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What Are Cyber Risks & How Can You Insure Against Them?

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A Growing Problem

CERT Australia – “The Cyber Crime and Security Survey Report 2012”

- 20% know they experienced a cyber incident in the previous 12 months
- 44% of attacks originated within an organisation

Example: Target Breach 2013

- Lost Business
- Costs of Notifying Customers
- Reputational Damage
- Costs of Investigation
- Third Party Claims
- Fines & Penalties

Loss Scenario - Cyber Extortion

In December 2012, Russian-based Hackers Broke into the IT systems of **Miami Family Medical Centre** on the Gold Coast and Encrypted their Patient Records.

There was no Sign of a Virus and it appears the Hackers literally got into the System, Hijacked the Server and then ran their Encryption Software. It does not look as though the Information has been Stolen and it is Uncertain if Private Details have been Copied.

They Demanded \$4,000 for a Password to Decrypt the Information.



Available Insurance Cover

	Property	G.L	PI	Crime	Cyber
Loss					
1. Loss Investigation Costs	x	x	x	x	✓
2. Costs of Reconstituting Data	x	x	Low sub limit?	x	✓
3. Loss of Income	x	x	x	x	✓
4. Payment of Extortion	x	x	x	x	✓
5. Damage to Reputation	x	x	x	x	✓
6. Public Relations Costs	x	x	✓	x	✓
7. Increased Costs of Working	x	x	x	x	✓
8. Costs of Notifying Customers	x	x	x	x	✓
9. Costs of Dealing with the Regulator (OAIC)	Possible	Possible	✓ Maybe	x	✓
10. Fines and Penalties	x	x	✓ Maybe	x	✓
11. Credit Monitoring	x	x	x	x	✓
12. Med Mal Claims	x	x	✓	x	x

Conclusions

- Organisations will Continue to Increase their Reliance on IT Systems and their Exposure to Cyber Losses will also Increase
- Exposures to those Losses Exists Now!
- Traditional Insurance Policies Do Not Contemplate Cyber Losses and therefore Do Not Cover them Well, or At All
- Cyber Insurance is the Most Effective Way of Insuring against Cyber Risk Exposures but Coverage Varies Widely between Policies

Questions





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