

A data breach isn't
always a disaster
Mishandling it is.

Not if, but when.

Any business handling customer data will, sooner or later, be confronted with the challenge of a data breach. It's not a matter of "if" but "when".

The incidence of data breaches is massive. An Economist Intelligence Unit study conducted among consumers in 24 countries in March 2013 found that 18 percent of respondents had been a victim of a data breach.

Tens of thousands of businesses have learned the hard way that there's no such thing as perfect cyber security.

And the stakes are high. You hold personal data on trust for your customers. If they don't think your business can be trusted, the very future of your company may be at risk. A data breach is not a learning opportunity – you have too much to lose to risk mishandling it.

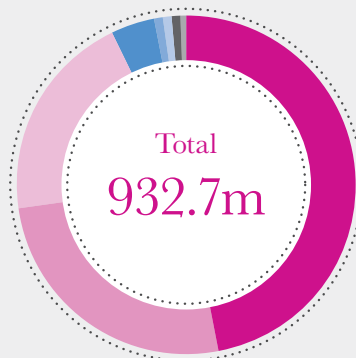
The case for focusing on response

Many companies focus exclusively on data breach protection – and fail to pay attention to what happens when the walls are breached. Firewalls, encryption and other defences get the attention. The war is fought on IT turf. But the truly dangerous time is after you've been breached.

After a breach you're fighting to protect your reputation. It's when your customers begin to leave. A study conducted by the Economist Intelligence Unit in 2013 found that more than a third of customers of companies that had suffered a data breach no longer did business with the companies in question "because of the breach." The way you manage a data breach to maintain customer trust is critical.

That doesn't mean you shouldn't protect your system; it does mean you need plans for your response. And the good news is that there's a great deal you can do. Cyber-attacks are beyond your control; breach response is something you can plan for.

Records breached¹



● Hacking or malware	51%
Hacking or malware Electronic entry by an outside party	
● Portable device	24%
Unintended disclosure Sensitive information posted publicly on a website, mishandled or sent to the wrong party via email, fax or mail	
● Unintended disclosure	18%
Portable device Lost, discarded or stolen laptop, PDA, smartphone, portable memory device, CD, hard drive, data tape, etc	
● Insider	4%
Someone with legitimate access intentionally breaches information – such as an employee or contractor	
● Stationary device	1%
Lost, discarded or stolen stationary electronic device such as a computer or server not designed for mobility	
● Payment card fraud	1%
Fraud involving debit and credit cards that is not accomplished via hacking. For example, skimming devices	
● Unknown or other	1%
● Physical loss	<0.5%
Lost, discarded or stolen non-electronic records, such as paper documents	

Our experience

In managing a data breach, you want to make the calls. It's your reputation that's on the line. But it's also smart to have a partner who's been there before. Things happen too quickly; there's too much to learn.

That's why people turn to Beazley. We pioneered the concept of data breach insurance that focuses first and foremost on response. We coordinate the IT experts and specialised lawyers to help you establish what's been compromised; assess your responsibility; and notify those you have to. In addition, we coordinate credit or identity monitoring for your customers and PR advice to help you safeguard your reputation. We also, of course, indemnify your losses from lawsuits or regulatory actions, the risk of which may be reduced by a well-coordinated breach response but can never be completely eliminated. Beazley has been at the forefront of defending clients in the developing and evolving legal arena of privacy class actions and regulatory investigations arising from data breaches.

Beazley invented this comprehensive approach. We do more of it than anybody else. To date we have helped more than 2,000 clients manage data breaches swiftly and successfully. We can't guarantee your cyber security: no one can. But we can put you in control of your response.

BBR Services – a dedicated team of experts

Beazley is unique among insurers in having a dedicated business unit, BBR Services, that focuses exclusively on helping clients manage data breaches successfully.

The risk of reputational damage from a mishandled breach is high. Our BBR Services team focuses on the coordination of the expert forensic, legal, notification and credit monitoring services that clients need to satisfy all legal requirements and maintain customer confidence.

In addition to coordinating data breach response, BBR Services is responsible for maintaining and developing Beazley's suite of risk management services, designed to minimise the risk of a data breach occurring.

In March 2012, data cartridges containing 800,000 social security records were lost in transit to a storage depot. It was by no means an isolated incident.



Thousands of hospital patients require notification after paper records containing personal financial data – including credit card details – are found blowing through a field several miles from the hospital.



Beazley Breach Response A comprehensive service

Beazley Breach Response is a unique insurance, loss control and risk mitigation service that provides a comprehensive service to notify and protect the customers of policyholders that have suffered a data breach.

Coverage includes:

- Response to breach events:
 - Notification services for up to five million affected individuals including foreign notification where applicable
 - Call center services
 - Breach resolution and mitigation services
 - Public relations and crisis management expenses
- Third party liability, including coverage for regulatory actions and payment card industry (PCI) coverage for credit card breaches
- Assistance at every stage of the investigation of, and response to, a data breach incident from Beazley's in-house BBR Services team of data privacy attorneys and technical experts
- Initial breach investigation and consulting:
 - Legal services
 - Computer forensic services

A world of risk

1762

Data breach incidents reported to the Information Commissioner's Office over 12 months to March 2015²

1 billion*

data records compromised in 2014
source: www.breachlevelindex.com

51%

The proportion of breaches attributable to malware or hacking since 2005.³

1500+*

The number of data breaches that occurred globally in 2014 source: www.breachlevelindex.com

2.7b

Number of people in the world who are online (approximately 40% of the world's population).¹

14 million

The number of individuals affected by the data breaches Beazley has now handled.

Notes

- 1 International Telecommunication Union
- 2 www.ico.org.uk/enforcement/trends
- 3 www.privacyrights.org as of Dec 31, 2014

*Information collected from public sources only. Figure does not include unreported data breach incidents.



Sheer carelessness

With vast amounts of data storable on smaller and smaller devices, the risk of data breaches due to theft or sheer carelessness is huge. Between 2005 and April 2014, portable devices carrying more than 172 million personally identifiable records were lost or stolen, according to the Privacy Rights Clearinghouse.

Beazley Group

Plantation Place South
60 Great Tower Street
London EC3R 5AD
United Kingdom

T +44 (0)20 7667 0623

F +44 (0)20 7674 7100

Visit our dedicated microsite

www.beazley.com/bbr

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The Beazley logo is rendered in a large, elegant, serif typeface. The letters are thin and have a classic, slightly ornate feel. A thin horizontal line extends from the right side of the 'y' across the entire width of the page.