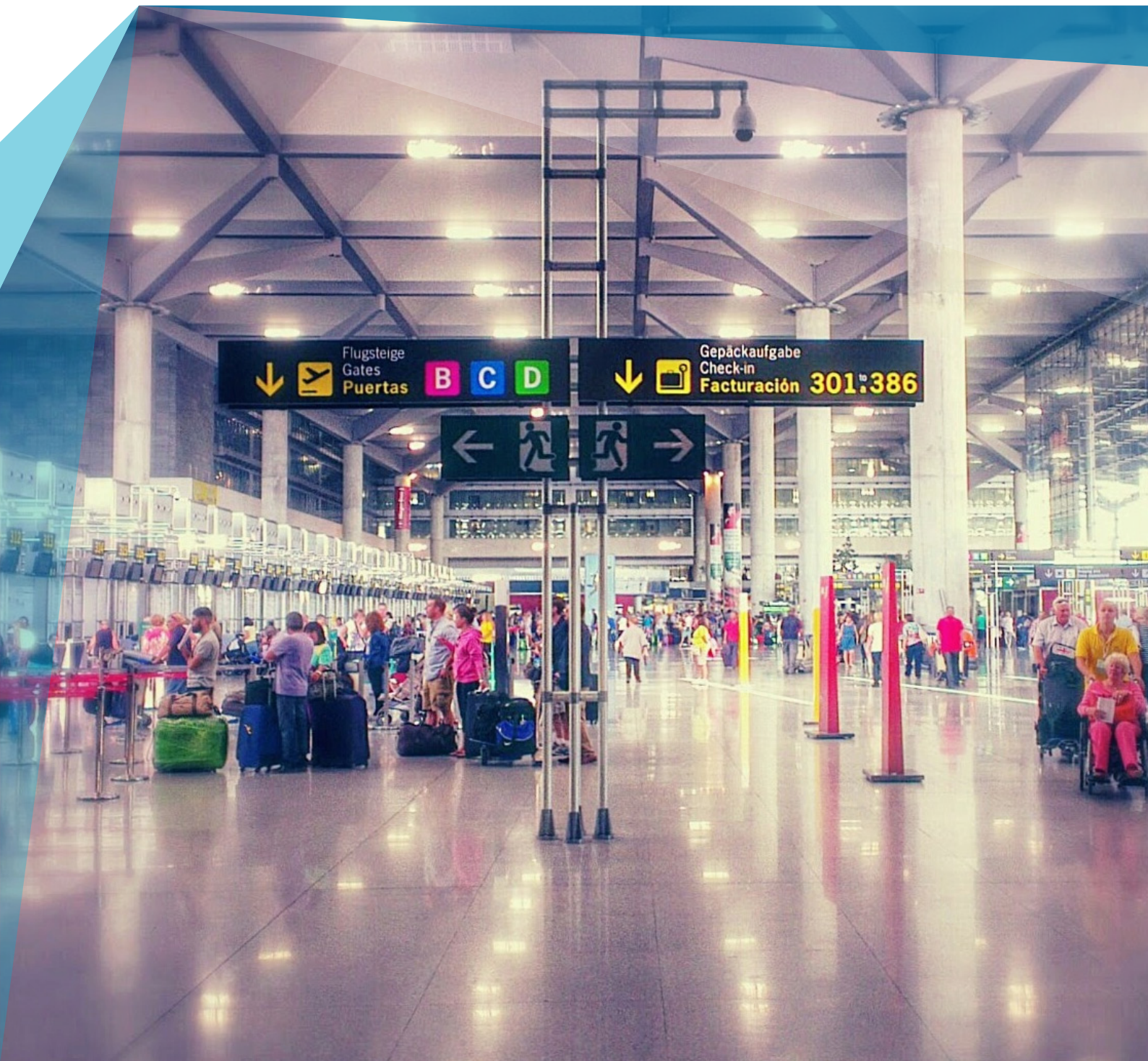


AVIATION & AEROSPACE

# CYBER RISK MANAGEMENT



# MAKING THE DECISION

## It's time aviation companies used insurance to protect themselves against cyber risk.

Technological advancements come with inherent risks. Whether you are an airline, an aerospace manufacturer, or an airport authority, many companies are now concluding that they need cyber cover.

Here are **four key reasons why**:

- ### 1. CYBER RISKS ARE GROWING

Cyber is now the third largest risk<sup>1</sup> faced by businesses – this includes both malicious attacks and non-malicious IT failures. Such losses are increasingly more complex, more frequent, and cause more damage.
- ### 2. IT DEFENCES ALONE CANNOT PREVENT ALL POTENTIAL FINANCIAL LOSS

Marsh has identified over 60 major high-profile cyber-related losses to the aviation industry in recent years – in each case, the company's IT defences proved inadequate.
- ### 3. CYBER INSURANCE POLICIES ARE NOW PAYING SUBSTANTIAL CLAIMS

The largest covered aviation cyber loss known to Marsh, cost approximately US\$80 million.
- ### 4. THE MAGNITUDE OF CYBER-RELATED LOSSES IS EXPECTED TO RISE

The EU's General Data Protection Regulation (GDPR) came into full effect on 25 May 2018. As a result, an aviation company breaching data protection laws could face fines of up to 4% of its global annual turnover – and this law has territorial scope beyond EU borders.

