



XL CATLIN

Cyber Insurance Underwriting Process Federal Advisory Committee on Insurance

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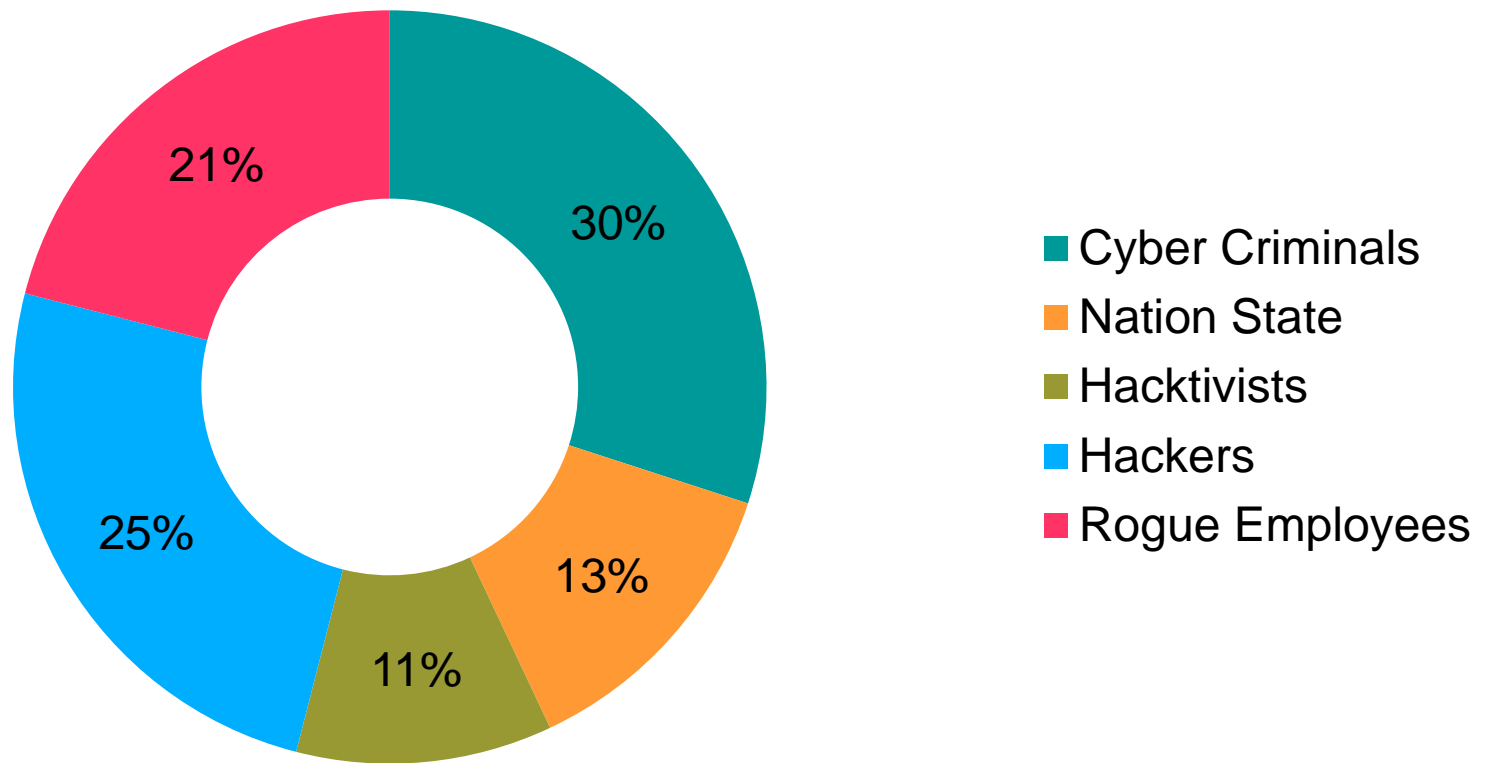
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The implications of nation-state cyber attacks on the cyber insurance market are deep and far reaching.

Threat Actors



Who are the Cyber Threat Actors



Actor	Motivation	Impact
Nation State	<ul style="list-style-type: none"> Economic, political, and/or military 	<ul style="list-style-type: none"> Loss of trade secrets Loss of command & control capability Prolonged foothold in one's network for future attacks (APTs) Disruption of business activities/asset loss Influence elections and policymaking
Organized Crime	<ul style="list-style-type: none"> Financial gain Collect information for future financial gain 	<ul style="list-style-type: none"> Regulatory inquiry/penalty Consumer and shareholder lawsuits Brand and reputational damage Consumer confidence loss
Hacktivists	<ul style="list-style-type: none"> Political or social change Pressure business to alter a business practice Create fear and uncertainty 	<ul style="list-style-type: none"> Disruption of business activities and loss of assets Brand and reputational damage Consumer confidence loss
Insiders	<ul style="list-style-type: none"> Personal advantage, monetary gain Sabotage for personal grievances Bribery or coercion 	<ul style="list-style-type: none"> Disclosure of trade secrets Disruption of business activities and loss of assets Brand and reputational damage Consumer confidence loss

Cyber Underwriting Process

State Actors



Profile of Nation-State Actor

- Operate without a fear of being apprehended
- Unlimited financial resources
- Utilize sophisticated attack techniques
- Insight into intelligence
- Backed by military and government
- Motivated by nationalism
- Difficult to apprehend

Coverage Available

- Loss of 3rd party trade secrets
- Loss of business income
 - Extra Expense
- Data restoration costs
- Regulatory investigations
 - Fines and penalties
- Consumer and class actions lawsuits
 - Defense costs and indemnity
- Costs of a forensic investigation

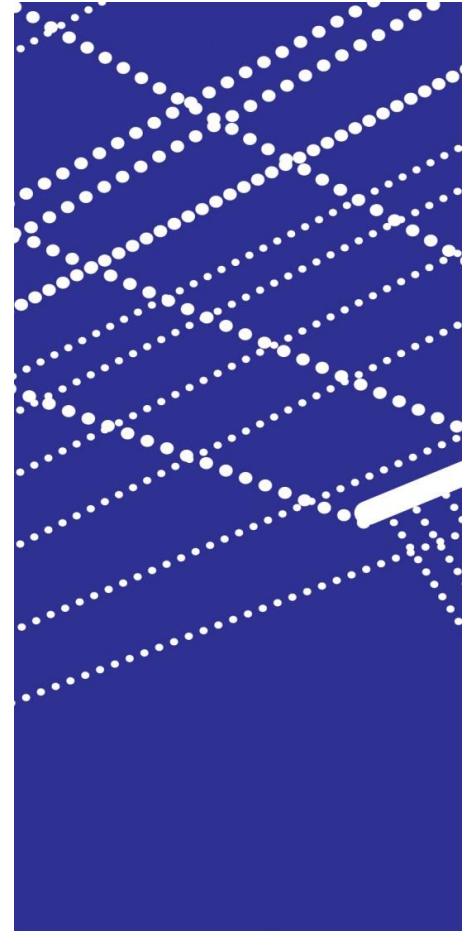
Coverage Unavailable

- Loss of 1st party trade secrets
- Brand and reputational loss (limited availability)
- Loss of consumer confidence

So Are Nation State Attacks Covered



- Most insurers exclude war but cover cyberterrorism
- Many exclude acts of foreign enemies and government actors
- Difficulties tracking the source of cyber attacks (attribution)
- Lack of case law presents courts with a matter of first impression



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