

# International Association of Insurance Receivers

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# The 3 Pillars of Cyber Insurance

## **BREACH RESPONSE COVERAGE**

Forensics

Legal

Notification

Public  
Relations

Crisis  
Management

## **FIRST PARTY COVERAGE**

Cyber Extortion

Business Interruption

Dependent Business  
Interruption

Data Recovery

Social Engineering /  
Crime

## **THIRD PARTY COVERAGE**

Data & Network  
Liability

Regulatory

PCI

Media Liability

# Insuring Agreements

## **Breach Response Coverage:**

**Privacy Breach Responses Costs:** Coverage includes the fees and costs for legal, forensics, notification, call center, credit monitoring, and public relations / crisis management in response to an actual or reasonably suspected data breach or security incident.

# Insuring Agreements

## First Party Insuring Agreements:

- **Cyber Extortion:** Reimbursement for an extortion payment and reasonable and necessary expenses incurred with prior consent to prevent or respond to an extortion threat.
- **Cyber Business Interruption:** Reimbursement for income loss, extra expense (may include hardware), and forensic expenses from an actual interruption of business operations due to a security breach or system failure.
- **Dependent Business Interruption:** Reimbursement for income loss, extra expense, and forensic expenses from an actual interruption of business operations caused by a vendor's security breach or security breach.
- **Data Recovery:** Reimbursement for reasonable and necessary costs to regain access, replace, or restore data that cannot be accessed due to a cyberattack.
- **Social Engineering / E-Crime:** Reimbursement for fraudulent transfer of funds, account takeover, invoice manipulation, or social engineering attacks.

# Insuring Agreements

## Third Party Insuring Agreements:

- **Data & Network Liability:** Coverage for defense and indemnity resulting from a claim for a data breach, security breach, failure to disclose a data or security breach, or failure to comply with certain parts of a privacy policy. May be presented as E&O coverage.
- **Regulatory Defense and Penalties:** Coverage for defense costs and fines/penalties for violations of privacy regulations including but not limited to HIPAA, the Red Flags Rule and the Hi-Tech Act.
- **Media Liability:** Coverage for both certain claims alleging copyright/trademark infringement or libel/slander for media content displayed to the public.
- **Payment Card Liabilities and Costs:** Coverage for costs associated with monetary charges, assessments, fines and/or penalties levied by a financial institution, credit/debit card company, credit/debit card processor from a data breach.

# Other Topics

- **Other lines of coverage:** for example, CGL, E&O/professional liability, crime/fidelity, media liability, property, D&O, kidnap & ransom.
- **Market evolution:** “silent cyber” and efforts to require either overt exclusions or coverages.
- **Cyber market evolution:** expansion of coverages, including during soft market; hard market has tightened application process, increased rates and retentions, prompted sublimits and co-insurance, and affected terms and conditions.

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# Questions?



**Thank You For Your Time!**

*for more information, please contact*

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