

# UPDATE

## Cyber Extortion under a CrisiSolution policy

The beneficial advance of technology also poses a host of new threats to individuals and businesses every day. As a leading cyber insurer, AIG received more than 1,500 cyber claims in 2017, many of them involving ransomware and other extortion threats.

The growth in cyber-related extortion demands compels Kidnap & Ransom insurers to clarify their position in order to provide direction and certainty for brokers and customers. To that end, we have conducted a comprehensive review of our CrisiSolution cyber coverage based on claims experience, customer feedback, and the current threat environment to provide more clearly articulated coverage for our insureds.

### What has changed?

For policyholders seeking cyber extortion coverage, we will now offer a robust Cyber Extortion Incident Response and Business Interruption Coverage Endorsement. The language will be clear in intent and comparable to the terminology found commonly in a cyber insurance policy.

#### **Cyber Extortion Incident Response Coverage includes:**

- ✓ Fees and expenses for a qualified cyber extortion consultant to advise on the appropriate response to the cyber threat and to assist in negotiating a resolution.
- ✓ Costs incurred to conduct a forensic investigation to determine the validity, cause, and scope of the cyber threat.
- ✓ Legal fees and expenses to advise on minimizing harm and interacting with regulators and law enforcement.
- ✓ Reimbursement of ransom and reward payments.
- ✓ Public relations expenses to help protect brand and reputation.

#### **Cyber Extortion Business Interruption Coverage includes:**

- ✓ Reimbursement of loss of profits as a result of a business interruption caused by a cyber extortion event.
- ✓ Extra expenses incurred in reducing exposure and mitigating a business interruption.

## What is not covered?

Our new Cyber Extortion Incident Response and Business Interruption Coverage Endorsement will not provide coverage for costs associated with victim notification, data restoration, credit and ID monitoring services, third party damages, or defense costs. AIG provides a number of ways clients may buy a more comprehensive cyber insurance solution and we advise clients to review their cyber risk exposures and develop an insurance solution that best fits their risk management strategy. AIG's cyber insurance products can provide critical coverage for financial loss arising out of a variety of cyber security or data breach events, including third party liability, event response, data restoration, and network interruption coverage. The [AIG Cyber Cover Guide](#) is a useful reference.

## What can you expect going forward?

We want to be as flexible as possible and, going forward, will provide our CrisiSolution clients with various cyber extortion options, underwriting to scope of coverage, limits of insurance, self-insured retentions, and waiting periods. Clients may wish to exclude cyber extortion protection from their CrisiSolution insurance, so options with and without cyber extortion coverage will be provided. Our goal is to provide valuable coverage for cyber extortion incident response and business interruption with the most competitive terms and conditions possible, recognizing that this will often require additional underwriting information and increased premiums.

## What is our claims approach?

AIG manages CrisiSolution insurance claims through a single team of highly professional claims handlers. They are responsible for both traditional kidnap and ransom and Cyber claims. In this capacity, they have in-depth experience in dealing with multiple forms of malicious threats to businesses and individuals. By providing a single point of reference, we maintain both confidentiality and expertise, thereby providing a better customer experience.

## Has anything else changed?

We will continue to provide our clients with leading CrisiSolutions insurance, covering threats including kidnap, extortion, detention, and security evacuation. Increasingly broader 'all-risk' threat perils are featuring in our policies and it is our enduring commitment that our coverage, along with our crisis consultancy partner NYA, continues to evolve as the type of threats businesses and individuals face continue to change.

We will continue to refine our position in 2018 to provide further services to support this offering. With over 40 years of insurance experience in kidnap and ransom insurance, we know that the threats faced by our clients are constantly changing and it is essential that we adapt accordingly in order to provide customers with the right crisis solution.



**We hope this statement gives clear direction to our brokers and customers, if there are further questions please email [FinancialLines@aig.com](mailto:FinancialLines@aig.com) or your usual AIG underwriting contact.**