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HELLENIC ASSOCIATION OF INSURANCE COMPANIES

Thursday, 21.9.2017

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A European perspective on cyber insurance

Nicolas Jeanmart

Hydra, 21 September 2017

Insurance Europe

Who?	▪ European insurance and reinsurance federation, founded in 1953
What?	▪ Represents around 95% of European insurance market by premium income
Why?	▪ Committed to creation of favourable regulatory and supervisory framework for insurers at European and international level.

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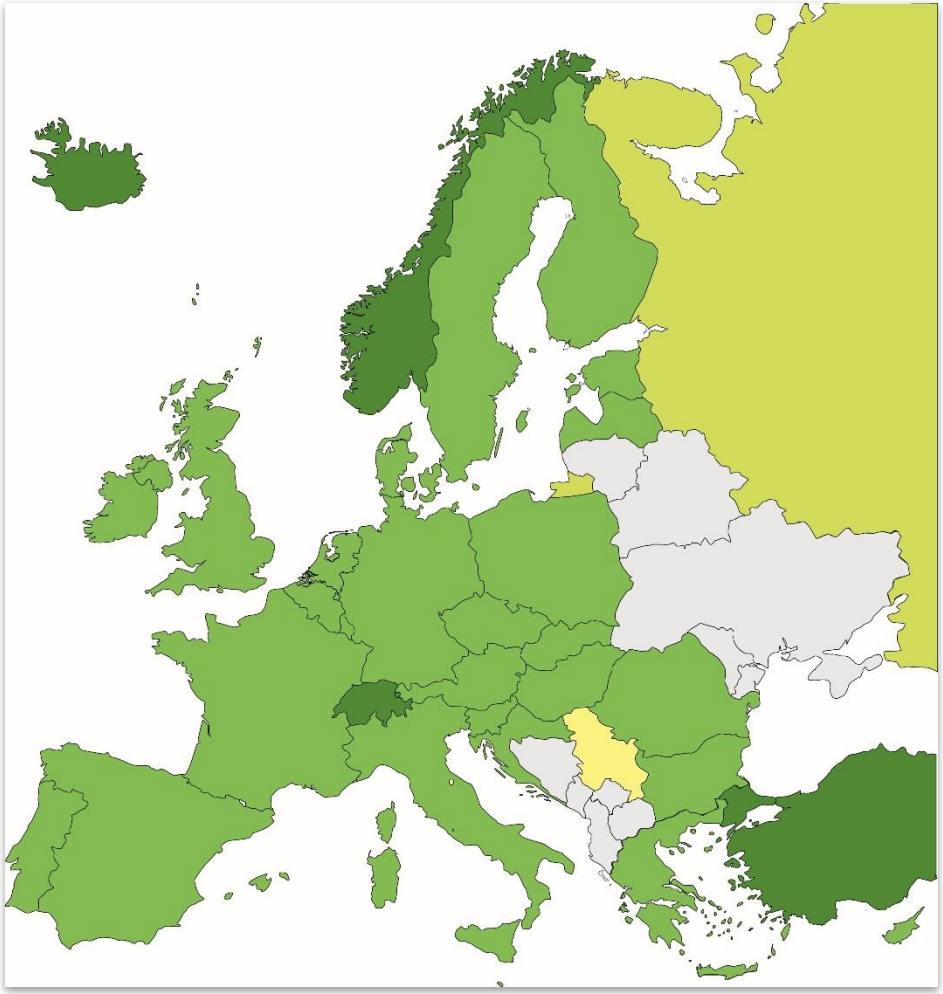
Members



35 national associations

27 EU member states

5 non-EU markets

Switzerland, Iceland, Norway, Turkey, Liechtenstein

2 associate members

Serbia, San Marino

1 partner

Russia

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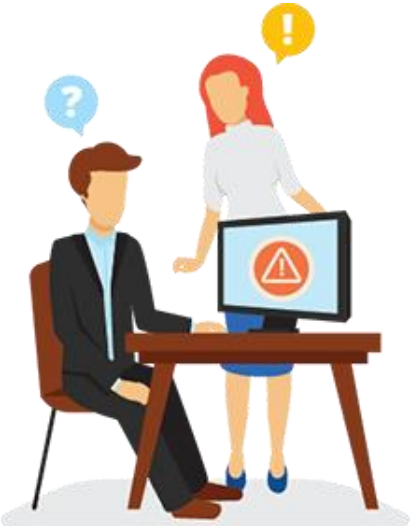
Agenda

