



CYBER

HAUSER FINANCIAL & PROFESSIONAL RISK

Cyber Risk Management Solutions



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2018 EDITION

RISK IDENTIFICATION

Cyber Attacks are Constantly Evolving. Is Your Risk Management Plan?

BUSINESS INTERRUPTION

In an increasingly interconnected and tech-enabled world, all organizations must evaluate and quantify the impact of business interruption caused by cyber events – both in terms of lost net income and associated extra expense.

REGULATORY

Regulators will continue to engage in frequent and comprehensive investigatory activity. US Companies must vet 48 established breach statutes while ensuring compliance with a host of federal regulation enforced by the SEC, OCR, DHS, FTC and others. Steep fines and penalties pose significant risk to uninsured or underinsured organizations.

LAWSUITS

Consumer class actions, suits from clients and liability at the c-suite and board levels grow in frequency and severity. As case law and legal precedents are established, this liability has shifted from nuisance to nightmare.

EXTORTION

Petty ransomware attacks on individual machines have evolved rapidly into global ransomware campaigns costing organizations and individuals billions of dollars in 2017. Zero day exploits and unpatched known vulnerabilities have facilitated these headline events.

BREACH RESPONSE

While it has been widely publicized as a simple and extremely effective way to reduce the impact of a cyber event – many organizations have yet to establish comprehensive, tested incident response plans. The costs associated with hiring expert forensics investigators, lawyers, and firms specializing in breach response activities is significant and cited as the #1 risk transferred by those purchasing cyber insurance policies.



Engage our Team of Cyber Experts for a Comprehensive Risk Analysis

RISK ANALYSIS

Understand the Organizational Impact of a Breach

THREAT VECTORS



HACKERS ROGUE EMPLOYEES
CRIMINALS VENDORS
TERRORISTS HUMAN ERROR

BREACH DISCOVERY



Hackers need just minutes to compromise a computer system, but breach discovery takes months on average.

BREACH COSTS



In addition to the various costs assumed in responding to a breach, organizations must consider the impact of operational disruption and reputational damage when quantifying risk.

BY THE NUMBERS



\$445 BILLION

Estimated annual cost of cybercrime to the global economy

\$120 BILLION

Expected size of the global cybersecurity market in 2017

OVER 60%

Of cyber attacks worldwide are directed at small and medium businesses

\$2 BILLION

Estimated size of the global cyber insurance market

\$1 MILLION+

Average cost of a data breach, according to IBM



INSURING AGREEMENTS

No Two Solutions Are Created Equal



BREACH RESPONSE COVERAGE

Forensics / Legal
Notification
Public Relations
Crisis Management
ID Theft Monitoring



FIRST PARTY COVERAGE

Cyber Extortion
Cyber Business Interruption
Dependent Business Interruption
System Failure
Data Restoration



THIRD PARTY COVERAGE

Privacy Liability
Network Security
Regulatory
PCI Assessments
Media

FIRST PARTY INSURING AGREEMENTS

Privacy Breach Responses Costs: Coverage includes reimbursement for notification, legal, IT forensic, public relations, advertising, call center, and credit monitoring expenses incurred in response to a privacy breach.

Cyber Extortion: Coverage includes reimbursement for extortion forensics costs and payment of ransom as a direct result of a credible cyber extortion threat.

Cyber Business Interruption: Coverage includes reimbursement for lost net income and associated extra expense resulting from the total or partial interruption of your company's computer system via a cyber attack. Dependent Business Interruption and System Failure coverage are also available.

Data Restoration: Coverage includes reimbursement for costs associated with restoring or recreating non-physical assets such as data that are corrupted or otherwise destroyed via a cyber attack.

THIRD PARTY INSURING AGREEMENTS

Security and Privacy Insurance: Coverage for liabilities resulting from a failure to protect or unlawful disclosure of both online and offline confidential information, virus attacks, denial of service attacks and transmission of malicious code.

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.

Multimedia Insurance: Coverage for both online and offline media content, including claims alleging copyright/trademark infringement, libel/slander and personal injury.

Payment Card Industry Data Security Standards (PCI): Coverage includes reimbursement for costs associated with monetary charges, assessments, fines and/or penalties levied by a Payment Card Association or Acquiring Bank resulting from non-compliance with PCI-DSS.

CYBER TOOLBOX

Not Just Another Insurance Policy – A Comprehensive Risk Management Solution



CYBER RISK ANALYSIS

No two companies are the same – and neither is their cyber risk profile. From determining the proper risk transfer solution to differentiating our client's risk in the crowded marketplace, HAUSER's Cyber Risk Analysis is the foundation of our best in class process.



