

Because every breach is different.



Cyber Insurance as a Risk Management Tool

Nikos Georgopoulos

Cyber Risks Advisor - cyRM



Coverholder at LLOYD'S

Cromar Insurance Brokers at a Glance



Coverholder at **LLOYD'S**

KILN

Our principle Lloyd's supporter is KILN Combined Syndicate 510 and belongs to the R J Kiln & Co Ltd. In addition to Bermuda and London, Kiln has offices in Hong Kong, Singapore, South Africa and Belgium.



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BEAZLEY

Beazley supports us in the fast growing class of Professional Liability Business.

Beazley plc is an international insurance and reinsurance group with an underwriting portfolio of specialist risks.



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QBE

Our new supporter in the class of International Liability. QBE is a leading non-marine liability syndicate. It is the largest managing agent operating within the Lloyd's market. It has five syndicates at Lloyd's market



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The Market of Stolen Personal Information

- Credit card information (name, billing address, card-number, CVV2 code, and expiration date) = \$1.50 – \$3.00 per file.
- Social security numbers = \$1 – \$6 per number, depending on availability of corresponding date of birth and/or mother's maiden name.
- Online banking log-in details = \$50 – \$1,000.



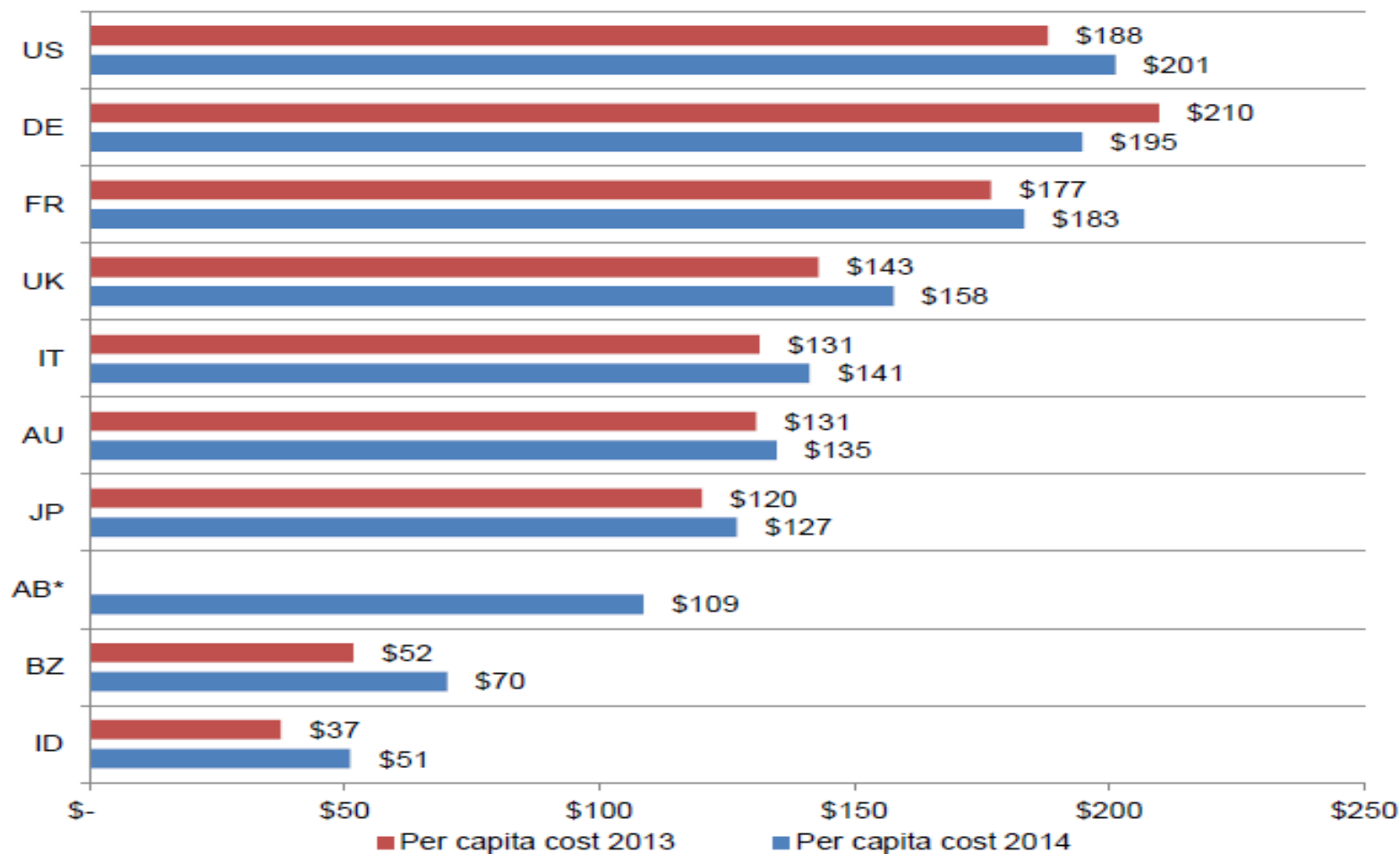
- See, RSA Anti-Fraud Command Center, RSA Online Fraud Report, August 20010:
[www.rsa.com/solutions/consumer_authentication/intelreport/11068_Online_Fraud_report_0810 .pdf](http://www.rsa.com/solutions/consumer_authentication/intelreport/11068_Online_Fraud_report_0810.pdf)

