



CYBER RISK INSURANCE

Cyber insurance covers the losses relating to damage to or loss of information from Information Technology (IT) systems and networks.

Businesses of any size are likely to rely on IT infrastructure to some degree. They will be exposed to the risks of business interruption, income loss, damage management and repair, and possibly reputational damage if IT equipment or systems fail or are interrupted.

Businesses need specialized cyber insurance policies to supplement their existing insurance arrangements, particularly if they:

- › *Hold sensitive customer details.*
- › *Rely heavily on IT systems and websites to conduct their business.*

Cyber insurance policies may include significant assistance with and management of the incident itself, which can be essential when faced with reputational damage or regulatory enforcement.

Generally, cyber risks fall into first party and third party risks. Insurance policies cover either or both of these types of risk.



FIRST-PARTY INSURANCE COVERS THE BUSINESS'S OWN ASSETS THIS MAY INCLUDE:

- › Loss or damage to digital assets such as data or software programs.
- › Business interruption from network downtime.
- › Customer notification expenses when there is a legal or regulatory requirement to notify them of a security or privacy breach.
- › Reputational damage arising from a breach of data that results in loss of intellectual property or customers.
- › Theft of money or digital assets through theft of equipment or electronic theft.

THIRD-PARTY INSURANCE COVERS THE ASSETS OF OTHERS, TYPICALLY CUSTOMERS. THIS MAY INCLUDE:

- › Security and privacy breaches, and the investigation, defense costs and civil damages associated with them.
- › Loss of third party data, including payment of compensation to customers for denial of access, and failure of software or systems.

OPTIONAL EXTENSIONS

- › Multi-media liability, to cover investigation, defense costs and civil damages arising from defamation, breach of privacy or negligence in publication in electronic or print media.
- › Coverage for outsourced or contracted service providers.
- › Cyber extortion/ransom.
- › Betterment costs – improvement of software and applications.

MAJOR EXCLUSIONS

- › Patent and copyright infringement.
- › War and similar perils.
- › Bodily injury and damage.
- › Loss of electronic equipment.
- › Data loss due to network interruptions.
- › Recommendations/orders from public authority.