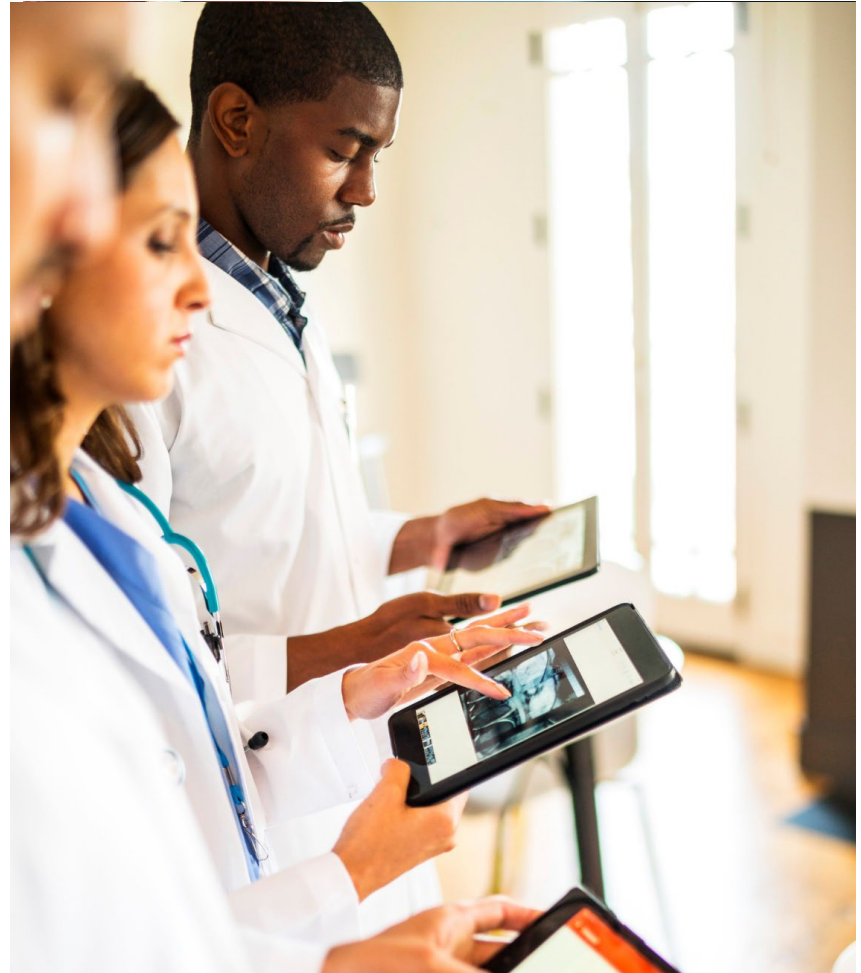


Cyber Risk

Network Security and Privacy's Important
Role in Enterprise Risk Management

Agenda

- Identify exposures
- Third-party liability
- First-party losses
- Other coverage sections
- Claims
- Sample situation
- Conclusion



How Do We Identify Exposures?

Do you handle private information?

- PII, PHI, PFI
- Corporate confidential information
- Company – (employees)
- Clients – (consumer or commercial)

Where do you store the information?

- Online vs. offline information
- System topography
- Do you operate the network yourself or outsource to a vendor?
- Security and governance

Do you have a website?

- What content is on the site?
- Can employees or third parties upload content (blog, post pictures or comments)?
- Content ownership



How Can An Event Occur?

- Internally
 - Employees / Vendors
 - Malicious – stealing information (card skimming)
 - Negligence – lost resources (laptop, smart phone, tablet)
 - Vendors – security & governance
- Externally
 - Individual Hackers / Organized Crime
 - Ideological and / or financial
 - Stealing information
 - Sending viruses / malicious code – ransomware
 - Disruption of business

Coverage Triggers

- Security Failure
 - Failure of an organization to protect their computer systems
 - Virus, malicious code, malware attacks, ransomware, DOS Attack
- Privacy Incident
 - Failure of a organization to protect private information
 - Personal or corporate; online or offline
 - Violation of any federal, state, or local privacy statute
 - Failure to comply with PCI-DSS standards

First-Party & Third Party Coverage

- Incident Response Expenses
 - Legal consultation
 - Forensic investigation
 - Public relations services
 - Notification to consumers based on legal mandate
 - Providing ID-monitoring / credit monitoring