How Do Data Breaches Occur?

- Employee loses **an unencrypted portable device**
- Property crimes (computers prime targets)
- Inside job (**employee steals information**)
- Stray faxes, emails
- **Phishing** scams and increasingly, **Social Engineering**
- **Malware** / virus attacks (especially when working remotely on an unsecured network)
- Failure to purge/scrub computing devices scheduled for destruction



The Average per Capita Cost of Data Breach



2014 – Cost of Data Breach Study global – Ponemon Institute Research Report



The Average per Capita Cost of Data Breach per Industry



\$359
Healthcare



\$294
Education



\$227
Pharmaceutical



\$206
Financial



\$155
Consumer



\$141
Energy



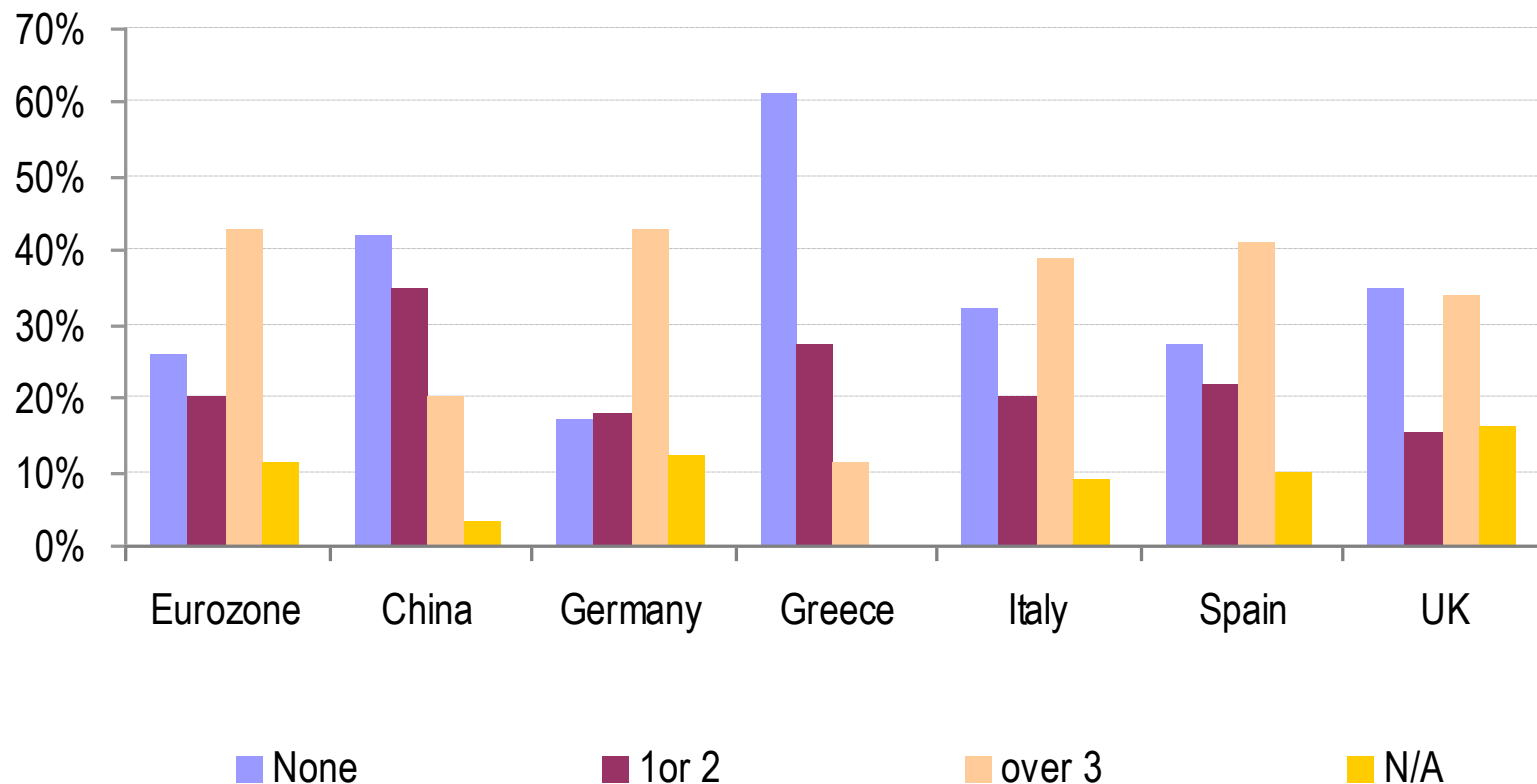
\$122
Hospitality



\$105
Retail

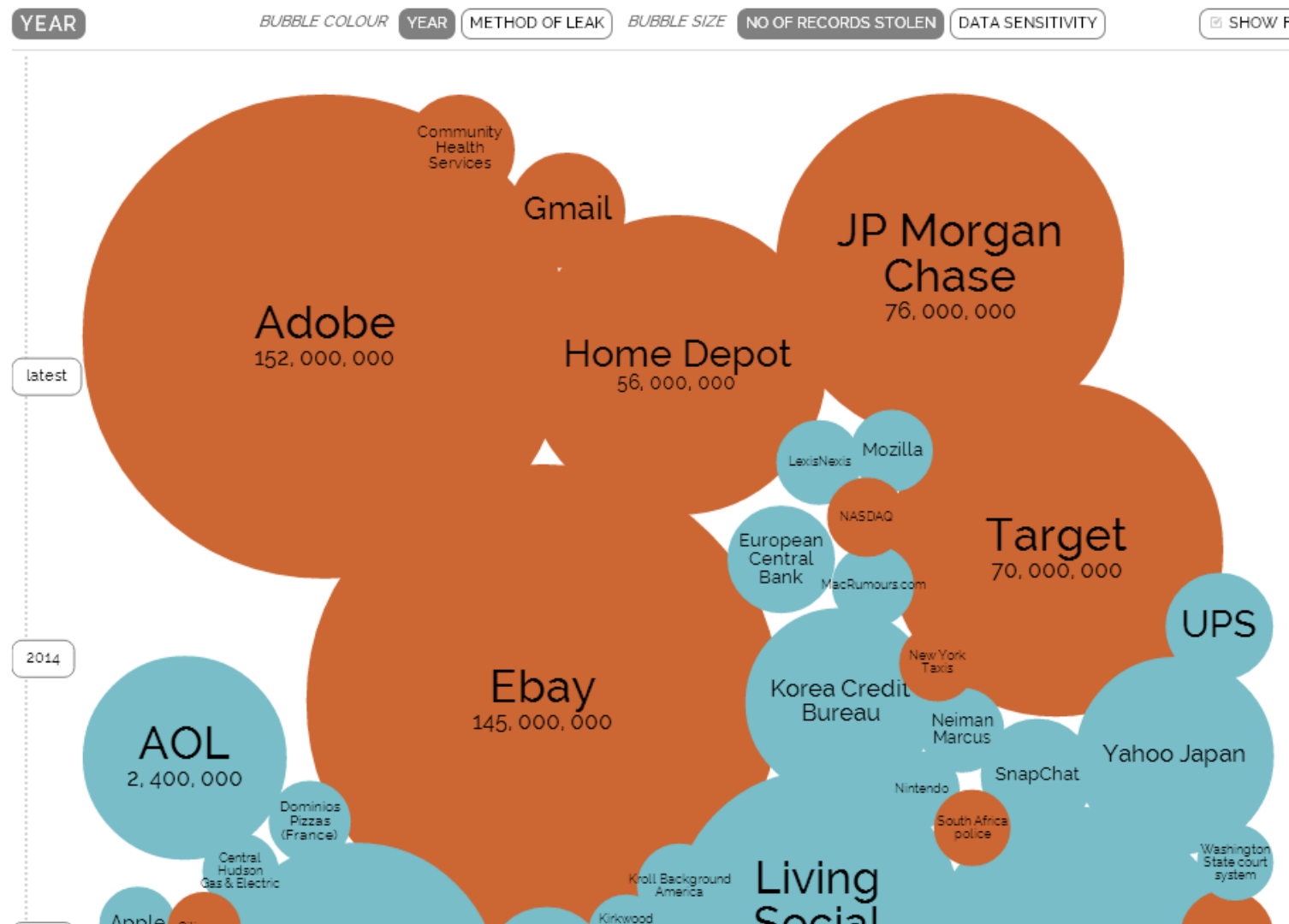
Greek Market Vs Global Market – Security Incidents

