TOP FIVE REASONS WHY FINANCIAL SERVICES PROVIDERS SHOULD BUY CYBEREDGE

The threat represented by cyber risks is now as tangible as physical threats to a company's assets and is faced by any company dealing with electronic data, whether on mobile devices, computers, servers or online. Cyber risks are evolving and becoming more complex as technology and criminals increase in sophistication, heightening the propensity of cyber incidents and data breaches. Once a breach occurs there are potentially significant and adverse ramifications for a company.

AIG's CyberEdge insurance policy provides protection for the obvious and less obvious consequences of cyber risks.

❶ LEGAL OBLIGATION

The new Personal Data Protection Act governs the collection, use and disclosure of personal data by private organisations. It imposes obligations relating to the maintenance of accurate and appropriate personal data, as well as the requirement to obtain an individual's consent to collecting, using and/or disclosing his/her personal data, provide access to it when requested and correct it where necessary. For investment professionals, the duty to take reasonable care of personal data under this legislation is especially demanding owing to the sensitivity of the data collected. Failure to comply with or committing an offence under this regulation could result in financial penalties or imprisonment. The traditional professional indemnity policy may not be sufficient to provide protection for you in the event of non-compliance with the Act.

❷ THE FULL COST OF A BREACH

Your company may be exposed to the following costs:

- Regulatory fines
- Damages and legal expenses associated with defending claims from third parties
- Diagnosing the source or loss of a breach
- Reconfiguring networks, re-establishing security and restoring data and systems
- Notification costs
- Credit file or identity monitoring
- Implementation of disaster recovery plan
- Loss of net income

A professional indemnity policy is unlikely to indemnify you for breaches of data protection legislation or the costs to your company following a breach.

❸ REPUTATIONAL CRISIS

News of cyber incidents and data breach can spread quickly, especially in the age of social media. Public and investor confidence in a company can diminish within hours, so managing the incident requires careful management and consideration of media, customers, staff and stakeholders. Swift action and a carefully managed public relation response will be needed to regain trust and protect your company's reputation. CyberEdge provides 24/7 access to crisis communications and public relation management specialists as well as legal specialists to assist in managing the organisational and individual reputational damage.

❹ ARE FINANCIAL SERVICES PROVIDERS AT RISK?

Criminals and hackers seek out sensitive information that they can sell on or exploit for financial or competitive gain. Data that could be considered attractive includes information regarding high net worth individuals and other financial institutions, investment strategies and targets, corporate data of portfolio companies, or potential merger and acquisition activities. As financial services providers increasingly turn to online platforms to reach out to their clients including the use of online systems in their day-to-day business transactions, the potential risk of a data breach multiplies. Remote and wireless working environments combined with the storage of sensitive client information on networks can also increase vulnerability to an attack.

❺ CHECK FOR GAPS IN YOUR INSURANCE COVER

It is unlikely that coverage required in the event of a data breach will be adequately covered under the standard Professional Indemnity, Directors & Officers or Commercial Liability policies and it is possible that you may not be compliant with your regulatory obligations. The limited cover provided under the traditional policies will not be adequate in certain claims scenarios such as hacker attacks, virus transmission or business interruption due to the security failure of your company's computer system, and mandatory and voluntary notification costs.

AIG Asia Pacific Insurance Pte. Ltd.
Co. Reg. No. 201009404M