

The Changing Face of Cyber Risk



Insurance Intelligence for the Cyber Community

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Advisen generates, integrates, analyzes and communicates unbiased, real-time insights for the global community of commercial insurance professionals. As a single source solution, Advisen helps the insurance industry to more productively drive mission-critical decisions about pricing, loss experience, underwriting, marketing, transacting or purchasing commercial insurance.

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Cyber Risk Network

- The Cyber Risk Network is the definitive authority for anyone involved in or interested in the cyber insurance risk sector.
- We offer exclusive news, analysis, and data, driven by Advisen's unparalleled cyber database.
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- Recording of today's webinar
- Copy of these slides

Today's Moderator



Chad Hemenway
Managing Editor
Advisen Ltd.

Today's Panelists



David Derigiotis

Head of the Professional Liability Center of Excellence

Burns & Wilcox



Andy Obuchowski Jr.

Security and Privacy Regional Leader

McGladrey



Todd Rowe

Partner

Tressler LLP

A word cloud centered around the word "breach" in large red font. Other prominent words include "attack", "hacking", "DataBreach", "ElectronicSystems", "PaymentCards", "nation-states", "DDoS", "error", "paper", "PHI", "PII", "privacy", "insiders", "malware", "business", "healthcare", "human", "personal", "virus", "Revenge", "reputational", "retail", "manufacturing", "cyber", "CGL", "injury", "property", "damage", "exclusions", "regulation", "interruption", "universities", and "Hacking".

We hear plenty about breaches of large corporations but what is really happening out there?

Advisen Loss Insight: Top Cyber Events by Records Exposed in 2014			
Company	Country	Accident Date	Total Records Exposed (millions)
eBay Inc.	USA	2/15/2014	145
The Home Depot, Inc.	USA	4/1/2014	109
Evernote Corporation	USA	6/11/2014	100
JPMorgan Chase & Co.	USA	8/15/2014	83
Foursquare Labs, Inc.	USA	1/27/2014	45
Stumbleupon, Inc.	USA	4/7/2014	30
German Federal Office for Information	Germany	1/21/2014	18
Devhd, Inc.	USA	6/11/2014	15
Xiaoma Technology Co., Ltd.	China	5/14/2014	8.0
Pandora TV Co., Ltd.	South Korea	9/9/2014	7.5
Dropbox, Inc.	USA	10/14/2014	7.0
U.S. Office of Personnel Management	USA	3/1/2014	5.0
Google Inc.	USA	1/1/2014	4.9
Community Health Systems, Inc.	USA	4/1/2014	4.5
Independent Community Bankers of America	USA	2/1/2014	4.0
United States Postal Service	USA	11/10/2014	3.7
HSBC Bank AS	Turkey	4/1/2014	2.7
Texas Health and Human Services Commission	USA	8/1/2014	2.0
Mumsnet Ltd	UK	4/11/2014	1.5
Viator, Inc.	USA	9/1/2014	1.4

Is the insurance industry addressing these risks? How much coverage confusion is there?

Cyber coverage will continue as a multi-policy endeavor

By Chad Hemenway on April 4, 2015



NEW YORK—It does not appear as if businesses should be looking for a comprehensive cyber risk policy any time soon.

According to panelists at Advisen's Casualty Insights Conference during a session on the casualty implications of cyber threats, it became clear businesses will have to deal with a challenging multi-policy approach to finding the right coverage as the industry "moves away from the all-risk approach," said policyholder attorney Josh Gold of Anderson Kill.

"There is no standard cyber coverage yet," said Jerry Gallivan, claim manager, business torts claim, at Travelers.

"There is no such thing as one-size-fits-all," added Michael Tanenbaum, senior vice president of professional risk at ACE.

But the task of finding the right coverage is not easy,



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From L to R: Michael Tanenbaum of ACE, Ron Beiderman of ISO, Josh Gold of Anderson Kill, Jerry Gallivan of Travelers and moderator Joe Cellura, president of North America casualty at Allied World.

What is the value proposition?