PWC – Information Security Survey 2013



Greek companies do not report Security Incidents

World's Biggest Data Breaches



Directive On Network and Information Security

- The Commission extends the obligation to report significant cyber incidents except **Internet and Telecommunications providers** to:
- **Key Internet companies** (e.g. large cloud providers, social networks, e-commerce platforms, search engines).
- **Banking sector, Stock Exchange, Insurance Industry**
- **Energy** (e.g. electricity and gas)
- **Transport** (operators of air, rail and maritime transport and logistics)
- **Health**

Obligation to notify Customers

Breach notification within 24 hours to the local regulator

Data Protection Officers for 250+ employee firms

Fine: up to €100m or 5% of global annual turnover

Manage Your Risk

- **Reduce Cyber Risks**

- Incident Handling Team
- Personnel Education
- Procedures & Policies
- Data Encryption
- BYOD managed policy
- Information Security Partners



- **Transfer**

- Buy Cyber Insurance for Residual Risk



Risk Management Issues

Privacy (Cyber) Insurance Insure Intangible Assets



Property Insurance

Excludes "data" as property.

General Liability (including Product Liability)

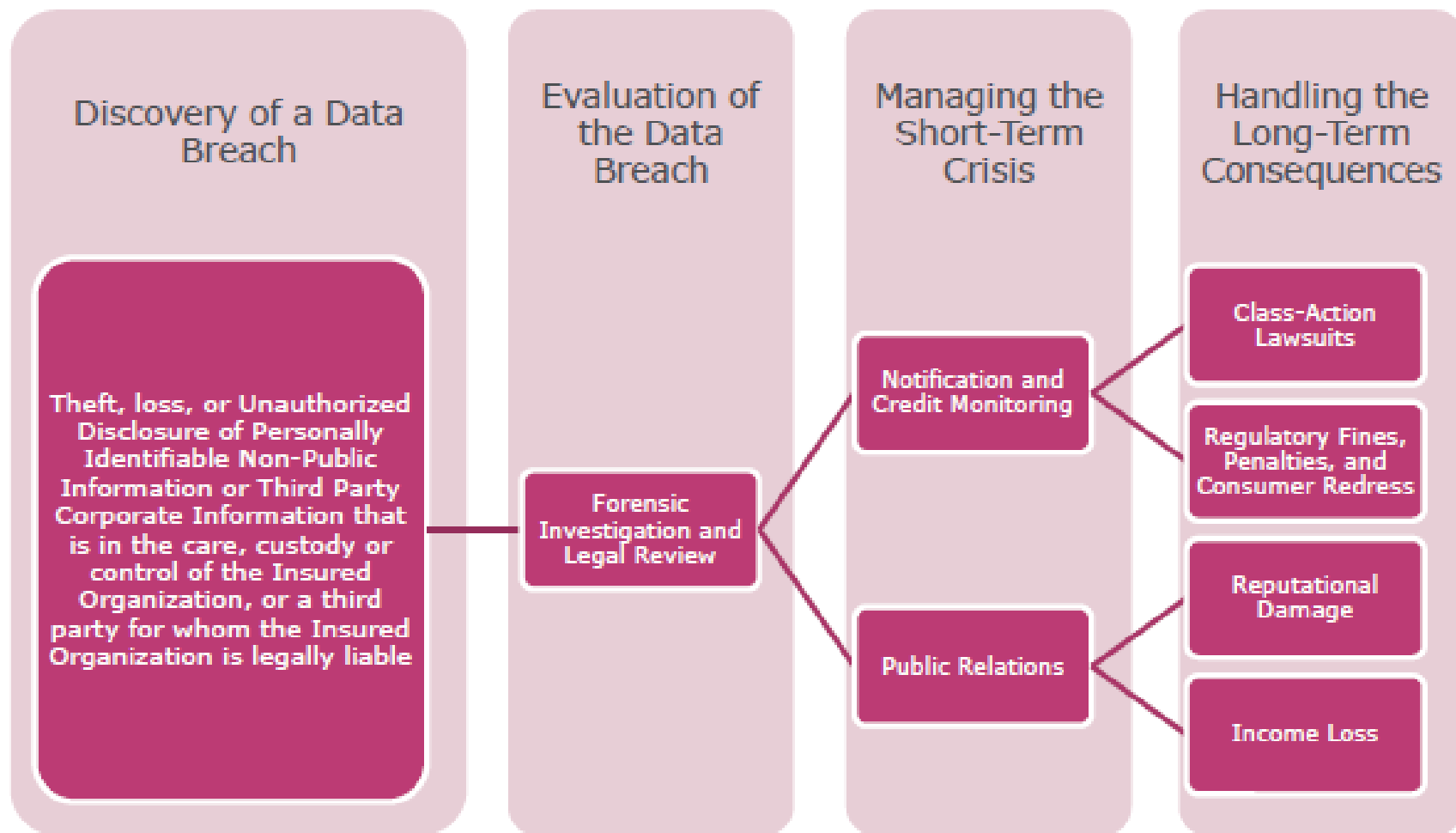
Excludes damage to intangible property, such as data, and either excludes or limits coverage for many exposures common to companies conducting business in an E-World.

Errors and Omissions (E&O)

