



# **DIGITAL KIDNAP AND RANSOM:**

**A FINANCIAL RESPONSE TO 21<sup>ST</sup> CENTURY PIRACY**

**fi/o**  
fourth insurance office, inc.

Operational Excellence in  
Shipping Forum  
Davani Caravel Hotel  
1 November 2017

Over 1.5 Million cyber incidents during 2016  
- Ponemon Institute



## **Stephen A. Cooper, CPCU, President, Fourth Insurance**

- 40+ years' experience in insurance and risk management
- Held positions with major global brokers
- Advisor to larger privately held and public companies on management and cyber liability and transaction related coverages



## **Tyler Schapiro, CPA, Senior Analyst, Fourth Insurance**

- Formerly a risk management consultant with Deloitte and an Analyst with BNP Paribas in New York
- Addressed cyber risk assessments of large financial institutions
- Advisor to public companies on risk management strategies



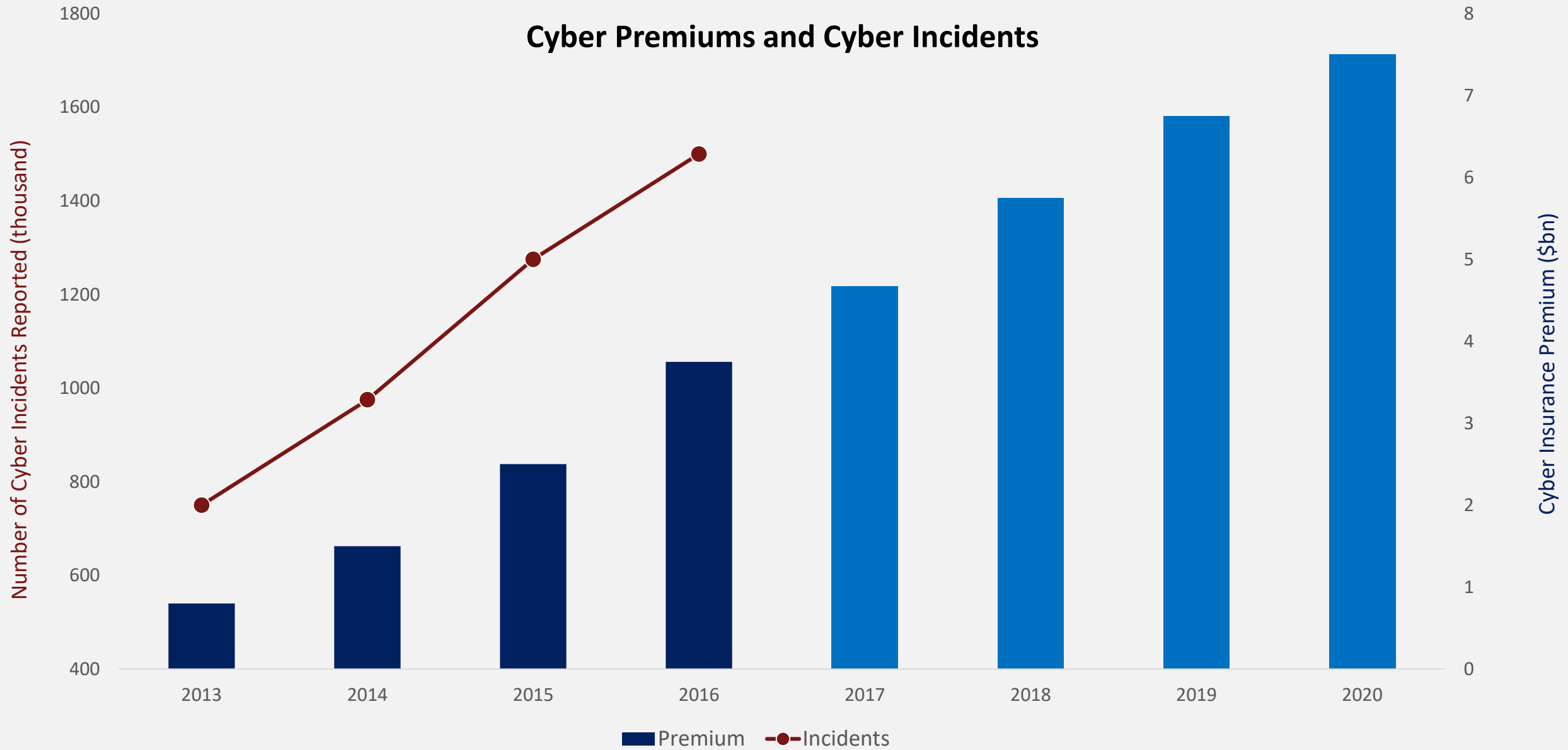
# October is

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# National Cyber Security Awareness Month