A European perspective on cyber insurance

1. The evolution of cyber risks and cybersecurity
2. Cyber and insurance: risks and opportunities
3. New EU legislation and access to data
4. Cyber insurance developments in Europe

The evolution of cyber risks and cybersecurity



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Cyber and insurance: risks and opportunities

Risks for the insurance sector

Insurers

As potential victims

Target of cyberattacks:

Because insurers hold large amounts of sensitive data

As providers of cover

"Silent" risks:

Unaware that cyber risks are covered under traditional policies

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Cyber and insurance: risks and opportunities

Traditional policies and cyber risks

INSURANCE PRODUCT	MAIN TYPE OF LOSSES COVERED (PRIMARY OBJECTIVE OF THE COVER)	POTENTIAL GAP OF COVER FOR CYBER PERILS
Property	Physical asset damage (first-party).	• Exclusions removing cyber attacks and explicit coverage triggers for physical-asset damage. • Damage to software and data not covered (as deemed intangible form of property).
Business interruption	Lost revenues and additional cost incurred (first-party).	• Traditional policies are not triggered by cyber attacks that do not cause physical damage.
General liability	Third-party liabilities for physical property damage, bodily injury, and advertising injury (liability claims arising from published content, including violation of privacy).	• Exclusions of unauthorised disclosure of personal information.
Errors and omissions/ professional indemnity	Third-party liabilities arising from the performance of professional services.	• Cover may be restricted to liability claims from customers only, hence why claims for disclosure of employees' data are often not covered. • Several exclusions might apply (for example, computer virus transmission).

Source: HM Government and Marsh, "UK cyber security. The role of insurance in managing and mitigating risk", March 2015

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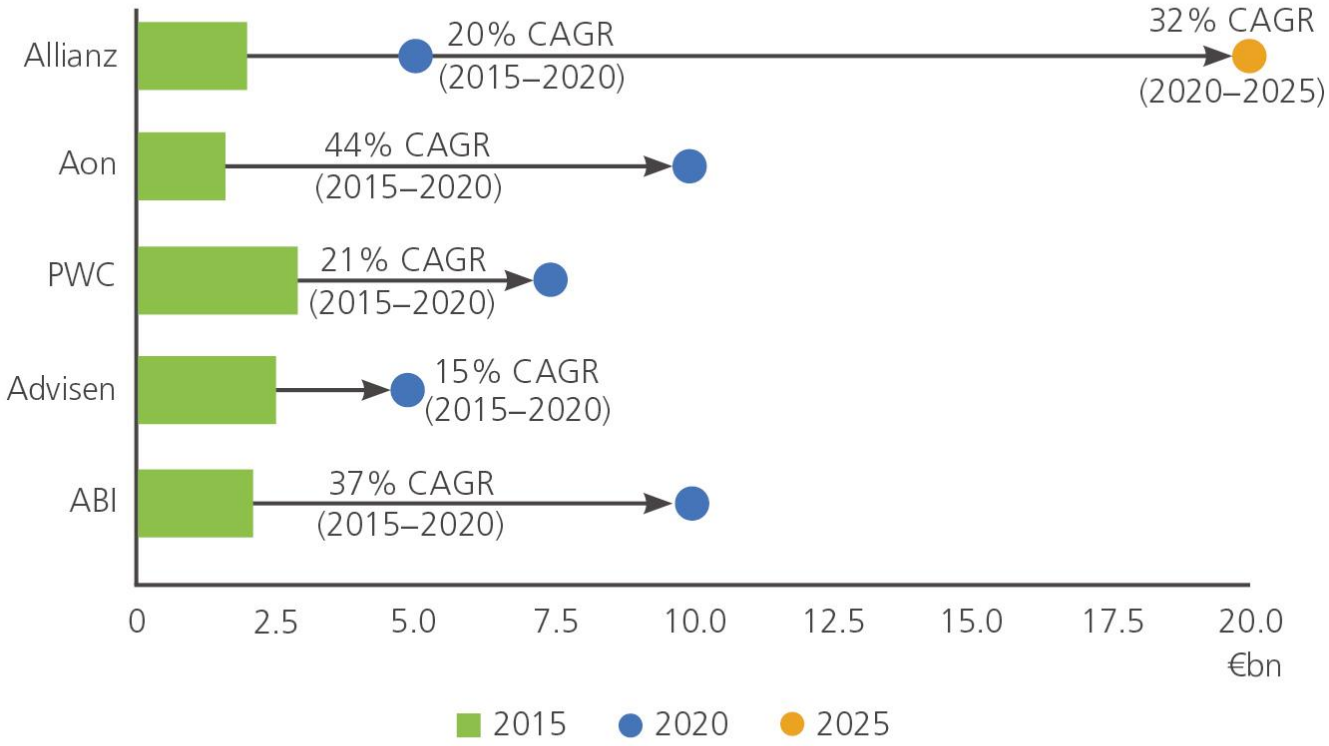
Cyber and insurance: risks and opportunities