- Security & Privacy Liability
 - Government agencies, individuals, class actions, businesses or administrative

First-Party Coverage

- Business Interruption
 - Addresses loss of income and operating expenses resulting from the interruption or suspension of business due to a failure of network security
- Data Recovery
 - Reimburses for the costs associated with restoring, recollecting or recreating lost electronic data
- Cyber Extortion
 - Contemplates coverage for extortion threats against a company's computer network and confidential information by an outsider seeking money or other valuables
- Cyber Crime (Business Email Compromise – BEC)
 - Reimburses for the loss of funds, other property or utilities power from fraudulent impersonation, invoice manipulation, telecommunication fraud or cryptojacking

Third-Party Coverage

Media Content Liability

- Companies Have Published Content
 - Website
 - Print
 - Broadcast

- Typical Cases of Claims
 - Trademark and copyright infringement
 - Defamation, false light and imprisonment
 - Product disparagement, infliction of emotional distress

Security and Privacy (Non-Physical)

- Security failure or privacy incident leads to financial loss
- Existing cyber insurance policies respond

Potential Impact Summary:

| | 1 st Party | 3 rd Party |
|--------------|--|--|
| Non-Physical | <ul style="list-style-type: none">• Response costs• Legal advice• Public relations | <ul style="list-style-type: none">• Settlements with class actions or businesses• Legal defense |
| Physical | EXCLUDED | EXCLUDED |

Security and Privacy (Non-Physical)

- Security failure or privacy incident that leads to financial loss also can overlap with other policies

Potential Impact Summary:

| | 1 st Party | 3 rd Party |
|--------------|---|--|
| Non-Physical | <ul style="list-style-type: none">• Response costs• Legal advice• Public relations• Extortion Demands• Theft of Funds | <ul style="list-style-type: none">• Settlements with class actions or businesses• Legal defense• Derivative Suits (E&O / D&O / EPLI) |
| Physical | EXCLUDED | EXCLUDED |

Security and Privacy (Physical)

- Cyber Attacks against industrial control systems causing disruption of business, injury and property damage
- Internet of Things (IoT)
 - Transportation – cars, trucks, boats, trains
 - Appliances – heating, security, elevators, automated machinery
 - Healthcare – web based medical devices

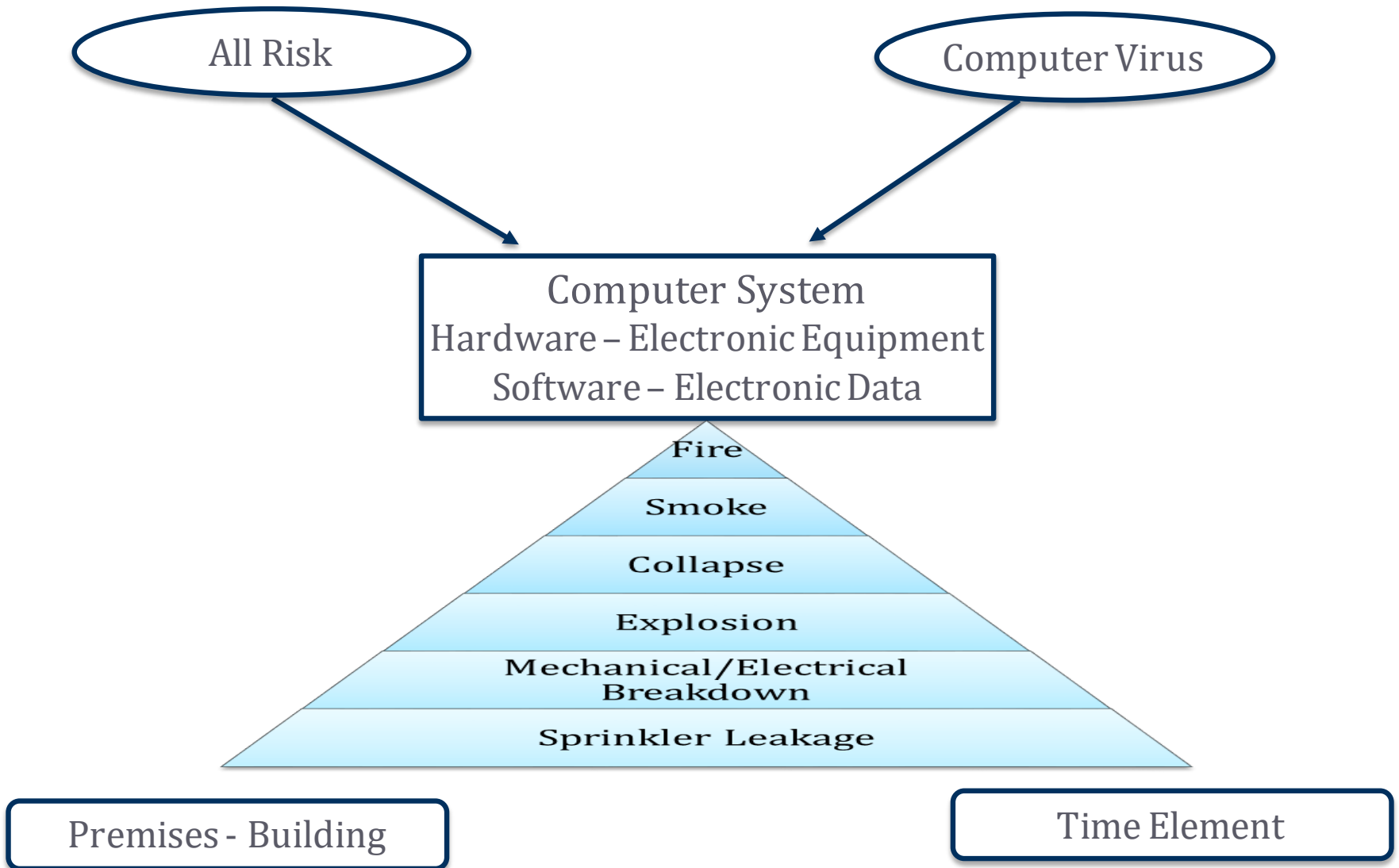
Potential Impact Summary:

