

# Cyber Roadblocks

## Five Common Misconceptions

DUAL

### What is Cyber Liability & Privacy Protection & Who should buy it?

Cyber Liability & Privacy Protection insurance is designed to address the exposures Insureds face when using the internet, email, websites, computer programs and in particular from storing private information about their clients.

We often hear that clients don't buy a Cyber Liability & Privacy Protection policy because they "don't think they have an exposure", or because "it won't happen to them", so we have put together some talking points to combat those common misconceptions.

1

#### I don't hold valuable data

Valuable data isn't limited to intellectual property. It can be as simple as your employees', suppliers', and even your own personal details such as full name, date of birth, drivers licence number, Tax File Numbers and bank account details.

Most businesses will hold personal or sensitive information about their employees or suppliers as a minimum, meaning they are at a higher risk of being targeted for a cyber-attack.

If a cyber-attack were to occur and this valuable data is stolen it may be used by an attacker to commit identity fraud (such as taking out a loan in someone else's name) or as the basis for a social engineering or phishing attack. When this happens, an Insured may have to notify the Privacy Commissioner as well as the individuals affected by the attack, that this information has been stolen. There are new criminal offences in this space which carry a maximum fine of \$10,000, including offences for business that fail to notify a privacy breach appropriately and destroy personal information that has been requested.



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## 2 I don't transact online

An Insured's business may not have a website however most businesses use a computer, a local network, or a server to hold electronic files and records.

An Insured's business may not have a website however most businesses use a computer, a local network, or a server to hold electronic files and records or even hold hard copies of personal and sensitive information on site that may be accessed.

A business may also do their banking online, or manage their invoicing, both of which may include sending and receiving personal or sensitive information. An Insured may also receive supplier invoices via email which can be easily accessed in the case of a system breach or cyber-attack.

Human error is another reason a data breach can occur. For example, an employee may unknowingly forward an email containing malicious software. They may also accidentally send valuable and sensitive data to an unintended recipient or even leave a hard copy of a sensitive document in a public place.

Data breaches are malicious (criminal) via phishing, hacking, or deliberate malware attacks which only require an internet connection for a hacker to access an inadequately protected system.



## 3 Our data is safe in the Cloud

Did you know that an Insured is legally responsible for the information that is stored in their cloud, even if a hacker accesses the cloud via a third party?

A common example of this is an Insured's outsourced IT provider. As a result of this an Insured may incur notification costs (to both the Privacy Commissioner and the affected individuals), remediation costs and legal costs.

Data stored in the cloud can be accessed, copied, stolen or altered just as easily as data stored on a computer or a server. Once a breach occurs, the information in the cloud is still classified as 'breached' even though there may be multiple soft copy backups that mirror the information stored in the cloud. Even though the sensitive information has not been lost, it has been accessed by an unauthorized party, and is still subject to the relevant privacy legislation.



Depending on where a cloud provider is located, varying laws from different jurisdictions around the world may apply to the information held. In this instance, lawyers will need to identify which countries' laws apply to which breach, and what breaches of that law have occurred. It doesn't take many competing jurisdictions for this to add up to a very expensive exercise. Depending on the law that applies to the potential breach, there may also be significant fines and penalties against the Insured as a result.

## 4 Our IT employee / IT consultant will take care of it

Does your IT employee or IT consultant work 24/7? A Cyber Liability and Privacy Protection Policy offers 24/7 emergency Incident Response services.

Does your IT employee or IT consultant have the necessary IT forensic skills and qualifications to investigate this type of incident? A Cyber Incident Response Team is made up of individuals who have

the experience and global expertise in these fields to help mitigate further loss, mediate complicated situations, and provide the best advice on what action to take next.

## 5 Our IT system cannot be breached

No system can be 100% safe.

The world's biggest companies have been breached – i.e. FBI, Facebook and Sony. If these companies with massive budgets for high tech cyber security professionals and products are able to be hacked, then it is likely that a hacker will be able to gain access to an SME company who have relatively smaller budgets for cyber and data security. Hackers see SME companies as quick and easy money given the low security measures that they are able to put place.

Given the need for security, software developers are constantly issuing 'patches' to help reduce the number of hacks, however these may not necessarily help in all cases.

Breaches can result from human error, this includes mobile phones, tablets or laptops being misplaced or lost in public places and in the event that these devices aren't encrypted, they can be easily hacked. Should this happen, an Insured may be required to from 1 December 2020, notify the Privacy Commissioner. Notifying the Privacy Commissioner of any data breach or cyber security breach involves significant legal costs which SME's do not usually budget for due to the belief they are adequately protected against cyber and privacy breaches.

We hope the above information assists in considering these common misconceptions in the market.

## DUAL's WebRater Cyber Product Suite

DUAL's Cyber Liability & Privacy Protection Insurance has been designed to address the exposures Insureds face from relying on the internet, email, websites, computer programs, data and from storing private information about their clients.

Our WebRater provides instant Cyber quotes. If a risk doesn't meet our WebRater underwriting criteria, our Financial Lines Underwriters are ready to assist with more complex scenarios.



**You can now  
quote & bind in minutes on  
the WebRater**

## Find out more

For further details on our Cyber product, please contact your local DUAL Underwriter.