

# Understanding how a cyber insurance policy would respond to a large data breach

## A recent example of a network security breach incident

One of the key scenarios that cyber insurance is designed to cover is a data breach. Whilst coverage between insurance policies will vary, below we outline some of the key coverage areas that a dedicated cyber insurance policy may respond to in the event of this type of cyber incident. Should you have any queries or wish to discuss this further, speak to your Marsh representative or contact us [here](#).

EVENT	IMPACT	COVERAGE CLAUSE or TRIGGER EVENT
<p>Breach by 3rd party resulting in the unauthorised release of the following data:</p> <ul style="list-style-type: none"> <li>Personal customer information</li> <li>Personal staff information</li> <li>Confidential Corporate information</li> </ul>	<p><b>1<sup>st</sup> Party</b></p> <ul style="list-style-type: none"> <li>Forensic expenses to identify the source of the breach or the extent of the error, contain it and determine the type and amount of information disclosed</li> <li>Legal expenses to determine notification requirements under both Australian and international law (if applicable)</li> <li>Costs to notify affected individuals</li> <li>Provision of credit monitoring services to affected individuals</li> <li>Costs incurred to restore damaged data</li> <li>Public relations expenses to support management, legal and risk functions in responding to the data breach in a way that minimises reputational damage</li> <li>[Optional coverage] Reputational harm loss resulting from negative perceptions or behaviours following a privacy breach and/ or security failure (specific coverage varies between insurers)</li> </ul> <p><b>3<sup>rd</sup> Party</b></p> <ul style="list-style-type: none"> <li>Damages and defence costs from claims made by third parties alleging a breach of right of privacy (ie. Class Action)</li> <li>Defence costs, fines and penalties resulting from a regulatory investigation into the data breach (where insurable by law)</li> </ul>	<p><b>1<sup>st</sup> Party</b></p> <ul style="list-style-type: none"> <li>Data Breach Notification Costs</li> <li>Public Relations Costs</li> <li>Forensic Costs</li> <li>Credit and Identity Monitoring Costs</li> </ul> <p><b>3<sup>rd</sup> Party</b></p> <ul style="list-style-type: none"> <li>Network and Data Security, Privacy or Multimedia Liability</li> <li>Regulatory defence and insurable penalty costs</li> </ul>
<p>Cyber Extortion - Corrupt or prevent access to your systems, unauthorised access to the network or cause other harm if a ransom amount is not paid.</p>	<p><b>1<sup>st</sup> Party</b></p> <ul style="list-style-type: none"> <li>IT Forensics and related investigation costs</li> <li>Costs to negotiate ransom demand and reimburse ransoms paid</li> <li>Engagement of specialist vendors to assist in making informed ransom payment decisions</li> <li>Loss of business income during the period of restoration</li> <li>Public relations firms to support management, legal and risk functions in responding to a cyber event in a way that minimises reputational damage</li> </ul>	<p><b>1<sup>st</sup> Party</b></p> <ul style="list-style-type: none"> <li>Cyber Extortion Threat</li> <li>Cyber Extortion Expenses including costs to negotiate demand amounts</li> </ul>

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