

Cyber Breach & Cyber Liability

Claims Example 18 - Hack - Resulting in Extortion



Hack - Resulting in Extortion



A medium-sized law firm's network was hacked. Sensitive client information was potentially at risk including; a public company's acquisition target, another public company's prospective patent technology, the draft prospectus of a venture capital client, and a number of class-action lists containing plaintiffs' personally identifiable information. The firm then received a call requesting £25,000 to not sell the information on the black market. The law firm initiated contact with INSURERS Incident Response Hotline, an incident response manager was assigned, and IT forensic investigators and legal counsel were brought in to address the incident

POTENTIAL IMPACT & COSTS £243,000

Privacy Liability – mismanagement of personal and/ or corporate confidential information

Network Security Liability – liability arising out of the failure to effectively protect insured's network from malware, hacking, denial of service attacks or unauthorised use or access

- ❖ Defence and settlement costs for class action lawsuits - **£100,000**

Incident Response Expenses

- ❖ Forensic investigation costs to locate vulnerability, analyse impact, ensure containment, and calculate extent of loss - **£44,000**
- ❖ Costs to set up and operate a call centre for enquiries - **£8,000**
- ❖ Public relations expert fees to minimise reputational impact of the incident - **£12,000**
- ❖ Legal consultation fees - **£28,000**
- ❖ Incident response manager fees - **£8,000**

Cyber Extortion – costs associated with addressing extortion threats to release information or malicious code unless paid extortion monies

Crisis negotiator fees - **£4,000**, Legal consultation fees - **£2,000**, Information technology consultant fees **£22,000**, Extortion payment - **£25,000**

Facts



67% of data breaches are due to employee error.

Cyber ransoms should not be paid, but many clients may not be aware of this. By telephoning the INSURERS Incident Response Hotline, the incident manager can assist the client from the outset on what steps to take.

We have seen cases where the ransom has been paid and the information has still been published online. There is a risk that if the ransom is not paid, the information will be released, but the incident response manager will make sure the correct experts are appointed to deal with this situation.



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