

Security & Privacy Insurance Landscape

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Federal Advisory Committee on Insurance
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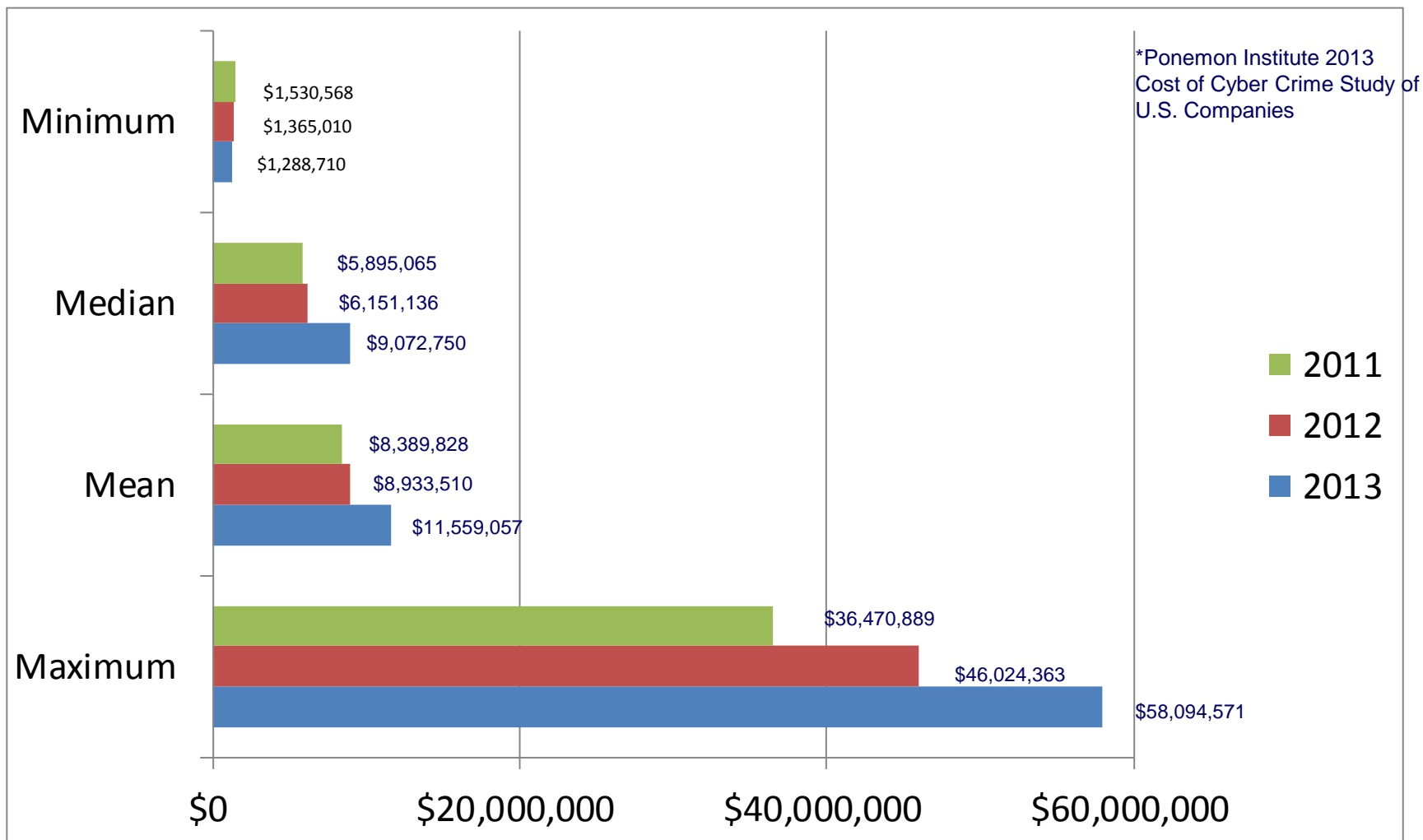
Security & Privacy Marketplace

- Estimated \$1.0-\$1.3B GWP market YE 2013¹
- Buyers of S&P insurance: 35% in 2011, 52% in 2012 and 2013²
- Global brokers:
 - 30% increase in new buyers
 - 20% increase in new limits
- New and varied capacity
- Shortening sales cycle
 - New industries
 - Increased BoD awareness
- Emerging exposures
- Loss data is a moving target

1. Guy Carpenter's State of the Tech/Cyber market report (2012) and Management Liability – Market Overview report (Oct. 2013)
2. Advisen 2014 Information Security & Cyber Liability Risk Management Survey of Risk Managers