<sup>1</sup> Source: 2018 Global Risk Report

# UNDERSTAND YOUR ORGANISATION'S CYBER RISKS TO HELP BUILD YOUR FINANCIAL RESILIENCE

**At Marsh we use the data from insured cyber risk to shine a light on how well organisations are managing this risk. Unlike many cyber risk assessments, our approach is quantitative, based on statistical models used for underwriting cyber risk that calibrate how risk factors for your firm fit the known probability of breach based on reported cyber incidents. Through accessing Marsh's expertise, we can help you:**

## 1. BETTER UNDERSTAND YOUR CYBER RISK BY:

- Identifying cyber loss scenarios and how they might impact your business.
- Creating a tailored cyber risk register using your language and format.
- Increasing the visibility of cyber risk with your stakeholders through interviews, workshops, and board-level presentations.

## 2. QUANTIFY POTENTIAL FINANCIAL LOSSES BY:

- Forecasting your direct exposure to cyber events using loss scenarios and real-life loss information.
- Quantifying business interruption exposures and presenting the potential impact on your revenue and profit.

## 3. OBTAIN THE RIGHT COVER FOR YOU, BY:

- Conducting a gap analysis against your cyber loss scenarios.
- Designing a cyber insurance programme to match coverage to your risks and risk appetite.
- Providing a decision audit trail that lays out your insurance purchase rationale.

## 4. ASSESS YOUR EXISTING CYBER SECURITY

Use our independent cyber security partner to:

- Assess existing cyber security controls.
- Check preparedness for pre and post incident responses.
- Develop your cyber security investment strategy.

# YOUR EXPOSURES AND COVERAGE AVAILABLE THROUGH MARSH

**AREAS OF CONCERN FOR THE AVIATION INDUSTRY INCLUDE:**

- **Aircraft operations:**
  - Aircraft avionics, entertainment system.
  - Reservation system.
  - Electronic flight bag.
  - Flight operations system.
  - Aircraft technical records.
- **Air traffic control/air navigation service provision.**
- **Airport infrastructure.**
- **Manufacturer's maintenance records.**
- **Supply chain.**
- **Corporate IT system.**

**COVERAGES AVAILABLE FOR PURCHASE INCLUDE:**

- **Cover for your liability to third parties, defence costs, and regulatory fines, in respect of:**
  - A data breach.
  - Breach of data protection legislation.
  - Breach of confidentiality agreements.
  - Network hi-jacking, including virus transmission.
  - Content injury in connection with your publishing, broadcasting, and/or advertising activities, including your website content and/or functionality.
- **Cover for loss of income and increased costs of working resulting from network interruption caused by a security failure, system failure, or operational error, including failure of your third party outsourced partners.**
- **Cover for the costs of recovering, reconstructing, re-loading or replacing digital assets which have been impaired due to a security failure, system failure, or operational error, including failure of your third party outsourced partners.**
- **Cover for payment card industry (PCI) data security standards fines and assessments.**
- **Cover for the payment of cyber extortion losses and expenses.**
- **Associated crisis response costs including IT forensic costs, legal expenses, customer call centre costs, notification expenses, identity theft remediation services, and public relations costs.**

# WHY MARSH'S CYBERSHIELD IS RIGHT FOR YOU

Marsh's CyberShield policy offers broad and flexible terms of cover; here are four reasons to choose it:

## 1. FLEXIBLE, CLEAR, AND OFFERING BROAD COVERAGE

CyberShield's policy wording has modular coverages, making it extremely flexible. Coverage is available up to US\$800 million and we also provide certain enhancements, such as additional limits to cover claims preparation and the legal pursuit of third parties who caused or contributed to a loss.

## 2. CONVENIENCE AND SIMPLICITY

If you prefer, you can avoid filling in a questionnaire, by discussing your exposures directly with a group of specialist cyber underwriters. Marsh's cyber experts will work with you closely, throughout the placement process answering all your questions.

## 3. COMPETITIVE PRICING

When negotiating with underwriters, Marsh will use a variety of placement techniques, for example, obtaining multiple lead quotes, considering alternative placement structures, and exploring possible synergies with underwriters who insure other aspects of your insurance programme, to drive competitive pricing.

## 4. EXPERIENCED CYBER CLAIMS HANDLING

During a claim, you will be supported by our dedicated claims team, which includes a forensic audit team that can assist you with compiling "proof of loss". We also offer expertise in the areas of crisis management, public relations, and cyber extortion.

**The estimated cost of cyber-crime over the next five years is US\$8 trillion.**

Source: 2018 Global Risk Report.

**92% of businesses experienced data breached in the past five years.**

Source: Lloyd's Report: "Facing the Cyber Risk Challenge" 2016.

## CONTACT US

To discuss how Marsh can assist your company with cyber risk solutions, including advice, analytics, and insurance coverage, please speak to your Marsh client executive or contact any one of the following:

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