Limited to "traditional" professional exposures and financial loss due to failure of a product/service to perform as designed.

<http://www.youtube.com/watch?v=4cn5DwpkYLA>

Data Breach Reactive Management



Cyber Attacks Financial Impact

Privacy Expenses



Liability



1st Party



Privacy Expenses	Privacy Liability	Other Liability	1 st Party
Forensics	Defense Costs	Network Security	Data Restoration
Notice/Monitoring	Regulatory Fines	Media	Business Interruption
Call Centers	PCI Fines		System/Admin Failure
Crisis Expenses			Extortion

First-party coverage include:

- **Theft and fraud.** Covers destruction or loss of the policyholder's data as the result of a criminal or fraudulent cyber event.
- **Forensic investigation.** Covers the legal, technical or forensic services necessary to assess whether a cyber attack has occurred, to assess the impact of the attack and to stop an attack.
- **Business interruption.** Covers lost income and related costs where a policyholder is unable to conduct business due to a cyber event or data loss.
- **Extortion.** Provides coverage for the costs associated with the investigation of threats to commit cyber attacks against the policyholder's systems and for payments to extortionists who threaten to obtain and disclose sensitive information.
- **Computer data loss and restoration.** Covers physical damage to, or loss of use of, computer-related assets, including the costs of retrieving and restoring data, hardware, software or other information destroyed or damaged as the result of a cyber attack.