| | 1 st Party | 3 rd Party |
|--------------|---|---|
| Non-Physical | | |
| Physical | <ul style="list-style-type: none">• Property damage• Business Interruption• Property Policy | <ul style="list-style-type: none">• Third party physical injury or property damage• Casualty Policy• Products Liability |

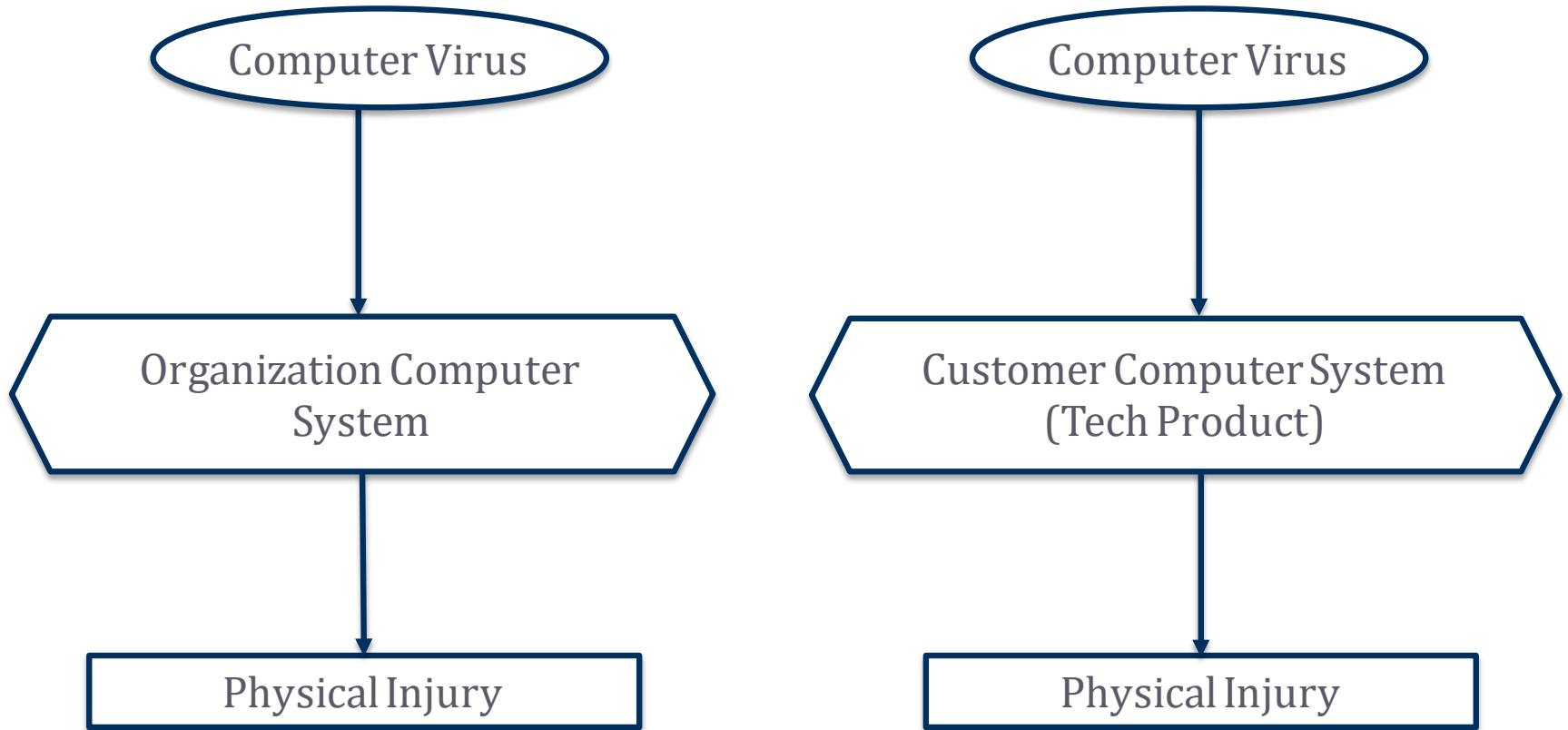
Cyber Is A Peril

| | 1 st Party | 3 rd Party | |
|-----------|---|--|--|
| Financial | Traditional Cyber | | Traditional Coverages: <ul style="list-style-type: none"> - Security and Privacy Liability - Incident Response - Data Recovery - Network Interruption - Cyber Extortion - Media Content Liability |
| | Business Interruption Physical Damage | Casualty (Bodily Injury or Property Damage) | Contingent BI/PD <ul style="list-style-type: none"> • Casualty exclusions <ul style="list-style-type: none"> - CG 21 06 05 14 - CG 21 07 05 14 - CG 21 08 05 14 • Property <ul style="list-style-type: none"> - Electronic data processing - Non-Physical Cyber Time Element • Most casualty and property carriers are not excluding physical loss relating to cyber |
| Tangible | Property Damage | Product Liability | |

CYBER PROPERTY TRIANGLE



Cyber Casualty & Products Liability



Conclusion

- Exposure Analysis
 - Volume / Type of Records
 - Security & Governance
 - Vendors
- Coverage
 - Third-Party and First-Party
 - Non-Physical vs. Physical Damage
- Claims Handling
 - Policy Triggers vs. Cause of Loss vs. Resulting Damage

Security Through Knowledge and Experience Worldwide Since 1919

Reach out to Starr for more information on how a Starr solution can work for you:

Shiraz Saeed | National Practice Leader | Cyber Risk
shiraz.saeed@starrcompanies.com
646.227.6781 | 347.559.3174

Visit starrcompanies.com/cyber or contact our Cyber department at cyber@starrcompanies.com

The coverage descriptions in this document are only brief summaries of available insurance coverage. This document is intended for general information purposes only and does not provide any guidance regarding coverage that may or may not be available under this policy with respect to any claim. Any policy issued by Starr Indemnity & Liability Company will contain limitations, exclusions and termination provisions. Not all coverages are available in all jurisdictions.

All rights reserved. STARR COMPANIES (or STARR) and the STARR logo are trademarks worldwide for the services offered by the operating insurance and travel assistance companies and subsidiaries of Starr International Company, Inc., and for the investment business of C.V. Starr & Co., Inc.

This document provides only a partial description of certain terms and conditions offered. It is intended solely for general informational purposes and does not provide any guidance regarding coverage that may or may not be available under a policy as it respects to any claim. Please refer to the actual policy form for all applicable terms and conditions. Coverage is not available in all jurisdictions. Please contact your insurance professional to determine availability for your company.

STARR
COMPANIES