

Business Interruption

Why is it a useful cyber cover to have?

How does it function?

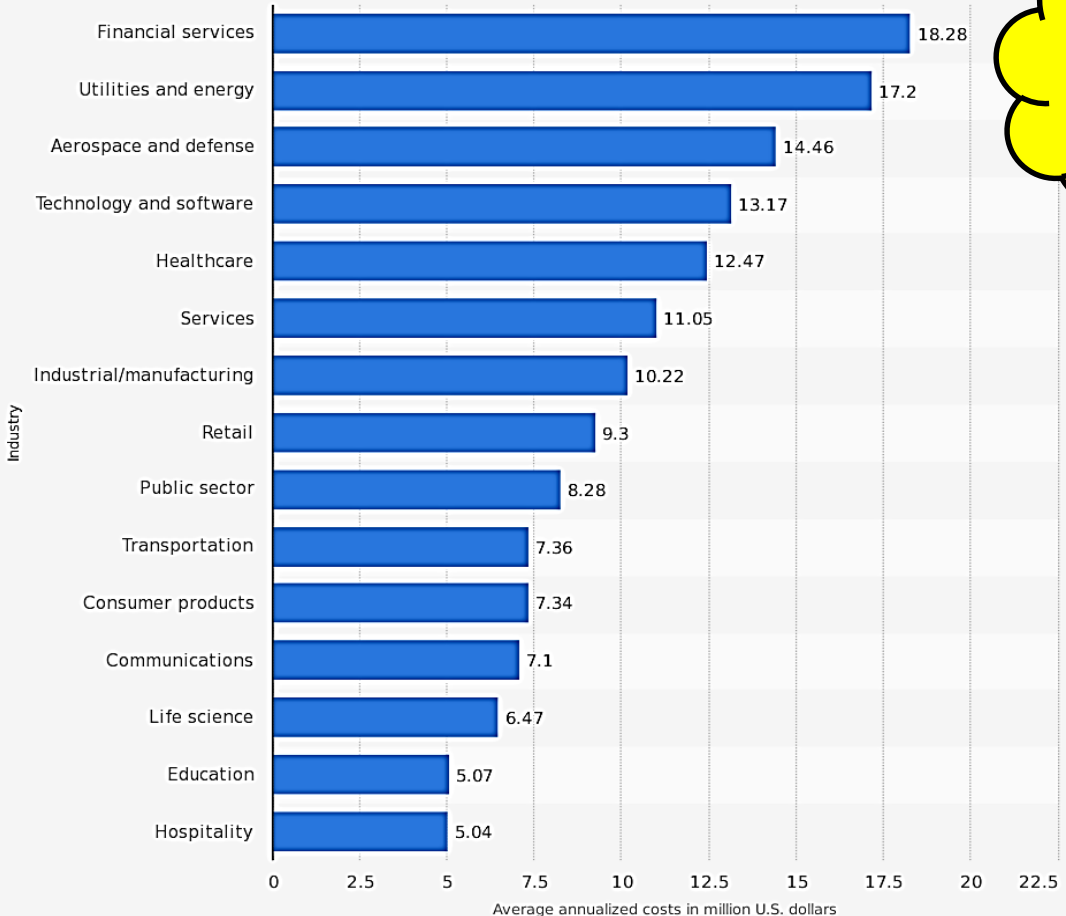
Expansion on morning presentation



Businesses Affected



Average annual costs caused by global cyber crime as of August 2017, by industry sector (in million U.S. dollars)



Not many industries would be immune from cyber crime

Sources
Ponemon Institute; Accenture
© Statista 2018

Additional Information:
Worldwide; Ponemon Institute; August 2017; 254 organizations

Who is at Risk?

SMEs and large businesses are at risk. The old “why would I be targeted?” is not valid.

