

## EVERY ORGANISATION HAS CYBER RISK



Technology is transforming the modern business landscape – not only speeding innovation and productivity, but also widening the door to cyber threats. This means that every business, regardless of industry, geography, or size, is exposed to cyber risk. And the stakes are escalating: the global cost of cybercrime is estimated at close to USD600 billion<sup>1</sup> – USD100 billion more than in 2014 – and is expected to rise with the growing use of technology and internet-connected devices.

Data breaches continue to plague organisations; the average number of successful breaches per company each year has risen more than 27 percent, to 130 in 2017.<sup>2</sup> But if you think your organisation is immune because it doesn't handle sensitive customer data, think again.

<sup>1</sup> [McAfee and the Center for Strategic and International Studies, Economic Impact of Cybercrime — No Slowing Down.](#)

<sup>2</sup> [Ponemon Institute and Accenture, 2017 Cost of Cyber Crime Study.](#)

*Cyber-attack and massive data fraud rank as **top 5 business risks** for the first time.*

– WORLD ECONOMIC FORUM 2018

*Cost of data breach will reach **USD2.1 trillion globally** by 2019.*

– JUNIPER

*We had to **install an entire infrastructure...** 4,000 new servers, 45,000 new PCs, 2,500 applications...a heroic effort over 10 days.*

– J. HAGEMANN SNABE, CHAIRMAN, A.P. MOLLER-MAERSK, ON NOTPETYA IMPACT

***50 billion devices** will be connected to the internet by 2020.*

– OLIVER WYMAN

*The new normal today in cyber is an **increasing frequency of attacks, increasing aggressiveness, and increasing disruptive cyber operations.***

– J. DARBY, DEPUTY CHIEF, NSA CYBERSECURITY OPERATIONS

## CYBER RISK THREATENS YOUR BUSINESS, NOT JUST YOUR IT SYSTEMS

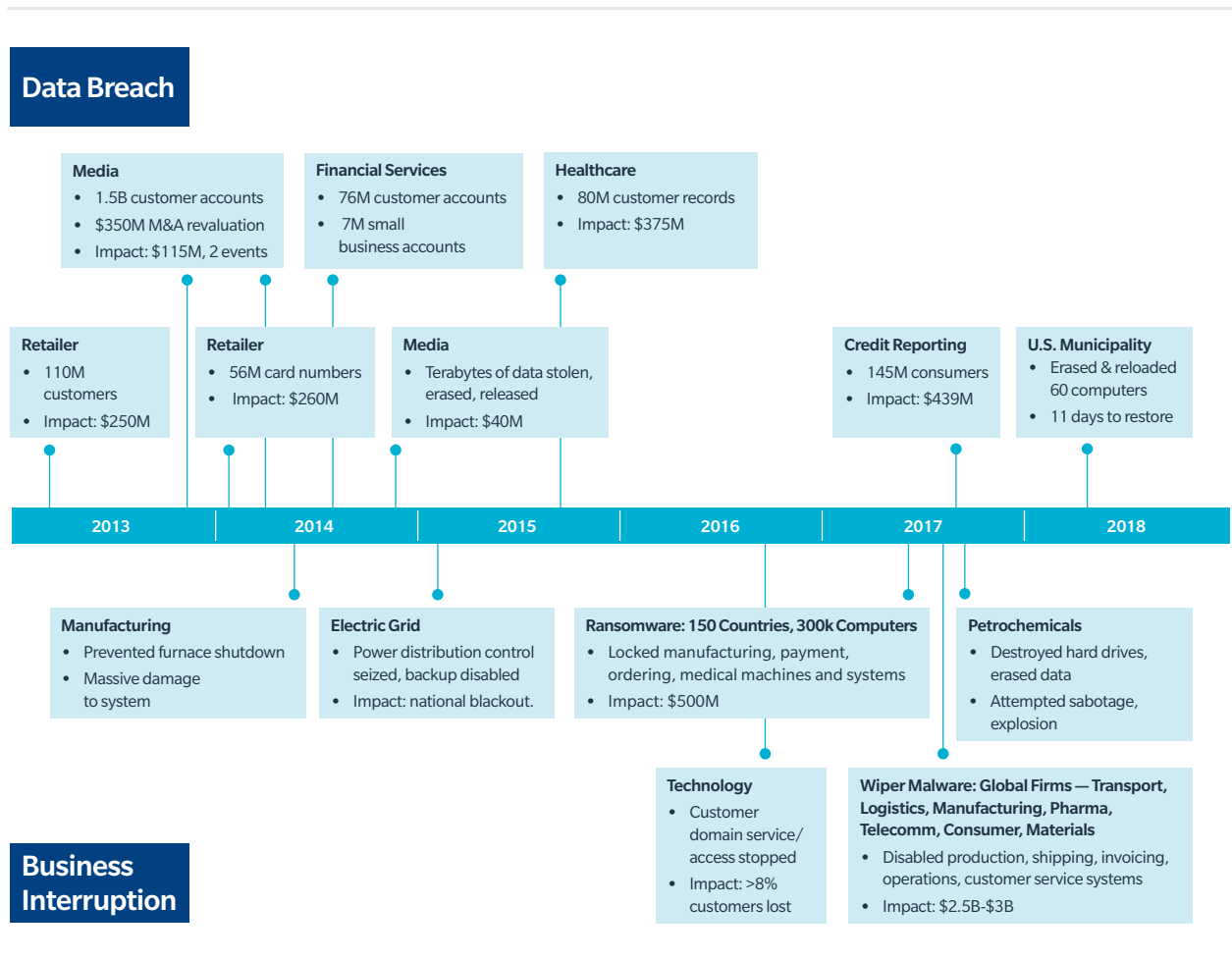
Today, cyber-attacks have moved beyond data breach to disruptive and even destructive attacks that can paralyse business operations. In 2017, two forms of malicious malware ('NotPetya' and 'WannaCry') spread rapidly across the world, encrypting hundreds of thousands of computers and paralyzing businesses in numerous industries, including manufacturing and transportation. Aggregate economic damage from these two attacks is estimated to exceed USD3 billion.<sup>3</sup>

