



# CYBER RISK: A growing concern

Cyber risk is already one of the top concerns of business leaders, and the recent introduction of mandatory data breach legislation in Australia is only one of many developments that are pushing it even higher up the agenda. Change in laws will substantially alter behaviours around organisational breach notification strategy, specifically for industries that store sensitive client information. Engaging in a cyber risk profiling exercise will help identify areas of improvement as well as help you make better informed cyber insurance decisions.

While a cyber-attack often causes disruption to business and IT operations, catastrophic cyber losses can also result in significant damage to reputation and brand, and potential directors' and officers' liability exposures. Moreover, there are significant financial implications. More than a third of companies have experienced a material or significantly disruptive security exploit or data breach during the past two years, with the average 'economic impact' of actual events estimated at \$2.7 million. Based on Aon's cyber risk profiling and modelling work completed with over 70 clients, the actual risk severity of a conceivable worst case event is just over \$14 million.

Cybercrime continues to grow rapidly as shown by the Australian Cyber Security Centre Threat Report 2015. The report predicts that the number and sophistication of "cyber adversaries" will continue to rise, making detection and response more difficult.

Cyber insurance continues to prove a key risk transfer tool for organisations. The industry sectors where this type of insurance is most prevalent include financial and professional services, healthcare, government, retail and more recently the energy/ utilities sectors. Organisations that are particularly vulnerable to social media exposure are also taking up cover.

## Cyber risk profiling

Against this backdrop, it is prudent for organisations to periodically review their cyber risk exposures and preparedness to respond to a data breach, or other cyber event. It is also wise to scale the potential financial impacts associated with a cyber event and, armed with that insight, optimise risk mitigation and remediation plans, including the use of insurance.

Aon's comprehensive cyber risk profiling service delivers transparency and certainty. Clients gain a clear understanding of their cyber risk exposures, the extent to which current policies offer protection and recommendations about how the current risk transfer program could be enhanced in order to maximise the organisation's cyber security safety net.

## Additional benefits include:

- An audit trail and point of reference for future assessment;
- Tools to allow the 'residual cyber risk' - where risks are not transferred to the insurance market - to be compared to the organisation's risk appetite;
- Transparency about any gap between the risk profile and insurance program allowing the organisation to assess the value of insurance as a complimentary risk management tool;
- The opportunity to use the insights from this comprehensive risk analysis in discussions with insurance underwriters regarding policy scope and pricing; and
- A clearer understanding of how to prepare for a cyber event, and opportunity to align an insurer's expert consultants with own internal and external resources.

## About Aon's Cyber Solutions Group

Aon acquired Stroz Friedberg, a specialised global cyber risk management firm, in October 2016 to create the largest team of dedicated cyber risk consultants and brokers exclusively engaged in delivering a range of cyber assessment, mitigation, transfer, or response solutions for our clients. Through this acquisition, we are now able to leverage cybersecurity capabilities, with leading experts in digital forensics, incident response, and security science; investigations; eDiscovery; and due diligence - all of which further enhances our ability support the insurance objectives of our clients.

Our global capabilities include:

- +610 dedicated professionals in the US, Canada, London, EMEA, Asia-Pacific and Bermuda
- +1,500 company cyber threat and exposure database
- +500 cyber claims handled by Aon since 2012
- +150 cyber analytics projects
- 13 of 15 largest global cyber breaches were managed by Aon - Stroz Friedberg

Thinking about Cyber risk insurance?

Over 70% of organisations that undertake risk profiling use this to design their cyber insurance program.

## Why Aon?

Aon can benchmark your cyber risk exposures and help you build a cyber risk management and mitigation plan giving you clarity and cover for your business. Aon's tried and tested methodology will enable your organisation to identify, assess and evaluate your cyber risk profile, and consequently optimise your risk mitigation strategies.

- Our Risk Consulting team has conducted over 70 Cyber Risk Profiling assignments in Australia in the last two years.
- We have the depth and breadth of risk and insurance expertise to conduct a robust analysis of your organisation's unique risk profile.
- Our knowledge of your industry sector will create efficiencies and allows us to contribute to the risk analysis beyond pure facilitation.
- We understand the evolving cyber insurance market – with broking teams dealing with market participants on a daily basis.

Aon is committed to building our cyber risk capability to better serve our clients' needs. In the past few years, some of the key investments we have made include:

- The launch of [Aon Cyber Enterprise Solution](#), a first-of-its-kind property/casualty and Internet of Things insurance policy that offers comprehensive and integrated enterprise-wide coverage against cyber risk.
- The appointment of the FBI's highest ranking cyber expert, James Trainor, as part of the high-powered team of experts who will help our clients as they evaluate and address their cyber exposures.
- The launch of the [Aon Cyber Captive Program](#), an alternative approach to cyber risk that helps organizations identify, assess and quantify their cyber risk – ultimately making informed decisions around risk retention in a captive as well as providing broad form risk transfer capacity of up to USD 400 mm.
- Co-chair of the Business Council of Australia (BCA) Cyber Alliance with Cisco, a forum created to foster a community of best practice amongst BCA members that are interested in cybersecurity issues.

This continued investment reinforces Aon's leadership in this sector and enables us to offer unique and highly differentiated solutions to our clients.

Contact Aon today to find out how we can help your organisation manage cyber risk.

# [aon.com.au/cyber](https://aon.com.au/cyber)

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