



# Cyber for small to midsize enterprises

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Coverage responds to a **security failure** of your computer system or **loss of confidential data** in your care, custody or control



## Crisis & Security Breach expenses

### Day 1 response:

- Forensics investigation
- Breach coach
- Legal consultation
- Public relations
- Regulatory compliance, including notification and post-event monitoring
- Call center services



## 1<sup>st</sup> party costs

- Business interruption – lost income due to a cyber incident
- Data recovery – costs to replace, repair, restore or recover data assets
- Extortion threats – monetary demands to avoid network disruption, disclosure of data or damage to data



## 3<sup>rd</sup> party liability

- Claims stemming from disclosure of or failure to protect:
  - Personally Identifiable Information (PII)
  - Payment Card Information (PCI)
  - Private Health Information (PHI)
  - Corporate Confidential Information (CCI)
- Regulatory or PCI fines and penalties
- Media-related claims alleging personal/ advertising injury



- Dependent or contingent business interruption – cyber incident on a critical vendor’s network
- System failure of your computer system (business interruption)
- System failure of critical vendor’s network (business interruption)
- System restoration - costs to replace or repair a computer system
- Bodily injury/ property damage – stemming from a cyber incident
- Affirmative coverage triggers – cryptocurrency, cyberterrorism, ransomware
- Social engineering/ Deceptive Funds Transfer

# Coverage “gaps”



- Commercial general liability
  - Property damage
  - Loss of use of property
  - Personal injury for privacy violations
  - Tangible property
- Fidelity/ crime
  - Wire transfer fraud
  - Computer crime
  - Physical crime
- Directors’ & officers’ liability
  - Breach of fiduciary duty
  - Corporate mismanagement
- Contractual requirements



## Federal regulation

- Health Insurance Portability and Accountability Act (HIPAA)
- Health Information Technology for Economic and Clinical Health Act (HITECH)
- Federal Trade Commission Act (FTCA)
- Fair Accurate Credit Transactions Act (FACTA)
- Gramm-Leach Bliley Act (GLB)



## Statutory requirements

- 48 U.S. State, D.C., Guam, Puerto Rico and the Virgin Islands have mandated Security Breach Notification Laws
- No current similar laws in Alabama and South Dakota



## International

- European Union - General Data Protection Regulation (GDPR)
- Australia – The Privacy Act; Australian Privacy Principles
- Canada – Personal Information Protection and Electronic Documents Act (PIPEDA)

- Payment card industry data security standard (PCI DSS)
- NIST cybersecurity framework
- ISO 27001/ 27002
- Auditing standards:
  - SAS 70 - standard for data center users to assure their data center is secure and operating under proper control systems
  - SSAE 16 - standard for reporting on controls at service organizations (including data centers) in the U.S.; Requires written assertion from management on the design and operating efficacy of the controls being reviewed
  - SOC 2/ 3 - standard benchmarks to compare data center audit reports using the same set of criteria
- IASME – UK standard for SME's to achieve accreditation similar to ISO 27001, but less complex



- Application consistency
- Coverage variation
- Cybersecurity posture
- Reliance on 3<sup>rd</sup> parties
- Systemic risk/ aggregation
- “Silent” cyber exposures
- Adequate pricing
- Lack of historical data



- The Betterley Report: Cyber/ Privacy Insurance Market Survey – 2017
- International Risk Management Institute- [www.irmi.com](http://www.irmi.com)



# Questions?

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