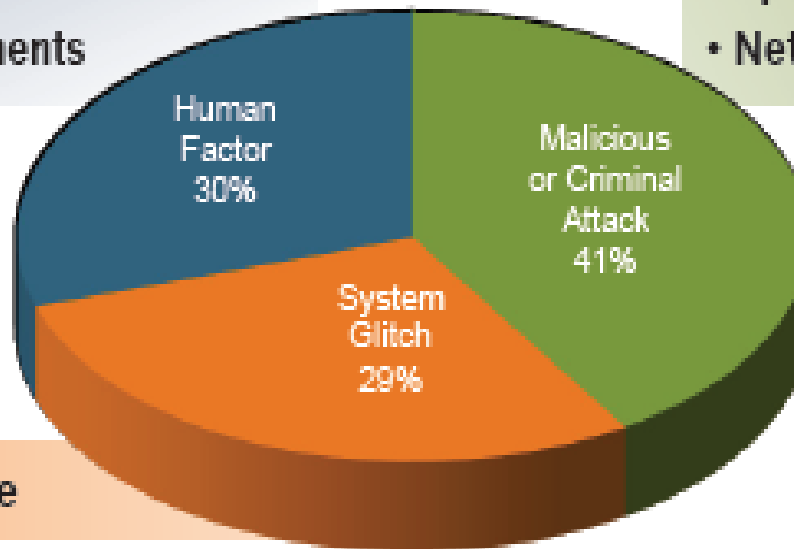
Third-party coverage include:

- **Litigation and regulatory.** Covers the costs associated with civil lawsuits, judgments, settlements or penalties resulting from a cyber event.
- **Regulatory response.** Covers the legal, technical or forensic services necessary to assist the policyholder in responding to governmental inquiries relating to a cyber attack, and provides coverage for fines, penalties, investigations or other regulatory actions.
- **Notification costs.** Covers the costs to notify customers, employees or other victims affected by a cyber event, including notice required by law.
- **Crisis management.** Covers crisis management and public relations expenses incurred to educate customers concerning a cyber event and the policyholder's response, including the cost of advertising for this purpose.
- **Media liability.** Provides coverage for media liability, including coverage for copyright, trademark or service mark infringement resulting from online publication by the insured.

Cyber Liability and Data Breach Insurance Claims

- Lost laptops
- Improper disposal of backup tapes
- Accidental release
- Broken business practices
- Unshredded documents

- Hacking
- Virus, Malware
- Phishing
- Spear Phishing
- Network Intrusion

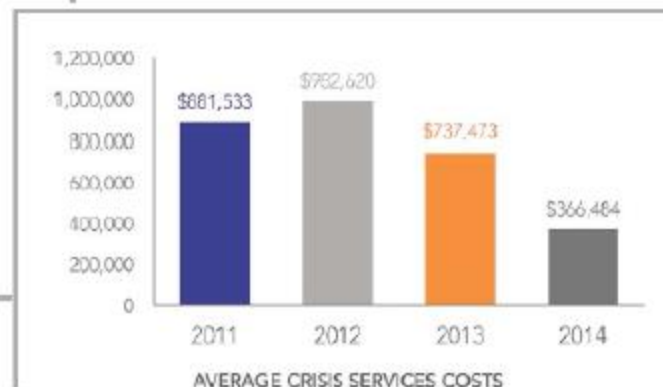
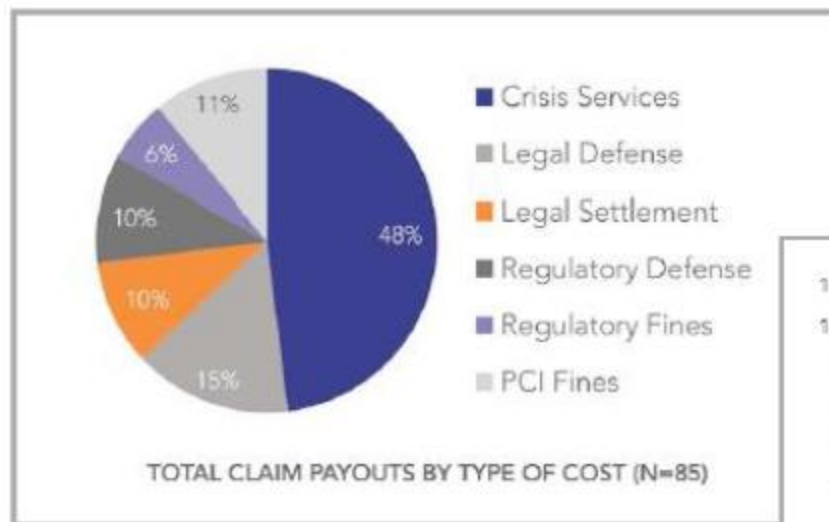