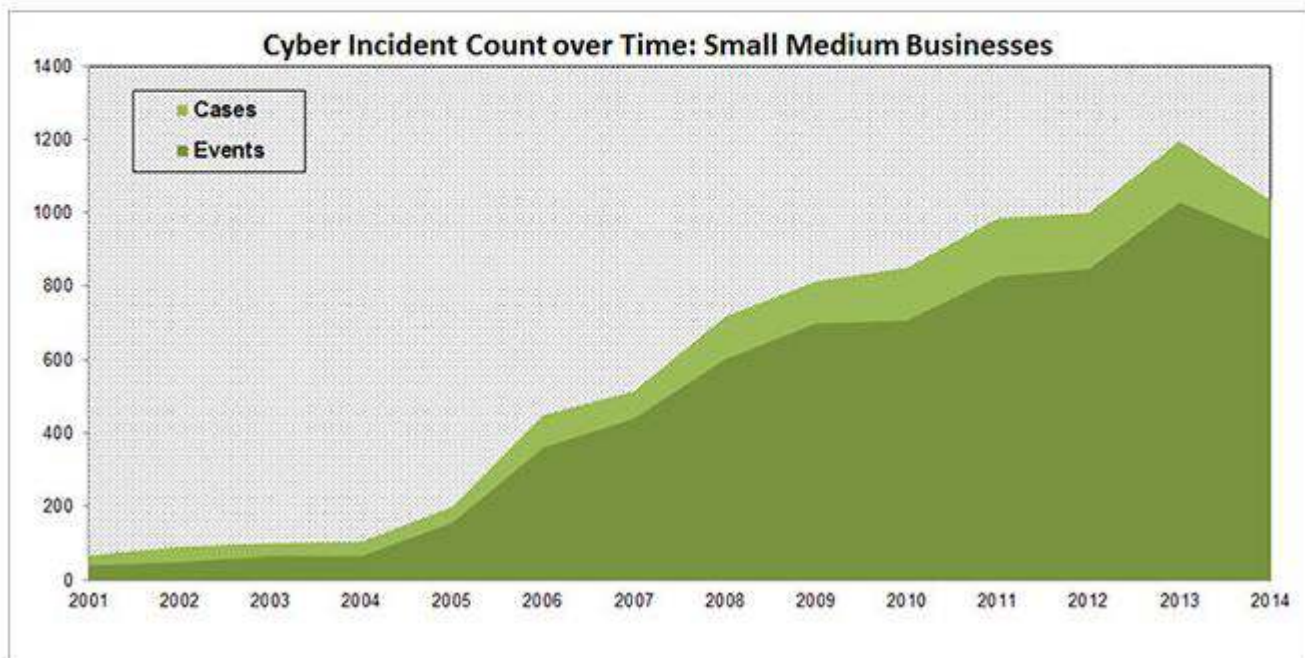


- Average cost of a breach vs. cost of insurance + services

How badly are business struggling with cybersecurity?

Small businesses become increasingly popular cyber targets

By [Erin Avers](#) on March 26, 2015



What are some of the emerging risks?

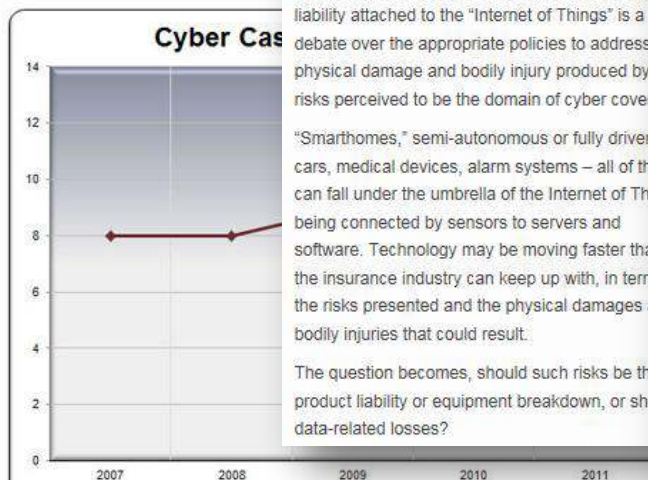
Critical infrastructure cyber risk scenarios not science fiction

By [Erin Avers](#) on July 18, 2014



Critical global infrastructure faces serious cybersecurity risks as deployed information technology security systems within the last year.

Cyber attacks on the energy sector have been on the rise. Losses go beyond the typical data breaches and confidential information be taken, but there is also physical damage.



The Internet of Things: A cyber risk without a smarhome?

By [Erin Avers](#) on November 7, 2014



At the heart of insurance industry preparations liability attached to the "Internet of Things" is a debate over the appropriate policies to address physical damage and bodily injury produced by risks perceived to be the domain of cyber coverage. "Smarthomes," semi-autonomous or fully driver cars, medical devices, alarm systems — all of them can fall under the umbrella of the Internet of Things being connected by sensors to servers and software. Technology may be moving faster than the insurance industry can keep up with, in terms of the risks presented and the physical damages and bodily injuries that could result.

The question becomes, should such risks be the product liability or equipment breakdown, or should they be data-related losses?

Drones fly up, up and away into risky skies

By [Erin Avers](#) on March 13, 2015



Expanded use of drones, or unmanned aerial vehicles, as they are also known, offers great potential to many industries. Although it has been for decades limited primarily to military or government use, commercial, agricultural, civic, and artistic organizations now see more value in a bird's eye view.

With new proposed rules for use by the Federal Aviation Administration and the insurance industry ready to service this new niche, drones are rising fast, as are the controversies and concerns associated with them.

And even if drones are not in wide — or fully licensed or regulated — use yet, there is no shortage of commercial interest. A 2014 [study](#) conducted by the Teal Group estimated that worldwide spending on UAVs, currently at \$6.4 billion, could ultimately swell to \$91 billion in the next decade. About 89 percent of existing use continues to be governmental in nature, but Teal predicted a shift to more civil use over time.



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Quarterly D&O Claims Trends: Q1 2015 Webinar

Thursday, April 23, 2015 at 11am EDT

2015 Cyber Risk Insights Conference - Chicago

Monday, May 18, 2015 at 8am CDT

Hotel Allegro Chicago

2015 Cyber Risk Insights Conference – New York City

Tuesday, October 20, 2015 at 8am EDT

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