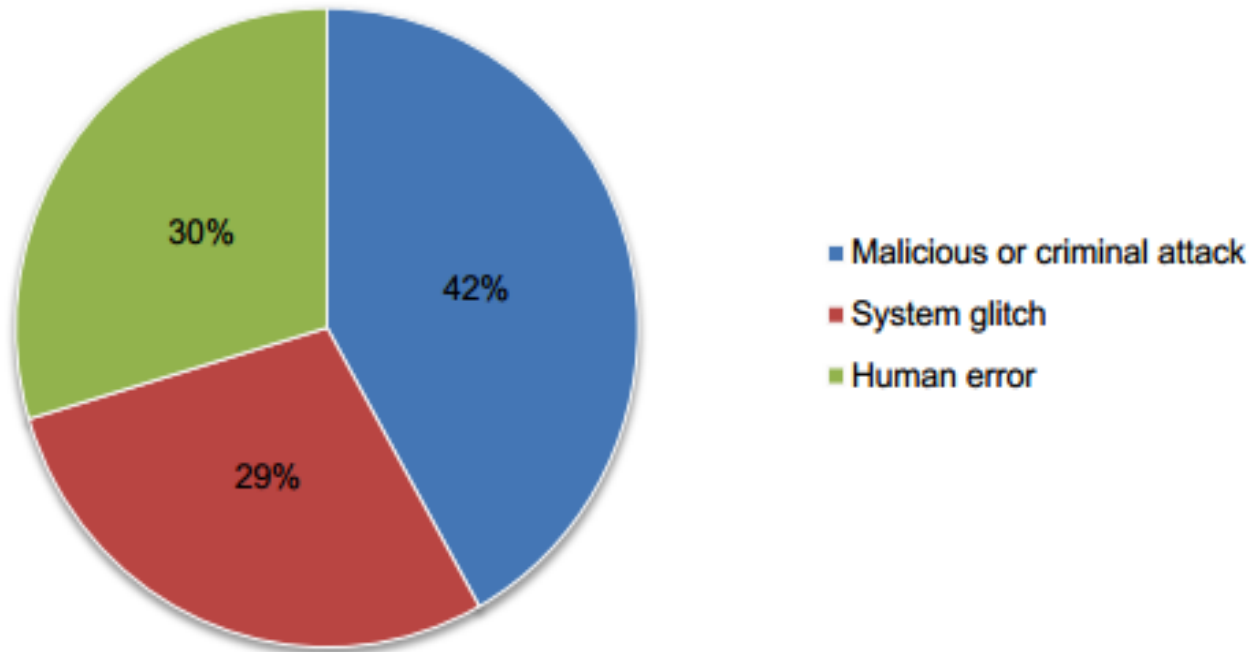
Total Cost Trend of U.S. Cyber Crime 2011 - 2013



Cost Per Record Based on Type of Breach

Distribution By Cause

Figure 5. Distribution of the benchmark sample by root cause of the data breach
Consolidated view (n=314)





Overview of Breach Exposures:

•Crisis Management Costs

- Legal, public relations or other service fees
- Advertising or related communications

•Costs of Notification

- Forensic investigation
- Printing, postage or other communications to customers
- Credit monitoring services

•Business Interruption Losses

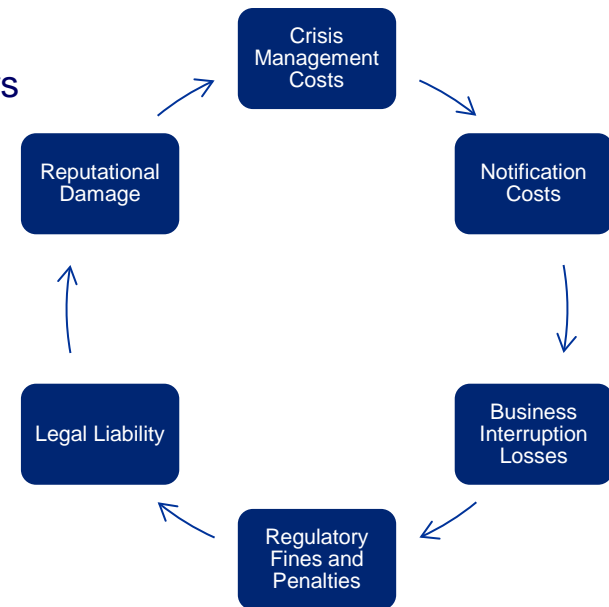
- Loss of Income
- Costs to Recreate Lost or Stolen Data
- Extra Expenses

•Regulatory Fines and Penalties

•Legal Liability

- Class action litigation
- Suits from Customers and Vendors

•Reputational Damage





Coverage Overview

3rd Party Coverages

- **Security & Privacy Liability Coverage**
- **Internet Media Liability Coverage**

**Privacy
Breach Cost
Coverage**

1st Party Coverages

- **Business Income & Dependent Business Income Loss Coverage**
- **Digital Asset Replacement Cost Coverage**
- **Cyber Extortion Threat and Rewards Payment Coverage**

Other exposures and resources

- “C.H.E.W”¹
 - Crime
 - Hacktivism
 - Espionage
 - War
- Hyperconnectivity
 - System-wide risk
 - Local risk
 - Recommendations
 - The Atlantic Council “Risk Nexus” report
- Legislative items
 - State-specific
 - SEC Guidance
 - Executive Order and N.I.S.T. framework

Thank you