Large Business (Generalisations)

More data to steal

More money to steal

More personnel to manipulate

Larger status opportunity
(Status for bad actor)

More computers to spread infections

SME (Generalisations)

Lesser-aware staff in cyber security

Lower IT security and protections
(prevention and detection)

Lower controls on computer policy
(upgrades, personal USBs, personal software)

Older operating systems

47% of small businesses had at least one cyber attack in the past year

Hiscox - Small Business Cyber Risk Report - 2018

Cause and Effect

Effects that an SME can expect to feel after falling victim to cyber crime



- 89 % felt that attacks impacted upon their reputation
- 26 % were unable to grow in line with previous forecasts
- 30 % reported a loss of clients
- 25 % received negative reviews on social media
- 93 % of businesses suffered operational limitations

Source: Cyber Streetwise campaign and KPMG report of SME victims

Risks (What Could Happen)



Event	Example Category
Servers cannot service genuine requests	DDoS
Opening a malicious attachment or following a malicious link from an email appearing to be from a trustworthy source	(Spear) Phishing
Entering internet banking credentials on a website masquerading to be official	Pharming
Transferring funds unknowingly from business account to rogue account	CEO Fraud
Data on systems are rendered unreadable	Encryption
Payment made or requested to decode (decrypt) data	Ransom
Data transferred to unauthorised device without permission	Data Leakage
Payment to incorrect bank when customer paying your invoice	Invoice Fraud

Professions at Your Disposal

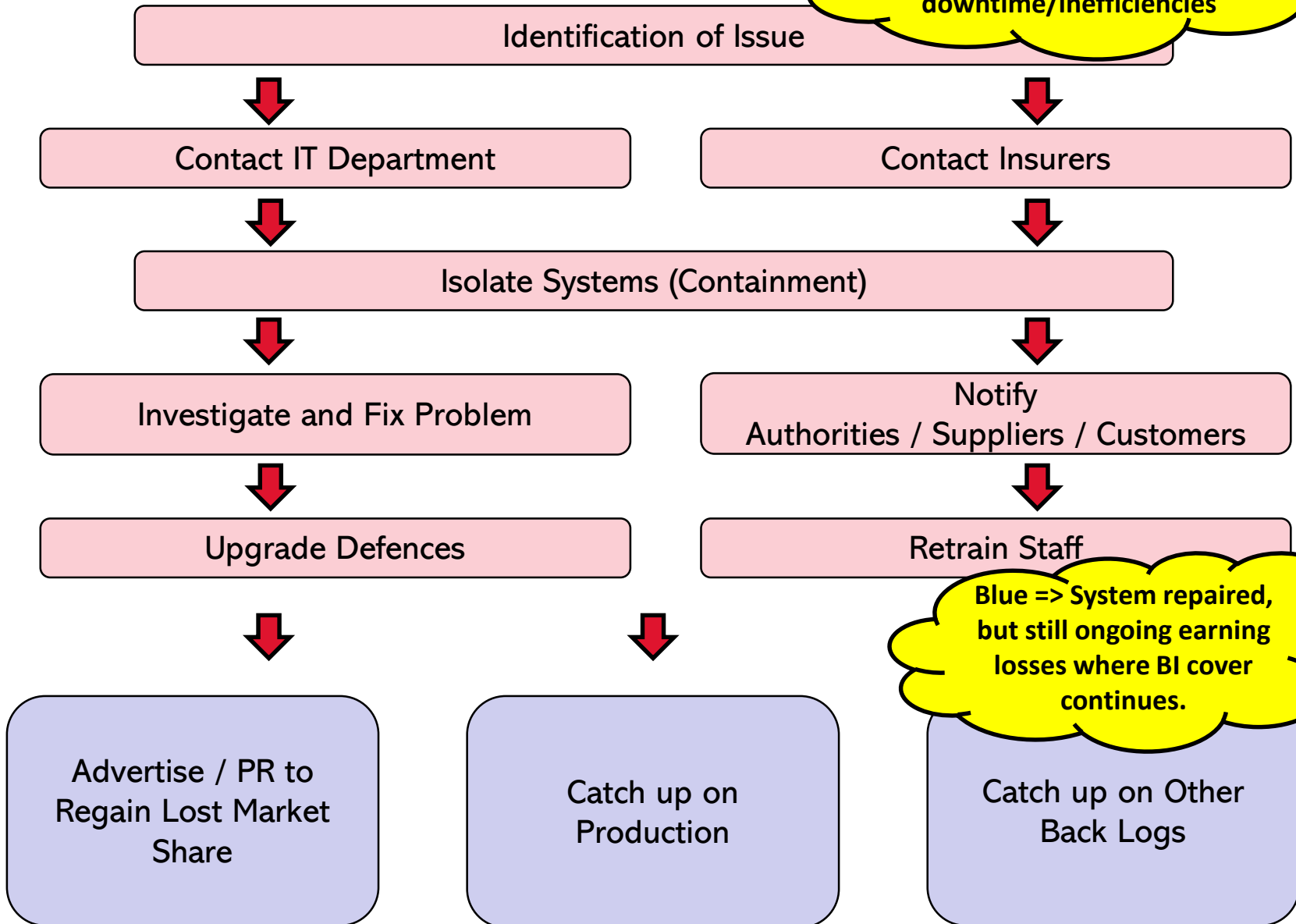


Cyber cover can provide funds for host of experts which may be required – working with policyholder and their IT team



