



Marsh/Chubb Cyber Insurance Policy for LPLC members – FAQs (February 2019)

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SOLUTIONS...DEFINED, DESIGNED, AND DELIVERED.



1. What is cyber insurance?

Cyber insurance is insurance for the costs associated with data breaches, cyber-crime and cyber-related threats which cause damage through attacks against business information systems or which arise from the use of technology within organisations.

Cyber insurance has developed in response to the growth in cyber-crime and risks related to the collection and use of data as society becomes more digitally connected and technology-interdependent.

Cyber-related events result in both first-party and third-party losses. Cyber insurance responds to losses that are specified in the cyber policy.

First-party loss is loss suffered by the insured itself when a cyber event occurs. These are primarily expenses incurred by an insured to investigate, respond and remediate a cyber incident but can also include business interruption costs, loss of profits, regulatory fines or penalties, and ransom payments.

Third-party loss is loss suffered by clients or other parties resulting from a cyber incident which an insured caused to occur or had an obligation to ensure did not occur. These losses are generally the subject of a claim for damages or compensation by the client or third party, pursuant to a recognised cause of action such as a negligence claim, or an action for breach of confidentiality. They may also result in significant defence costs.

2. Is cyber insurance compulsory for law firms?

No, cyber insurance is not compulsory for law firms.

Only professional indemnity insurance is compulsory.

Although there can be some overlap, cyber insurance and professional indemnity insurance are different types of insurance.

3. Does LPLC's professional indemnity policy already cover cyber risks?

Yes, LPLC's policy does cover certain cyber risks. LPLC's broad professional indemnity policy includes cover for damages/compensation claims in connection with the firm's legal practice arising from cyber-related events.

Examples of cyber-related claims covered by LPLC's policy include:

- compensation claims for breach of confidential information or breach of privacy
- damages claims for defamation committed on-line
- claims for loss of client funds through business email compromise (i.e. email hacking by fraudsters redirecting settlement money).

However, LPLC's professional indemnity policy does not cover a firm for its own losses arising from cyber-related events or for regulatory prosecutions, fines or penalties.

4. What is the Marsh/Chubb cyber insurance policy?

The Marsh/Chubb cyber insurance policy is an optional insurance policy available for law firms to purchase (through Marsh, international insurance brokers) to insure themselves against the specified cyber risks covered by the policy.

The policy is underwritten by Chubb Insurance Australia Ltd (ABN 23 001 642 020; AFSL 239687).

Marsh have negotiated with Chubb to arrange the policy wording and premium rates.

Marsh is offering the policy and premium rates to law firms who have their professional indemnity insurance policy with LPLC, and the policy wording is tailored accordingly.

5. What is LPLC's connection with the Marsh/Chubb cyber insurance policy?

Cyber incidents are a growing threat to law practices. In recent years many law firms have experienced cyber incidents such as ransom attacks, denial of service attacks and other network breaches causing business interruption, incident-response costs and reputational damage to firms unable to respond quickly and effectively.

LPLC's professional indemnity policy covers claims made against the firm for compensation or damages arising from cyber incidents but it does not cover a firm for its own costs to investigate, respond and remediate a cyber incident or for business interruption costs, loss of profits, regulatory fines or penalties, and ransom payments.

With cyber-crime on the rise, many law firms have been looking to buy additional insurance protection beyond LPLC's professional indemnity policy. There are several commercial insurers offering cyber insurance, but the Marsh/Chubb cyber policy has been tailored to sit alongside LPLC's professional indemnity policy.

LPLC is not receiving any remuneration in relation to the Marsh/Chubb cyber insurance offering for law firms.

6. What does the Marsh/Chubb cyber insurance policy cover and how does it interact with LPLC's professional indemnity policy?

The Marsh/Chubb cyber insurance policy is a separate (optional) policy to LPLC's (compulsory) professional indemnity policy.

It is available for purchase through Marsh insurance brokers.

The Marsh/Chubb policy covers specified cyber-related first-party losses incurred by an insured firm. The LPLC policy does not cover first-party loss cyber losses.

The Marsh/Chubb cyber policy also acts as an excess liability insurance policy sitting above LPLC's professional indemnity policy in relation to specified third-party cyber liability risks as detailed in the Marsh/Chubb policy wording.

Where the Marsh/Chubb cyber insurance policy sits above LPLC's professional indemnity policy in relation to a claim for third-party loss, it will respond in accordance with its own policy terms and conditions.

An overview of the cover provided under the cyber insurance policy for LPLC members and how it compares to the LPLC professional indemnity policy is available at:

<https://www.marsh.com/au/industries/solicitors/cyber-insurance-solutions-for-victorian-legal-practitioners.html>.

Full details of cover including full policy terms and conditions can be obtained by contacting Marsh directly via the “Contact Us” link on the same page.

There is no alteration in cover under LPLC’s professional indemnity policy for any practitioner or firm who elects to purchase the Marsh/Chubb cyber insurance policy.

7. What does the Marsh/Chubb policy cost and what policy limits and retentions are available to firms?

A range of different cyber insurance limits, retentions and premiums are available to LPLC members.

For LPLC member firms with less than \$25,000,000 in turnover, Marsh has negotiated with Chubb for pre-agreed premium rates and retentions for limit options up to \$5,000,000. Details of these premium rates are contained within the “Indication Matrix” on page 2 of the application form available at <https://www.marsh.com/au/industries/solicitors/cyber-insurance-solutions-for-victorian-legal-practitioners.htm>.

Note that these indications are subject to receipt of a completed application form with only “yes” responses to questions within section B and C of the form.

For LPLC member firms with greater than \$25,000,000 in annual turnover, please contact Marsh directly via the “Contact Us” link on the same page.

8. How do practitioners and firms apply for Marsh/Chubb’s cyber insurance policy?

To obtain a quote, practitioners and firms must complete the application form available online at <https://www.marsh.com/au/industries/solicitors/cyber-insurance-solutions-for-victorian-legal-practitioners.html>.

Once completed, please return to us via the “Contact Us” link on the same page.

9. How will notification of cyber incidents work under the Marsh/Chubb cyber insurance policy?

Chubb has arranged a 24/7 cyber incident response hotline with Clyde & Co Lawyers. The hotline will receive all notifications of claims and circumstances under the cyber insurance policy and act as a breach coach to provide immediate incident co-ordination to insured firms.

Details for the notification of claims under the cyber insurance policy are provided within the incident response brochure available at <https://www.marsh.com/au/industries/solicitors/cyber-insurance-solutions-for-victorian-legal-practitioners.html>

For any other questions regarding incident response, please contact Marsh directly via the “Contact Us” link on the same page.

10. Where can practitioners obtain more information about Marsh/Chubb's cyber insurance policy?

Practitioners seeking further information about the cyber insurance policy can contact Marsh directly via the "Contact Us" link at <https://www.marsh.com/au/industries/solicitors/cyber-insurance-solutions-for-victorian-legal-practitioners.html>

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