Cyber: the fire insurance of the 21st century?

Estimates of worldwide cyber insurance premiums — 2015–2025 ($bn)



CAGR = compound annual growth rate

Source: Swiss Re Sigma No.1 2017 "Cyber: getting to grips with a complex risk"

Cyber and insurance: risks and opportunities

Challenges

Insurability	▪ Lack of data ▪ Potential losses hard to quantify ▪ Evolving nature of the risks ▪ Legal uncertainty (eg ransomware) ▪ Attribution issues ▪ Terrorism angle
Policyholder perspective	▪ Lack of cybersecurity awareness ▪ Lack of demand
Other considerations	▪ Accumulation and aggregation issues ▪ Lack of reinsurance? ▪ Conservative approach by supervisory authorities ▪ Etc.

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Cyber and insurance: risks and opportunities

Insurability of cyber risks

Source: HM Government and Marsh, "UK cyber security. The role of insurance in managing and mitigating risk", March 2015

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Cyber and insurance: risks and opportunities

Role of insurers

IT hygiene

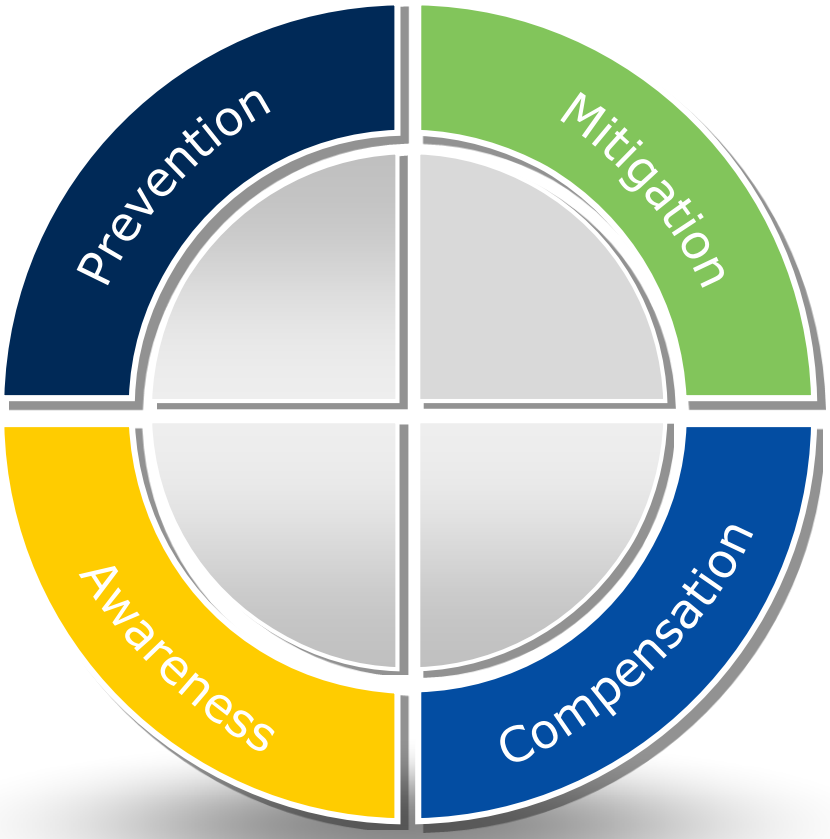
Free audits

In-house security experts

Forensic analysis

Tailormade response

Future prevention



Expertise

Key stakeholder

Partnerships

Core role of insurance

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EU legislation and access to data

Step 1

Reporting requirements

- **GDPR**
- **NIS Directive**

Step 2

More information

- National authorities collect vital information on cyber risks

Step 3

More awareness

- Businesses become more aware of their cyber risks
- More information for insurers

