



# Executive Summary Webinar

## “Cyberliability”

(What You Need to Know Before You  
Walk into the Boardroom)

Featuring:

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Moderated by Priya Cherian Huskins, Esq.  
A Woodruff-Sawyer Webinar Series  
July 19, 2011



## Agenda

- ➔ Introduction
- ➔ D&O Market Litigation Update (D&O Databox)
- ➔ Insurance Issue: Cyberliability
  - What is it
  - Sony & Citi
  - Zip Codes
  - Next Steps: Pre- & Post-Claim
- ➔ Summary / Q&A

# D&O Insurance Market & Litigation Update

## ➔ Premiums

## ➔ D&O Databox

- **SCA: 68 through end of 2<sup>nd</sup> Q**
- **Of these, 41% of the cases are against companies with operations predominantly in China**

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# Historical Development of Cyber Liability

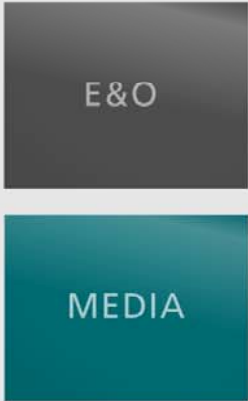
**E&O COVERAGE**

Developed to insure service and product "errors" which result in financial loss to Third-Parties.



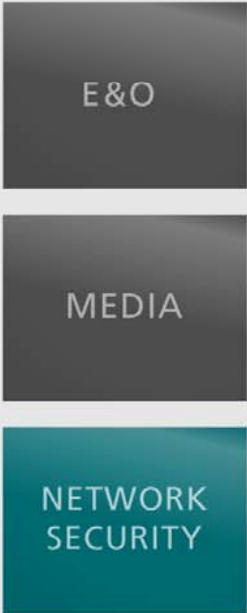
**MEDIA COVERAGE**

Developed for companies with "Advertising & Personal Injury" exposures not adequately covered under a General Liability policy.



**NETWORK SECURITY**

Developed to address security breaches of companies' networks.



**PRIVACY**

Network Security coverage broadened to cover privacy claims and related costs due to data breach, theft and loss.



**CYBER LIABILITY**

Combines these coverage modules in a highly customized product.



(For reference and discussion only; specific policy language and facts of claim require further analysis.)