RISK MODELING & ANALYTICS

We utilize a host of proprietary first and third party data to help our clients identify and quantify their true cyber risk. The data facilitates informed decision making specific to limit / retention selection and coverage purchasing.

We have the right tools for the job – and we know how to use them. Each component of our solution provides you with clarity and confidence in navigating this new and evolving risk.



BESPOKE PROGRAM DESIGN

In the rapidly evolving world of cyber risk, traditional off-the-shelf policies are not an optimal solution. With over fifty insurers to choose from – all with unique and variable offerings – partnering with a broker that has the technical expertise necessary to properly craft coverage is a must.



CLAIMS ADVOCACY

Dedicated claims advocates with real experience in handling complicated cyber insurance claims are here to support our clients with every aspect of the claims process.

HAUSER Provides More Than Just Cyber Insurance
We Provide the Tools You Need to Effectively Manage Cyber Risk

MARKET CONDITIONS

The Cyber Insurance Market Is Constantly Evolving

CYBER INSURANCE MARKET CONDITIONS – 2017 REVIEW



CAPACITY

Market capacity is at an all-time high with over 100 unique markets actively writing cyber insurance domestically and abroad (UK & Bermuda). Theoretical capacity now exceeds \$500M in total limit.



COVERAGE

Coverage continues to evolve and remains highly specialized. Variability amongst policy forms is significant and requires heavy endorsing and/or manuscripting – especially for forms that have not been updated in 2016. Overall, coverage terms and conditions are broadening to the benefit of policyholders and may now include extensions for Crime and Property/GL. Significant evolution of business interruption related coverage parts continues.



LOSSES

After an exponential hike in breaches between 2013-15, loss activity has stabilized and the market has softened. While frequency of breaches has increased, severity has been reduced as hackers and other bad actors target smaller organizations with sensitive confidential information or look to cause business interruption. Ransomware continues to be an ongoing issue.



RETENTIONS

Retentions have remained stable in 2017 and have the potential to be reduced slightly through effective negotiation and marketing of loss free accounts. Average retentions in the middle market space are between \$25k and \$250k with larger organizations seeing retentions of \$1M+.



PRICING

Market capacity/competition and stabilized losses have led to a very favorable rate environment for our clients. Material decreases on desirable risk classes without losses are achievable. These rate decreases are often accompanied by new coverage enhancements creating successful renewals for existing policyholders and presenting an opportune time to consider cyber insurance if it is not already purchased.

WHY CHOOSE HAUSER?

At HAUSER, We Offer Exceptional, Customized and Efficient Service to Each Client and Every Transaction, Regardless of Size and Scope



HAUSER

HAUSER is a national insurance and employee benefits broker with a proven track record of delivering results to clients and businesses in diverse industries.

Our consultative approach includes core competencies in corporate risk insurance, financial & professional risk insurance, transaction liability, employee benefits, 401(k) retirement plans, and key person life insurance.



THE EFFICIENT FRONTIER

HAUSER partners with clients to identify and manage risk in a method consistent with the client's management philosophy. Insurance is an important component of risk management; however, contractual risk transfer, risk-profile improvement, and the strategic retention of risk all contribute to the bottom line. We seek to place our clients at the point along the efficient frontier that provides the optimal combination of risk transfer and retention, which can contribute to maximizing EBITDA.

In a world of constant changes in regulation, climate, markets, and technology, executives need to address new risks quickly. We make it easy by assessing the exposure, quantifying and qualifying the risks, and providing actionable recommendations



FINANCIAL & PROFESSIONAL RISK

HAUSER's Financial & Professional Risk Team excels at providing tailored management liability, professional liability, and cyber insurance coverage to address the complex exposures of our clients in multiple sectors, including private equity, asset management, and private and public companies.

COMPREHENSIVE SERVICES. WORLD CLASS EXPERTISE.



OUR TEAM IS BEST IN CLASS

The HAUSER Team will be with you every step of the way.

- ★ M&A TRANSACTION CONSULTING
- ★ EMPLOYEE BENEFITS
- ★ 401(K) & RETIREMENT PLANS
- ★ INDIVIDUAL RISK
- ★ FINANCIAL & PROFESSIONAL RISK
- ★ PROPERTY & CASUALTY
- ★ CLAIMS MANAGEMENT & LOSS CONTROL



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