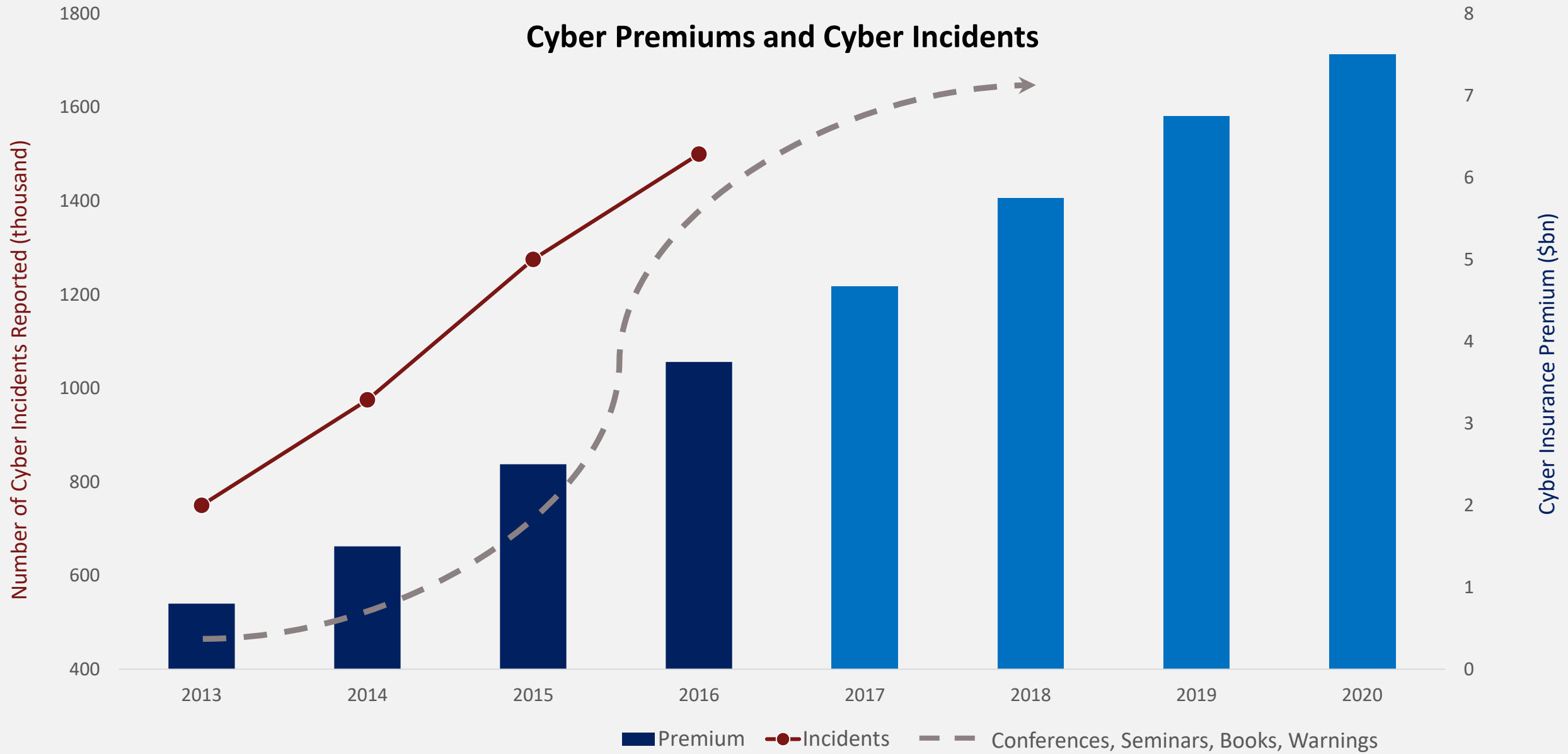
Secure your workplace and home

## Cyber Premiums and Cyber Incidents



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# Cyber Premiums and Cyber Incidents







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“Is it possible to coerce a 213-foot yacht off its course without touching the boat's steering wheel using a custom-made GPS device?” – UT News, 2013



## In 2014:

“We consider cyber risk a threat, but vessels are no more vulnerable to such attacks than onshore systems and organizations, we are taking this risk seriously and ensuring that we are protected against such threats.”

-Unnamed spokesperson, Container Line

## In 2017...following a malware incident:

“...significant business interruption”

“...antivirus programs were not effective protection” and we are installing “...different and further protective measures.”

-Unnamed spokesperson, Container Line

## Financial Response to the Threat of a Cyberevent

- 1) Assess the chances
- 2) Calculate loss scenarios
- 3) Investigate embedded cyber coverage
- 4) Identify gaps
- 5) Consider the range of loss you could absorb
- 6) Is there value in transferring risk?