Step 4

Demand for insurance

- Transfer of residual risk
- Added services

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EU legislation and access to data

GDPR

- 25 May 2018
- Key players:
  - Article 29 WP
  - EDPS
  - European Commission
  - National DP authorities
- Reporting requirements (Art 33)
- State of play:
  - Guidelines for data breach notification templates by Q4 2017

NIS Directive

- August 2018
- Key players:
  - ENISA
  - National authorities
  - Critical infrastructures
  - Digital service providers
- Reporting requirements (Art 16)
- State of play:
  - Implementation at MS level, setting up CSIRTs

EU legislation and access to data

Insurance Europe data breach notification template

Structure

1. Personal details and information on the affected company
2. Details on the data breach incident as per the indications in Article 33 of the GDPR
3. A section to be completed following the 72 hour period when more information is available on the data breach

EU legislation and access to data

Insurance Europe data breach notification template

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Template for data breach notifications I

I. Identification of the data controller

This information is exclusively for the relevant Data Protection Authority, not to be shared with third-parties.

1. Details of the company

Company name

Address

Postal code City

Country

2. Contact person (to obtain complementary information)

Name

Position

Address

Postal code City

Country

E-mail address

Telephone no.

3. Type of notification

- Complete notification (fields included in section II and III shall be completed within 72-h after having been aware of the data breach)
- Notification in two steps (fields included in section II shall be completed within the 72-h notification period and fields included in section III shall be completed within four weeks after having been aware of the data breach)

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Template for data breach notifications II

II. Principal information on data breach

To be completed and shared with the Data Protection Authority within the first 72 hours after having become aware of it.

1. Sector of affected party

- Agriculture, forestry and fishing
- Mining and quarrying
- Manufacturing
  - Manufacture of food products, beverages and tobacco products
  - Manufacture of textiles, wearing apparel, leather and related products
  - Manufacture of wood and paper products; printing and reproduction of recorded media
  - Manufacture of coke and refined petroleum products
  - Manufacture of chemicals and chemical products
  - Manufacture of basic pharmaceutical products and pharmaceutical preparations
  - Manufacture of rubber and plastics products, and other non-metallic mineral products
  - Manufacture of basic metals and fabricated metal products, except machinery and equipment
  - Manufacture of computer, electronic and optical products
  - Manufacture of electrical equipment
  - Manufacture of machinery and equipment n.e.c.
  - Manufacture of transport equipment
  - Other manufacturing; repair and installation of machinery and equipment
- Electricity, gas, steam and air conditioning supply
- Water supply; sewerage, waste management and remediation
- Construction
- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Transportation and storage
- Accommodation activities
- Food service activities
- Publishing, audio-visual and broadcasting activities
- Telecommunications
- IT and other information services
- Financial and insurance activities
- Real estate activities
- Legal, accounting, management, architecture, engineering, technical testing and analysis activities

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Template for data breach notifications III

III. Complementary information

To be completed and shared with the Data Protection Authority within maximum four weeks after having been made aware of the data breach.

1. Date/time effects of attack ended

Hour Minute Day Month Year

2. Estimated financial damage

3. How many personal datasets were exploited/affected/stolen?

4. Have data subjects been notified of the data breach?

- Yes
- No

5. How many data subjects have been notified?

6. Estimated financial losses

Cost of notification

Financial damage

7. What has been done or planned to mitigate this exploit being done again?

- [ ] Enhancement of data security measures and in particular:
  - [ ] Audit and redesign of data collection procedure
  - [ ] Audit and redesign of data processing procedure
  - [ ] Audit and re-evaluate the "Data processor" (if applicable)
  - [ ] Encryption of data at rest
- [ ] No data security measures were taken
- [ ] Other

Please specify...

EU legislation and access to data

Insurance Europe data breach notification template

Easy to use	▪ Multiple options and numerical fields
Useful for member states	▪ Allows for information to be shared across borders
Can be shared	▪ Data gathered is anonymized but sufficiently granular

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Cyber insurance developments in the EU

Good practices by European insurers

Ania
Associazione Nazionale fra le Imprese Assicuratrici

ASA | SVV

Awareness-raising

HELLENIC ASSOCIATION OF INSURANCE COMPANIES

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Cyber insurance developments in the EU

Good practices by European insurers

Cyber insurance developments in the EU

Good practices by European insurers

ABI

Assuralia

Public Private Partnerships

Fédération Française de l'Assurance

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