Cyber risk has raised the stakes. Gone are the days when the IT department alone was charged with assessing, preventing and defending against cyber-attacks. Cyber risk is now an enterprise-wide concern given the potential consequences – lost revenue; response and recovery costs; and damage or loss of intellectual property, business relationships, job security, and customer confidence. All companies are vulnerable.

**USD3 billion+**  
economic damages  
from NotPetya and  
WannaCry attacks.

### Major Cyber-Attacks, 2013-2018

Impact: Financial Losses and Expenses, Estimated (USD)



<sup>3</sup> Cambridge Centre for Risk Studies and Risk Management Solutions, Cyber Risk Outlook 2018

## EVERY ORGANISATION CAN BENEFIT FROM CYBER INSURANCE

Every company should have a comprehensive cyber risk management strategy, and cyber insurance should be a core component. An essential financial instrument in the risk management toolbox, cyber insurance is complementary to cybersecurity, not an alternative.

### WHAT DOES CYBER INSURANCE COVER?

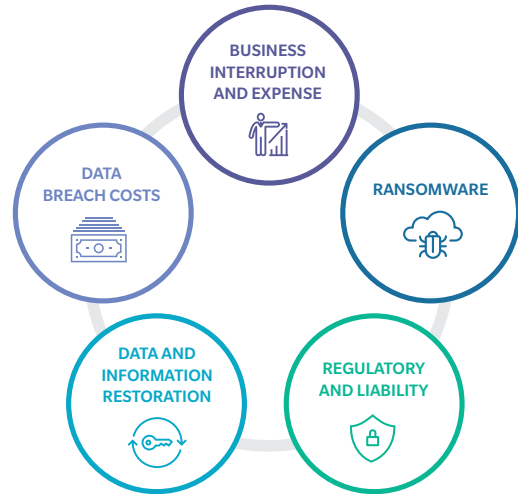
Cyber insurance should ideally be tailored to the unique cyber risk profile of an individual organisation, which is shaped by the firm's use of technology in its operations; interactions with vendors, suppliers, customers, and other third-parties; and how it collects, handles, stores, and transmits confidential information. Generally, however, most cyber policies will include a range of basic coverages and can be tailored to include additional coverages.

In addition, policyholders benefit from a range of value-added services provided by carriers to help improve and strengthen organisational cyber defenses. These services can include technical advice and risk mitigation counsel; vulnerability detection tools; and cyber education and incident response planning.

### WHAT IS THE VALUE OF CYBER INSURANCE? WILL IT PAY?

Cyber insurance has proven responsive. Cyber insurers paid direct statutory losses totaling USD226 million in 2017, a USD30 million increase over 2016.<sup>4</sup> For high-severity cyber events where the financial impact is significant, cyber insurance is a cost-efficient risk transfer tool that can help companies mitigate cyber-attack cash outflows and losses.