“Throwing darts at a dartboard.”  
-Head of Cyber Underwriting, AIG



**Cyber underwriters are cautious as there is a lack of credible loss and exposure data**

## Loss Scenarios

\$4  
Million

2016

“Ordinary” data breach,  
Ponemon Data Breach Study

~\$10 Million

2011-2013

Breach,  
Port of Antwerp

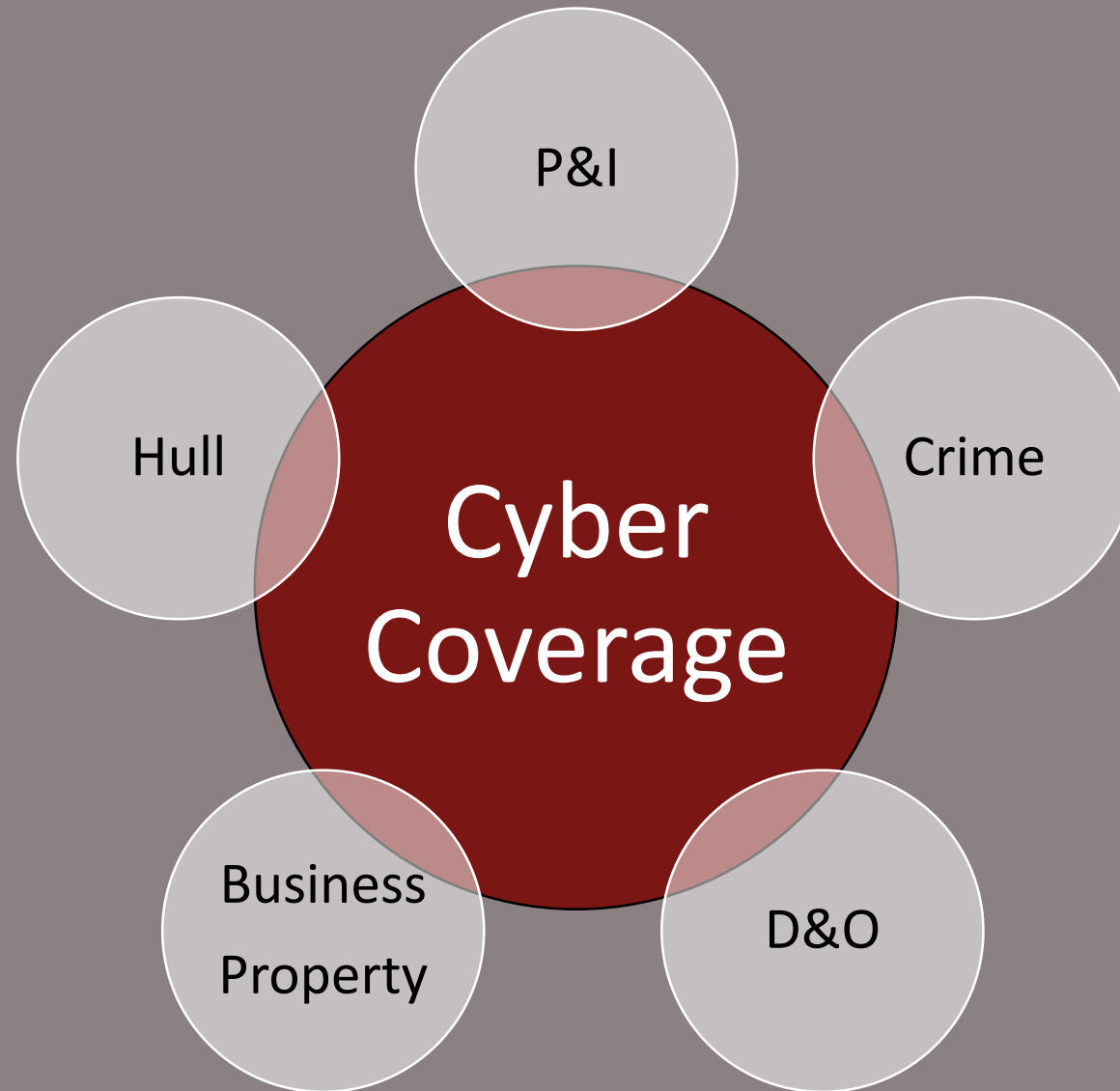
\$18 Million

2014

Online bunkering scam,  
World Fuel Services

**Maritime industries** will not face material liabilities from the unauthorized release of customer lists, they will face liabilities resulting from **physical loss, bodily injury** and **business interruption**.

## Policy Analysis





## Exclusions & Endorsements

CL 380

“Cyber Attack”

[Marine Cargo/Energy/Hull,  
Terrorism]

- “...caused by...any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

NMA 2918

“War & Terrorism”

[Hull, P&I]

- “...regardless of any other cause or event contributing concurrently...”
- “war, invasion, acts of foreign enemies, hostilities... any act of terrorism.”

NMA 2914, 2915

“Electronic Data”

[Prop Damage, Bus.  
Interruption, Terrorism]

- “...loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA...including COMPUTER VIRUS...”

THANK YOU | QUESTIONS?

[www.FourthInsurance.com](http://www.FourthInsurance.com)