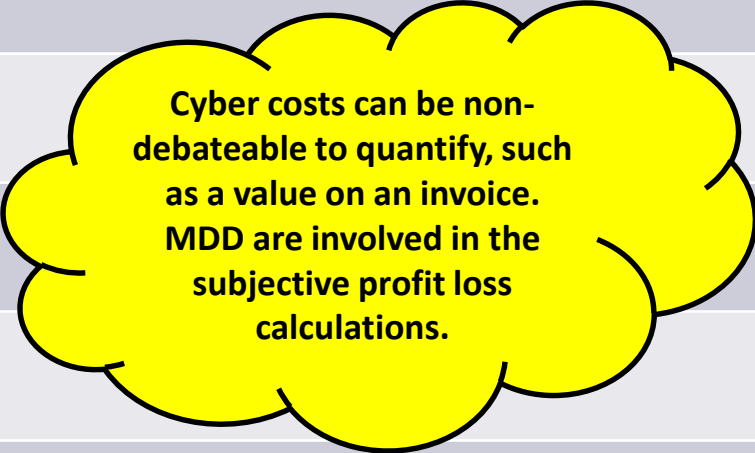
Example Path to Recovery

Pink => Systems are damaged. BI cover replaces lost earnings due to downtime/inefficiencies

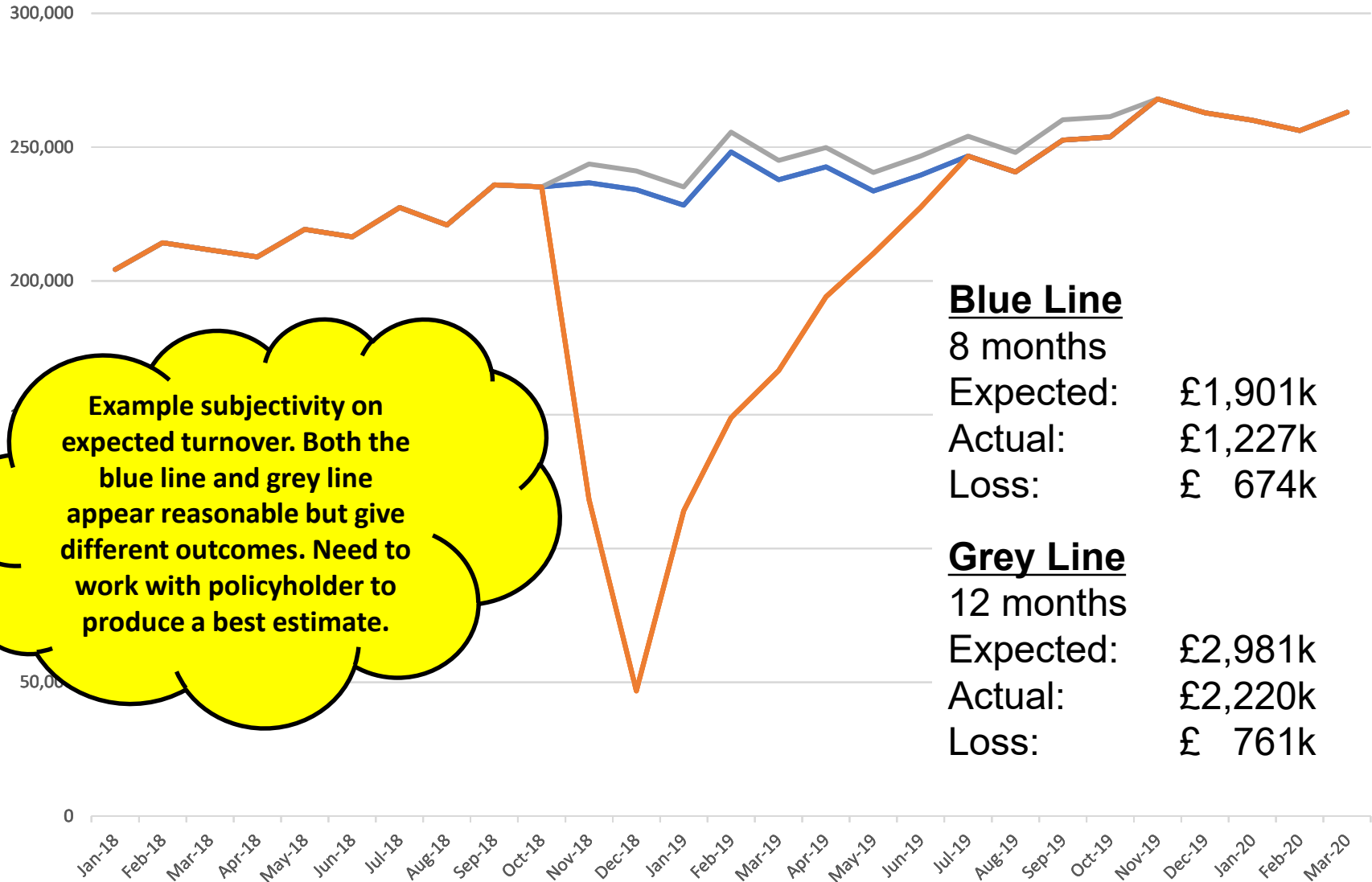


Blue => System repaired, but still ongoing earning losses where BI cover continues.

Categories of Costs or Losses

Objective	Subjective
IT costs for identifying and containing problem	Increase in security (betterment)
IT costs for rebuilding/reconfiguring servers or websites	Loss of profit / earnings
PR and advertising	
Temporary call centre costs	 <p>Cyber costs can be non-debateable to quantify, such as a value on an invoice. MDD are involved in the subjective profit loss calculations.</p>
Notification costs	
Cost of ransom	
Retraining staff costs	

Subjectivities



Example subjectivity on expected turnover. Both the blue line and grey line appear reasonable but give different outcomes. Need to work with policyholder to produce a best estimate.