### GENERAL CYBER INSURANCE COVERAGES

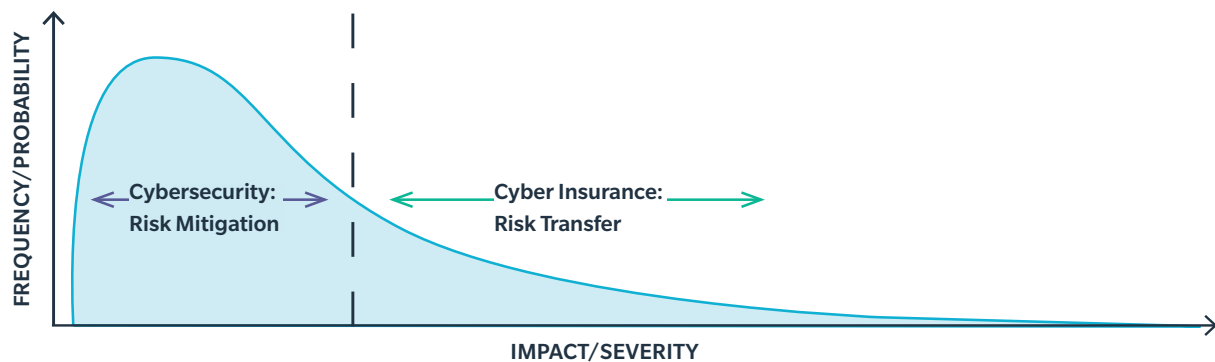


### WHY SHOULD I BUY CYBER INSURANCE? MY FIRM INVESTS HEAVILY IN CYBERSECURITY TECHNOLOGY.

Despite soaring cybersecurity budgets, the cost of cyber risk continues to climb. The fact is, cyber risk cannot be eliminated: it must be managed. No technology or firewall can stop every cyber threat. When the inevitable happens – a cyber-attack penetrates your organisation and impacts your networks, systems, and/or operations – cyber insurance responds. It protects your firm from the potentially devastating economic consequences of a high severity cyber event, as well as the financial impact of more “routine” cyber events.

## Risk Management Optimisation

### Cyber Insurance and Cybersecurity are Complementary



<sup>4</sup> Credit Sights, P&C Insurance: Cyber Market Continues to Grow, June 2018

## QUESTIONS ABOUT CYBER RISK MANAGEMENT? MARSH HAS ANSWERS

Cyber risk may be pervasive, but it can and should be managed like all other organisational risks: strategically, quantitatively, and resiliently. At Marsh, we help you manage cyber risk with confidence. We apply proprietary analytics and modeling tools to help you understand and quantify your cyber exposure, and evaluate your cyber insurance needs. We then apply our expert analysis to design and deliver best-in-class risk management solutions tailored to your firm's specific cyber risk profile and risk tolerance.

Talk to Marsh today about how we can apply our knowledge, experience and market-leading products to:

- Assess and quantify the potential cost of a cyber-attack on your firm.
- Design and deliver a tailored insurance program that aligns with your existing policies and optimises your cyber risk investment.
- Strengthen your cyber resilience and response through custom education and coaching programs; planning and performance reviews; and risk mitigation and loss prevention tools.



|   |   |  |
|---|---|--|
| <b>MARSH'S<br/>GLOBAL CYBER<br/>INSURANCE<br/>PRACTICE BY<br/>THE NUMBERS</b> |  <b>80+</b> DEDICATED CYBER COLLEAGUES,<br>AMONG MORE THAN 300<br>FINPRO COLLEAGUES. | PLACING MORE THAN<br><b>USD750 MILLION</b><br>PREMIUMS ANNUALLY. |
|   |  <b>PIONEER OF<br/>30 YEAR-OLD</b><br>CYBER INSURANCE MARKET.                        | MORE THAN<br><b>6,000</b><br>CYBER AND E&O CLIENTS.              |

To learn more about our cyber risk management solutions, contact the Marsh Cyber Center of Excellence at [cyber.growth@marsh.com](mailto:cyber.growth@marsh.com) or:

KELLY BUTLER  
 Cyber Leader – Pacific  
 +61 3 9603 2194  
[kelly.butler@marsh.com](mailto:kelly.butler@marsh.com)

KRISTINE SALGADO  
 Managing Principal – Cyber  
 +61 3 9603 2871  
[kristine.salgado@marsh.com](mailto:kristine.salgado@marsh.com)

NICOLE PALLAVICINI  
 Principal – Cyber  
 +61 2 8864 8323  
[nicole.pallavicini@marsh.com](mailto:nicole.pallavicini@marsh.com)

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman. This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein.

Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors.

Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change.

Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or re-insurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage.