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# BERMUDA CYBER-RISK INSURANCE SOLUTIONS

New and emerging technologies, trends in mobile usage, social media, well-funded foes, round-the-clock attacks—and the fact that today’s companies are highly digitally-reliant—make cyber risk coverage a top priority in today’s world.

Cyber was once just the domain of corporate IT departments, but today it represents an agenda item for senior management everywhere. The frequency and sophistication of cyber attacks are on the rise and costs associated with data breaches also pose an increasing threat.

Cyber crime is fueled by increasingly sophisticated

technologies, along with new trends in mobility usage, social media, and rapidly expanding connectivity. Every day, companies worldwide are suffering breaches and losing intellectual property as a result. The damage caused by cyber crime is not limited to data theft, either. Losses can include destruction of stolen data and physical damage to computer hardware and other corporate assets.

An intelligent and innovative approach to cyber security and risk management is key to staying ahead of cyber criminals and the competition.

In Bermuda, cyber-risk insurance has emerged as a specialized product category in response to demands from organisations with heightened cyber-risk loss exposures. Our cutting-edge, collaborative market has tapped the expertise of world-leading insurers and brokers to provide pioneering solutions—products geared to fast-changing needs and coverage shortcomings in standard commercial property and liability insurance policies.

Connecting Business

## TYPICAL EXPOSURES COVERED AND PRODUCTS AVAILABLE

The consequences of a data breach to an organisation can be substantial. They can include financial and reputational losses to the organisation and its stakeholders, potential regulatory fines, human-resources costs, and legal fees and damages.

Bermuda re/insurers are well-experienced to adequately address exposures present as a result of cyber attacks.

Typical coverages provided include:

- ▶ Security and Privacy Liability
- ▶ Miscellaneous Professional Liability
- ▶ Technology Errors and Omissions
- ▶ Media Errors and Omissions
- ▶ Regulatory Fines and Penalties Coverage
- ▶ Event Management Coverage
- ▶ Network Interruption Coverage
- ▶ Payment Card Industry Fines and Penalties

Some re/insurers are able to provide coverage on select risks for exposures either not widely covered or not automatically covered. These include:

- ▶ Systems Failure
- ▶ Dependent/Contingent Business Interruption
- ▶ Cloud Failure Coverage
- ▶ Contingent Bodily Injury/Property Damage
- ▶ Pollution

The Bermuda marketplace is broad and unrestrictive. Brokers seek, and insurers typically offer, policies containing first-party-only coverage (property and theft), third-party-only coverage (liability), or both in a combination policy format. Combination policies allow insurers and organisations to match desired coverage with cyber-risk loss exposures.

Coverage provided under a cyber-risk insurance policy can be subject to a claims-made coverage trigger, an occurrence-coverage trigger, and, in some cases, a combination of the two. Bermuda carriers have the flexibility to provide coverage using a variety of types of policy forms, including manuscript forms.

## WHO ARE OUR CUSTOMERS?

Bermuda's insurance market provides a variety of solutions that can be tailored to specific needs of companies looking for coverage for cyber-risk exposures.

Large and small businesses in a variety of industries collect, process and store a great deal of confidential information, transmitting data across networks.

They include:

- ▶ Retail companies
- ▶ Healthcare institutions

- ▶ Financial institutions
- ▶ Technology companies
- ▶ Aerospace/defence contractors
- ▶ Industrial manufacturers
- ▶ Telecommunication companies
- ▶ Hospitality companies
- ▶ Airline companies

With the growing volume and sophistication of cyber attacks, attention is required to protect sensitive business and personal information.

## WHAT SETS THE BERMUDA MARKET APART?

Certain top-tier attributes set Bermuda apart from other jurisdictions that currently provide cyber-insurance products and services:

- ▶ Access to approximately \$150 million in capacity (depending on aggregation) within the two-square-mile City of Hamilton from up to 10 leading global insurance companies
- ▶ Flexible underwriters with the ability to be innovative and create insurance coverages that will respond to a dynamic, evolving environment
- ▶ Carriers are able to participate at various attachment points within an insurance programme; in some cases, carriers are able to attach as low as \$20 million
- ▶ Reputable brokers with an understanding of the complexity of coverage required by companies, given risk varies among industries
- ▶ Carriers are able to provide coverage using a variety of different types of policy forms, including manuscript forms, that do not have to be filed in each US state
- ▶ Experienced technical underwriters with significant authority—allowing for quick deal turnaround

- ▶ Carriers are well positioned to react/adapt quickly to complex risks that are constantly evolving

In the US, depending on laws within certain states and jurisdictions, fines and penalties associated with a cyber crime are uninsurable. A unique feature setting Bermuda apart from other jurisdictions is the ability of island carriers to offer insureds coverage for punitive damages and privacy-related fines and penalties.

Bermuda carriers can not only provide coverage for these types of exposures, but also have the option of providing drop-down coverage for punitive damages and regulatory fines and penalties where the underlying insurers is unable to pay due to insurability issues.

Innovation is the currency of Bermuda's market. Insurers here are addressing emerging issues, such as coverage for bodily injury and property damage resulting from cyber events.

**Considering Bermuda as your base for business?  
Contact us to arrange an initial consultation so  
we can begin to get things moving for you.**



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