

CYBER LIABILITY

## ARE YOU READY?

WHEN IT COMES TO THE RISK OF A MAJOR PROBLEM ASSOCIATED WITH COMPUTER HARDWARE OR DATA, IT'S NOT SO MUCH IF, AS WHEN.



insured.™

# CYBER INSURANCE THAT PROVIDES ESSENTIAL PEACE OF MIND

Information technology is so powerful and so ever-present in business life that we almost take it for granted. But we should remain vigilant about the risks it brings. From hardware failure to hacking to the possibility of defaming a rival, there are many threats that could result in financial loss or damaged reputation.

**We no longer simply harness the power and exploit the potential of information technology – we actually depend on it. And because it is woven into the fabric of business life, it generates significant risk that brokers and their clients must address.**

While a standard property and liability policy might cover IT risks, there is no guarantee that it will be sufficiently detailed and comprehensive. One potential issue with a standard policy is that it might exclude hardware and/or mobile devices. Or it might not cover business interruption caused by a virus, or fund increased cost of working while systems are down.

It might simply be that the standard policy limits are inadequate. Surveys suggest the cost of computer failure can run to £10,000 per hour or even £1m a day for big organisations. Limits are clearly worth a second look.

The more we embrace IT, the bigger and more complex the risks become. For example, a business might unwittingly infringe the intellectual property rights of others through online use of images and text, raising the possibility of intellectual litigation.

The loss of sensitive personal or business information is also becoming more prevalent and as companies hold more and more data this risk will become more relevant.

## **Tangled webs**

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An e-commerce platform is a must-have in many sectors, but what if a website crashes?

Sales will be lost as customers grow frustrated and turn to rivals. What if email goes down for any length of time? Routines would be crippled.

Then there are back-end processes: stock control is massively important, especially if just-in-time ordering is used. Delivery is likewise crucial. Retailers rely on point-of-sale systems – protracted downtime would damage income and reputation.

Every industry has its vulnerabilities. How would a hotel chain cope if its online booking and room management system was out of commission? What about a car-hire organisation suddenly unable to keep track of its vehicles? Any business running a helpdesk would suffer if it was unable to service customer enquiries.

## **Back to business**

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Whatever the danger, whatever the sector, all firms need to restore websites and communications networks swiftly so that they can return to “business as usual” and minimise any losses, be they financial or affecting market standing.

Specialist cover comes into play when IT staff do not have the skills to rebuild a system, obliging the user to bring in external contractors. Costly arrangements might also



be needed to provide a temporary IT solution while facilities are restored.

### **Hack attack**

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Cyber fraud is the world's biggest type of fraudulent activity thanks to the value of the prize: credit card data that can be sold on through the criminal community. All companies, regardless of size and sector, are targets. There is also the threat of destructive malware, which is growing in potency and frequency of use. Symantec reports that a PC somewhere in the world is infected every 4.5 seconds. If – or rather when – a company is infected, it faces the risk of transmitting the virus onto a third party, precipitating a claim for damages.

Brokers and clients need to quantify the risks and consider whether a bespoke cyber risks solution is required. Any potential overlap between the firm's standard policy and the specialist cover can be avoided by choosing a cyber risks policy such as DataGuard Advantage, which allows the required cover to be selected from a menu.

### **Social networking?**

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There is also the impact of social networking. A business may be happily uploading content and boosting its online presence, but can it be confident that all its online material is risk-free? What if employees and/or customers can add their own comments or other items? Can a site be policed?

Companies need to know if they are protected if something goes awry, such as when someone claims to have been defamed by content put out under the company's name.

A smiling man with dark hair, wearing a light blue button-down shirt, is shown from the chest up. He is holding a pair of glasses in his right hand, looking off to the side with a pleasant expression. The background is a blurred indoor setting.

# A PC SOMEWHERE IN THE WORLD IS INFECTED EVERY 4.5 SECONDS

IF – OR RATHER WHEN – A COMPANY IS INFECTED, IT FACES THE RISK OF TRANSMITTING THE VIRUS ONTO A THIRD PARTY, PRECIPITATING A CLAIM FOR DAMAGES...

DataGuard Advantage has six sections of cover to provide businesses with the flexibility to tailor the cover to their own needs:

1. Computer hardware property cover
2. Network restoration in the event of a loss of data, communications, applications, etc.
3. Loss of business income and extra expense
4. Liability in respect of disparagement, plagiarism and infringement through the use of the internet and email
5. Liability in respect of data breaches, including costs associated with the notification of clients/customers post breach
6. Transmission of a virus to a third-party and denial of access.

## CONTACT US

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### **About ACE Group**

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Established in 1985, The ACE Group has grown rapidly to become one of the world's premier providers of insurance and reinsurance products and services. ACE has offices in 54 locations and can help clients manage their risks anywhere in the world.

Our clientele varies from multinational corporations with property and casualty exposures, to individuals purchasing personal accident, travel or supplemental health insurance. We offer products tailored to the needs of any size of client.

ACE has a strong presence across United Kingdom and Ireland, with 13 offices employing 1,300 people and serving 5 dedicated regions: Ireland, Scotland, North of England, Midlands and Wales, and London and South East England. Ours is a customer-centric business model: we have a relationship management structure for key accounts and claims and 20 dedicated business relationship managers.

ACE is listed on the New York Stock Exchange with the ticker ACE. ACE's core underwriting insurance companies are rated AA- (very strong) by Standard & Poor's and A+ (superior) by A.M. Best.

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