## Why you need Cyber Liability Insurance

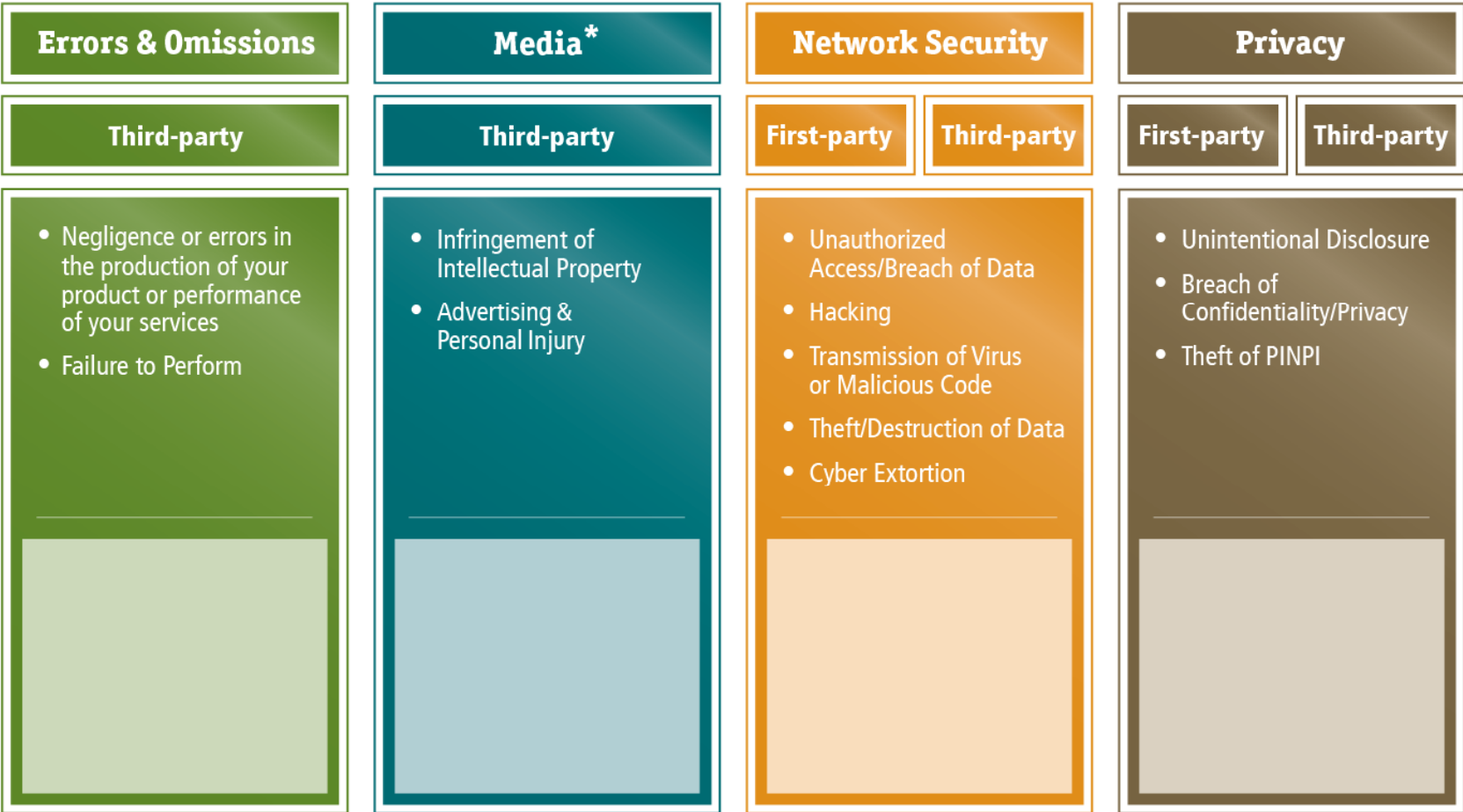


**Property Insurance**  
Excludes "data" as property.

**General Liability (including Product Liability)**  
Excludes damage to intangible property, such as data, and either excludes or limits coverage for many exposures common to companies conducting business in an E-World.

**Errors and Omissions (E&O)**  
Limited to "traditional" professional exposures and financial loss due to failure of a product/service to perform as designed.

# Identifying Your Cyber Liability



\*Excludes Patent Infringement

(For reference and discussion only; specific policy language and facts of claim require further analysis.)



# Third-party v. First-party Coverage

## Network Security

| First-party  | Third-party  |
|--|--|
| <ul style="list-style-type: none"><li>• Business Interruptions</li><li>• Data Replacement</li><li>• Cyber Extortion</li><li>• Crisis Management<ul style="list-style-type: none"><li>- Public Relations</li><li>- Forensic</li><li>- Legal</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Customer suits</li><li>• Other Third-party suits</li></ul> |

## Privacy

| First-party   | Third-party   |
|---|---|
| <ul style="list-style-type: none"><li>• Notification Costs*</li><li>• Credit Monitoring*</li><li>• Crisis Management<ul style="list-style-type: none"><li>- Public Relations</li><li>- Forensic</li><li>- Legal</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Consumer suits</li><li>• Regulatory<ul style="list-style-type: none"><li>- Defense</li><li>- Fines</li><li>- Penalties</li></ul></li><li>• Charges levied by Credit Card Issuers</li><li>• PCI-DSS fines*</li></ul> |

\*May be subject to sub-limits



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## Contact Information

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