Blue Line
8 months
Expected: £1,901k
Actual: £1,227k
Loss: £ 674k

Grey Line
12 months
Expected: £2,981k
Actual: £2,220k
Loss: £ 761k

Supporting Subjectivities

Sales by Customer / Region / Product

Correspondences with Potential Customers

Monthly Profit and Loss Accounts

Contracts and Agreements

VAT Returns

Examples of data/information to support agreed projections

Industry Data or Statistics

Annual Accounts

Data on Web Traffic

Budgets and Forecasts

Data on Link Clicks

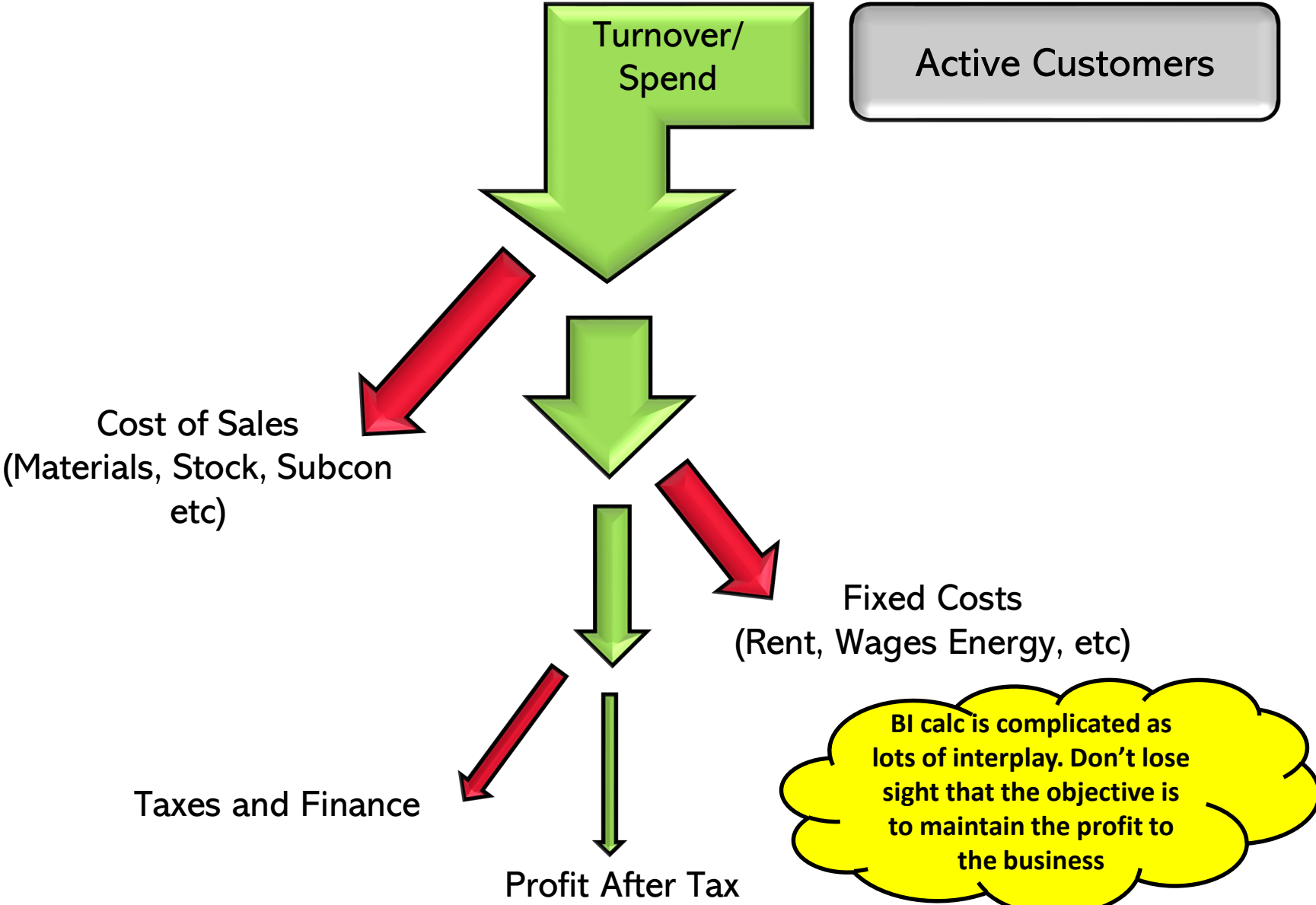
Production Data

Conversion of Web-Visits/Clicks to Purchase

Explanations to Outliers

Information on Bottlenecks

Bigger Picture



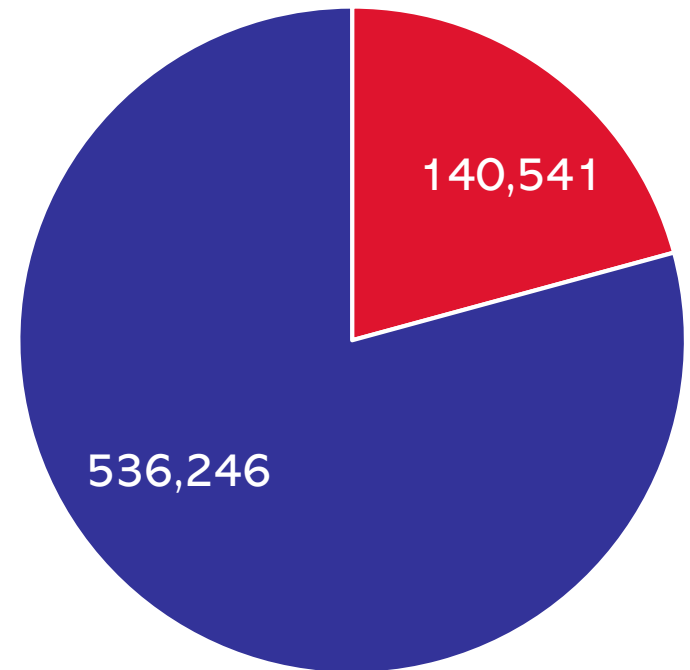
How Important Is BI?



Mid-Mar 2018	Breach via attachment on phishing email (approx. 2am)
09-May-18	Final server (mail server) configuration completed

Temporary IT equipment	49,103
Assistance on server rebuild and data storage	19,100
System restoration	12,975
Legal handling of matters	12,584
Customer support (salaries)	9,736
Injunction costs	8,264
Ongoing IT assistance	6,350
Scanning network for malware	5,927
Recover old mailboxes. Configure mail server	3,525
Investigation	
Initial IT assistance	
Install and configure new mail servers	
IT Engineer call out charges	
Configure mail servers	1,025
Notification costs	896
Data recovery	603
TOTAL	140,541

Actual cyber loss example. Consider the magnitude of BI losses to non-BI costs.



- Costs Incurred
- Business Interruption Losses



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