

# THE MYTHS OF CYBER AND NETWORK BREACHES

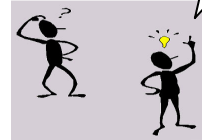
## CYBER INSURANCE RISK MANAGEMENT

- Failure of Security
- Invasion of Privacy
- Intellectual Property: Website Copyright/Trademark Infringement
- Cyber Extortion
- Misappropriation of Confidential Information
- Notification Cost Following a Breach

- Defamation, Libel and Slander
- Cyber Terrorism
- Network Business Interruption and Crisis Management
- Loss of Income and Injury to Information Assets
- Identity Theft Caused by a Failure of Network Security

You say these items are not covered under our CGL, or Property, D&O, EPLI, E&O, or Fidelity

That's correct



### Commercial General Liability (CGL) Insurance

**Myth:** Liability claims arising out of transmission of a computer virus, hacking, denial-of-service or other types of cyber risk will be covered under traditional CGL policies.

**Reality:** CGL policies cover bodily injury and property damage to “tangible” property. **They typically do not cover damage to electronic data and software, which are considered “intangible.”**

Furthermore, CGL insurance policy terms may vary based on endorsements mandated by a carrier and individual state requirements; they may not be available in all jurisdictions. However, the Internet broadens a company’s geographical reach, mandating the need for comprehensive coverage for exposures on a worldwide basis.

### Commercial Property Insurance

**Myth:** Commercial property policies insure damage, destruction, corruption, loss or theft of electronic data.

**Reality:** Commercial property policy forms require “Direct Physical Loss,” such as fire or windstorm—not computer attacks. Since data is “intangible”, **business interruption and information asset destruction is usually not covered because there is not “physical” loss.**

A financial loss arising from misappropriation of confidential customer database by a hacker—a significant corporate risk—is generally not covered under standard commercial property policies.

### Professional Errors and Omissions (E&O) Insurance

**Myth:** Professional E&O liability policies cover professionals providing services in both the brick-and-mortar and digital world. This type of coverage will safeguard against all types of cyber liabilities.

**Reality:** E&O policies only cover claims arising out of professional services and typically will not specifically address the full range of cyber legal liabilities. **Limits and restrictions can severely curb the amount of coverage granted for web-based events, leaving the insured open to potentially large under-insured claims.**

### Fidelity Coverage

**Myth:** Fidelity coverage protects against computer fraud or digital information theft.

**Reality:** Fidelity coverage typically only safeguards against losses resulting from fraud or theft of money, securities or other tangible property. **Computer fraud or information theft, which results in damaged or deleted information assets, are deemed intangible, and therefore are generally not covered by fidelity bonds.**