

**HUB**

# Cyber Insurance Basics and Current Market Conditions

HUB International





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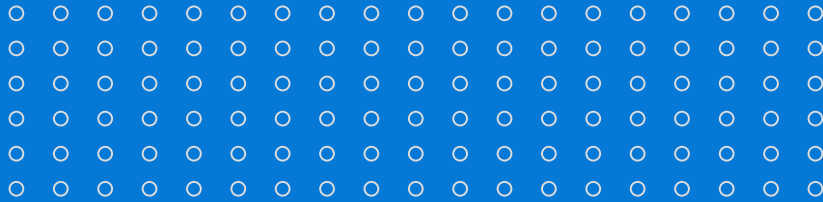
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# Agenda

- 1 | What is Cyber Coverage?
- 2 | How does a Cyber Attack impact my organization
- 3 | Market Conditions

## Questions

# 1



## What is Cyber Coverage

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# Potential Parts of a Cyber Policy Form



# Types of coverage to consider



## PRIVACY LIABILITY

Protects you from liability if private data is leaked



## NETWORK SECURITY LIABILITY

Covers you if staff accidentally transfer a virus to another company, which then sues

## MEDIA CONTENT LIABILITY

Covers the cost of lawsuits and other expenses if hackers post defamatory information about another business on your website



# Types of coverage to consider



## REGULATORY DEFENSE AND COSTS

Covers you for penalties imposed or lawsuits filed by regulatory bodies



## PAYMENT CARD INDUSTRY VIOLATIONS

Protects you against fines and charges from credit card companies

## BUSINESS INTERRUPTION

Covers lost revenue if you are forced to temporarily close your business

# Types of coverage to consider



## CYBER EXTORTION

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Covers the cost of ransomware payments



## DATA ASSET LOSS

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Provides funds to restore, recreate or re-collect your data



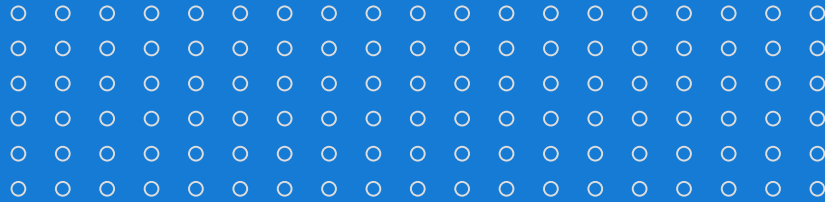
## BREACH RESPONSE COSTS

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Covers the cost for legal consultation, data forensics investigation, crisis management/PR, call center costs, notification and credit card monitoring



# 2



## How does a Cyber event impact my organization

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# What to do and expect following a breach



**Breach occurs**

**Call your insurance broker**

**Talk to your lawyer**

**Engage forensics**

**You've been hacked.**

Put your plan into action the moment a breach occurs

**Make the call.**

Use the number provided by your insurance broker

**Get legal involved.**

Your lawyer's guidance will be key to maintaining regulatory compliance

**Identify the breach.**

The lawyer will engage an IT forensics team to help identify the size and cause of the breach

# What to do and expect following a breach



**Verify coverage**

**Engage PR  
and set up  
call center**

**Handle lawsuits**

**Get back  
to business**

## **Review your policy.**

Confirm the extent of your coverage

## **Manage your customers.**

If necessary, engage a PR firm to handle media requests, and work with a call center to handle the likely higher-than-normal customer call volume

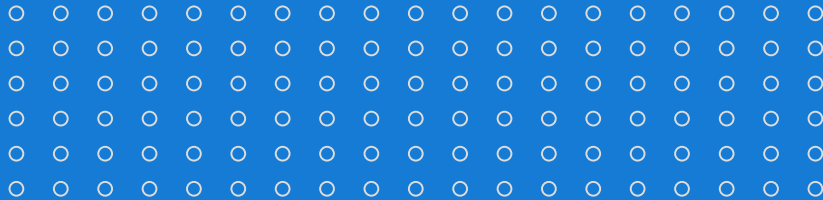
## **Go to court.**

You may have to deal with lawsuits from customers, regulators and different levels of government

## **Make sure the data is safe.**

Handle the process correctly and satisfy everyone that their information is safe, and you'll be able to return to business as usual

# 3



## Market Conditions

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## Claims, Claims & More Claims

- December 2020 Solar Winds Hack – 18,000 US entities breached
- Micro Soft Exchange Hack – 30,000 US entities breached
- **Ransomware cost for 2020**
- **Ransomware statistics and trends in 2020**
  - 51% of businesses were targeted by ransomware
  - There was a 40% surge in global ransomware, reaching 199.7 million hits
  - For 2020 ransomware costs are projected to reach \$20 billion for all businesses
  - The average ransomware payment demand was \$233,817 (Q3)
  - 1 in 5 SMBs and 4 in 5 MSPs were targeted

## Current Market Conditions

- Colonial Pipeline – Hackers paid \$4.4M to restore systems to the operator.
- C.N.A. Financial – Paid \$40M in March 2021 to free itself from a ransomware attack.
- Public Health – Vermont Medical Center – cost \$64M
- Public Entity – City of Baltimore cost \$18.2M and took out 911 dispatch

### COVID 19





# Current Market Conditions



- What have losses, fear and potential new regulations caused.
- Insurers leaving the Cyber Market:
  - OneBeacon, Argo Pro and some Lloyds US MGAs have lost ability to write new business
- Insurers pulling back on Coverage:
  - AIG – Ransomware only up to \$5 million plus Co-insurance is a possibility
  - Solar Winds Exclusion / Contingent Business Interruption Limits are Lower
  - Chubb- Unintentional Release of Data Exclusion
- Insurers Cutting Capacity
  - Axis, Coalition, Ascot, QBE, and even Chubb will no longer offer more than \$5M. And that \$5M can cost more than the previous \$10M
- Insurers limiting Classes of Business
  - Few insure public entities, manufacturers, construction, payments vendors, and Healthcare
- Insurers Raising Premium:
  - Everyone Axis, Beazley, Corvus, and Hiscox 15-20%; C.N.A, Travelers, TMHCC up 20-35%; Chubb & AIG 35-60%. If insureds have weak controls, premiums rise 40-70% or they get non-renewed. Excess insurers are up 40-50%



## The Perfect Storm



# Questions

What more would you like to discuss?

# Thank you.

For your attention and time.