

The Privacy Symposium: Transferring Risk of a Privacy Event



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Agenda



- History of Network Security & Privacy Insurance (5 min)
- Coverage Terms and Underwriting Process (20 min)
- Questions & Answers (5 min)

“Cyber Insurance” circa 1998 - 2005



The First Policies Were Strictly for Online Companies

- Media Coverage as “Gap Filler”
- Weak Network Security Coverage with Significant Underwriting
- No Coverage Unless a Breach of Network Security Took Place
- No First-Party Coverage
- Expensive

Current Network Security & Privacy Policies



Coverage for Any Company

- Network Security Coverage with Much Less Underwriting
- Privacy Coverage Without a Breach of Network Security Trigger
- Full First-Party Coverage
- Full Offline Media Coverage
- Attractive Pricing

Liability Coverage Triggers



Security Liability

- Failure of a computer system to prevent a breach of your computer security
- Physical theft of hardware from the premises occupied and controlled by the insured

Privacy Liability

- Unauthorized disclosure or your failure to protect personally identifiable information from misappropriation
- Violation of a non-disclosure agreement, your privacy policy, or an applicable privacy law

Liability Coverage Terms



Network Security & Privacy coverage for

- Claims
 - Acts of Rogue Employees and Independent Contractors
 - Information on Laptops or other Devices Lost or Stolen Off-Premises
 - Regulatory Defense, Fines, and Penalties
 - Violation of Statute, including Notice Laws
 - Violation of an Insured's Privacy Policy
- The Mitigation of Claims
 - Credit Monitoring, Call Center, Crisis Management, Costs to Comply with Notice Laws

First Party Coverage



Crisis Management Coverage

- Public Relations Expenses
- Mandatory Notification Expenses
- Discretionary Notification Expenses
- Credit Monitoring Services
- Identity Theft Education and Assistance, including Expense to Set up and Maintain Call Center

First Party Coverage



- Business Interruption and Extra Expense Coverage
 - Outsourced Network Operations
 - Both Online and Network-Dependent Offline Income
 - Expense for Forensics and to Restore Operations
 - Hourly Value on Business Interruption Losses
 - Expense to Restore Data
- Electronic Theft Coverage
 - Theft of Money, Intellectual Property, or Actual Price of Services
- Network Extortion Coverage
 - Extortion Demand Payment

How Much is This Going to Cost?



- Terms are Driven by
 - Industry Sector and Revenue
 - Risk Controls and Practices
 - Claims History
 - Market Environment
- Sample Liability and Crisis Management Pricing

Industry/Revenue	Limit	Retention	Premium
Auto Dealer/\$300 MM	\$1 MM	\$10k	\$20,000
Hospital/\$1 B	\$10 MM	\$250k	\$150,000
Bank/\$60 B (assets)	\$15 MM	\$500k	\$300,000

Underwriting Process



- **Sample Application Questions**
 - Do you have a written corporate-wide privacy policy?
 - Do you have a document retention and destruction policy?
 - Do you employ a chief privacy officer?
 - Do you provide training for employees on privacy, data security and related issues?
 - Have you completed an outside privacy audit or have you received a privacy certification?
 - Have you completed an internal audit or assessment to determine your compliance with regulations and laws concerning the protection of privacy rights ?
 - Do you have an enforced clean-desk policy?

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