- Negligent Release

2014

Source: 2014 Cost of Data Breach Study: Global Analysis, Ponemon Institute, May 2014

Claims Payout Breakdown



CRISIS SERVICES COSTS					
Service	Claims with Costs	Min	Median	Mean	Max
Forensics	66	0	38,500	119,278	1,500,000
Notification	68	0	10,839	175,147	6,150,000
Legal Guidance	75	0	38,000	117,613	2,500,000
Public Relations	11	0	0	4,513	135,000

2014 Net Diligence Study

11.8 months is the average time to restore an Organizations Reputation

11.8 *months*

is the average time it will take to
restore an Organizations
Reputation's following such an
incident



Diminished Value of the Brand due to Data Breach



The average Diminishing Value of the Brand as a direct result of such an incident would be 21% according to the survey.

Beazley Awards 2014

**Insurance Team of the Year,
Beazley Technology, Media and
Business Services team -
Reactions London Market Awards**

**CEO of the Year, Andrew
Horton - Reactions London
Market Awards**

**Cyber Risk Event Response Team
of the Year, Beazley Breach
Response team - Advisen Cyber
Risk Awards**

**Best Cyber Risk Insurer -
Advisen Cyber Risk Awards**



Reactions

**LONDON
MARKET
AWARDS**

2014



<https://www.beazley.com/>

Breaches at Beazley

- **2.000+** breaches managed
- 80% of claims spend on service and managing breaches.
- Nothing IT department could have done to prevent them.
- Many caused by human error



Privacy Risks Advisors

Privacy Is The New Currency

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Estimate Your Risk Exposure
Using Data Breach Calculators



The Data Breach ToolKit

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Mind The Risk.
Be Proactive!

1/4/2015

Divani Caravel
Hotel

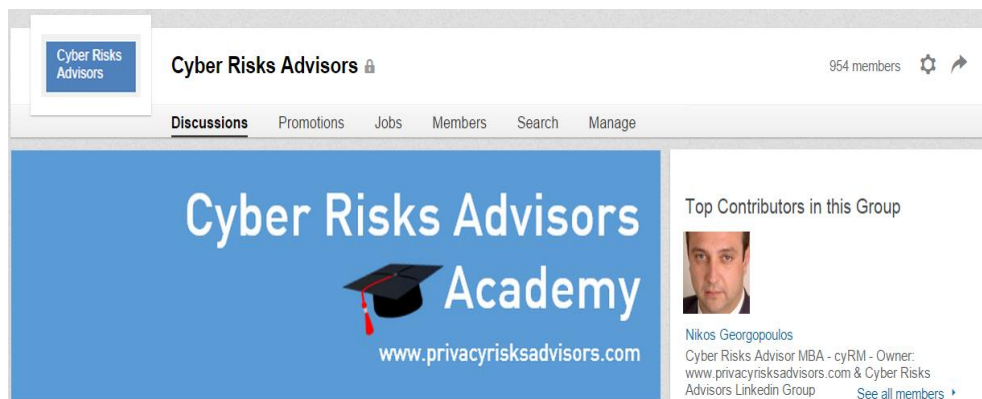
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