 - Type & volume of data
- Risk management
 - People
 - Process
 - Technology
 - Vendor Management
- Claims History




Post Bind Risk Control Measures

- Proactive Risk Management Services
 - Preparedness resources
 - Table top exercises
 - Pre-breach vendor engagement

- Post Breach Services
 - Claims handling
 - Data breach first responder
 - Specialist services:
 - Forensics
 - Breach notification services
 - Call centers
 - Crisis management

- A well-handled breach does not mean a crisis

Data Security Alert



Phishing Attacks Hit WhatsApp

u: Contact Us.

<p>Comply</p> <ul style="list-style-type: none"> -Quick tips on how to protect data -Summaries of state & federal laws -e-Notification of significant changes to materials <hr/> <p>Lower Risk</p> <ul style="list-style-type: none"> -Step-by-step instructions on how to lower risk -How to implement an Incident Response Plan <hr/> <p>Training Programs</p>	<p>Handle Breach</p> <ul style="list-style-type: none"> -Be prepared - have a plan in place before an incident occurs -What to do if you suspect a data breach <hr/> <p>Updates</p> <ul style="list-style-type: none"> -Monthly e-newsletters and instant alerts to new and/or changing news <hr/> <p>Events</p>
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Questions?

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