

# 6th ERM Meet

## 28 June 2019

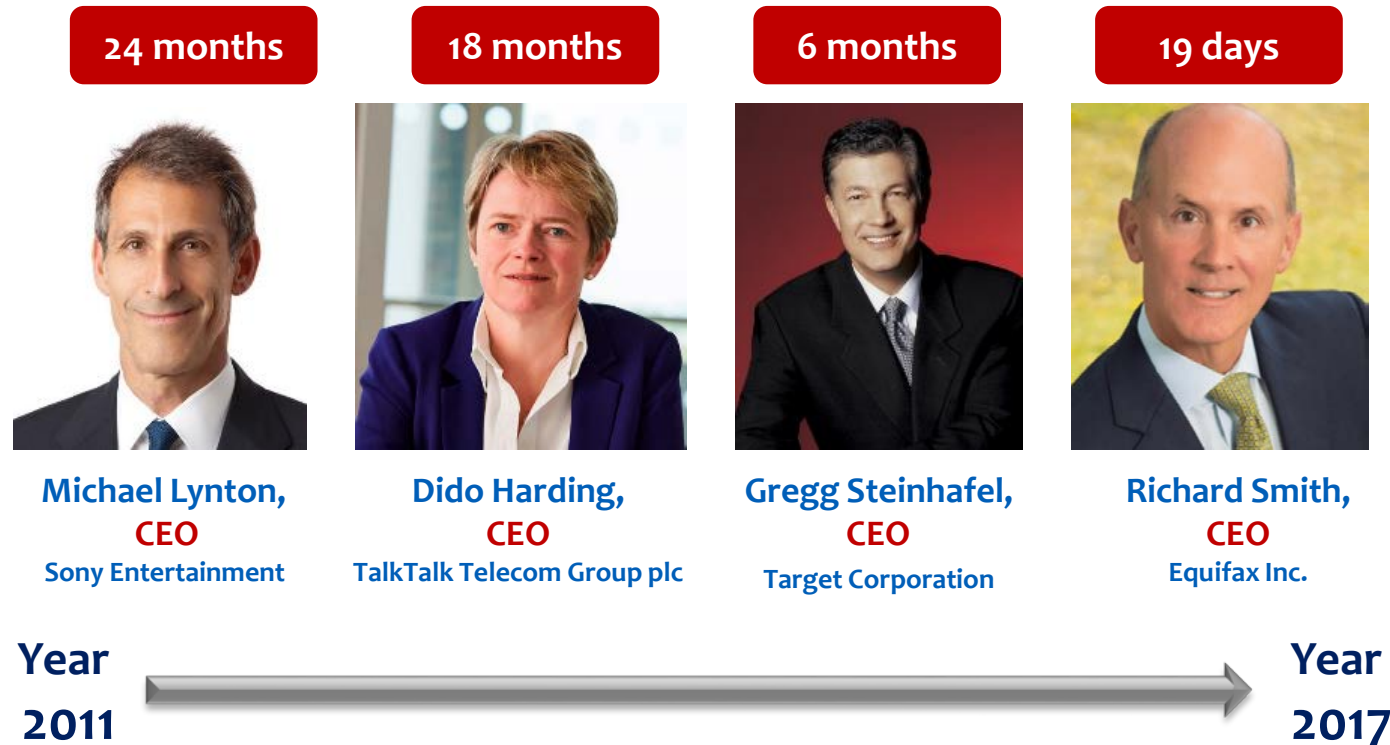
# Cyber Risk: How To Assess It?

**Kunal Pande**

**Partner and Head Financial Services Risk Consulting**

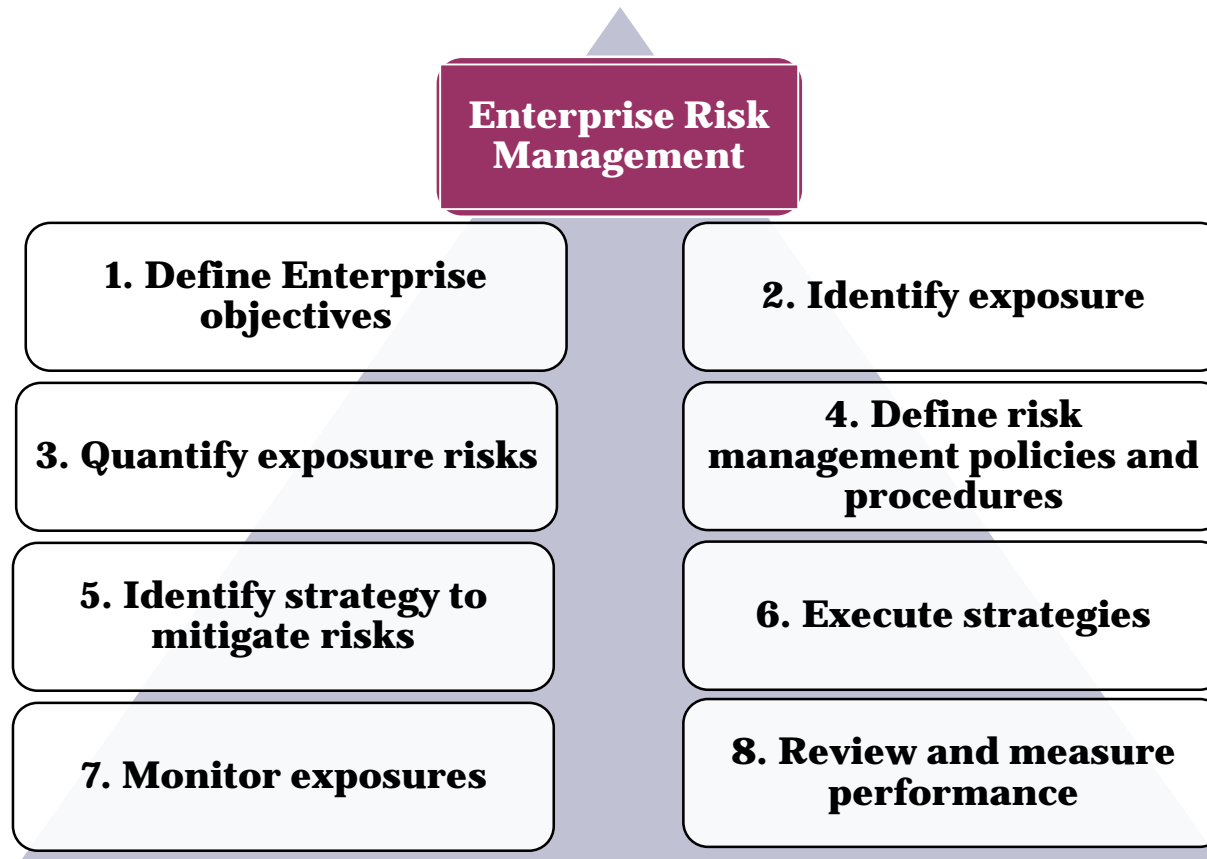


# What is common amongst them?



# Enterprise Risk Management

Process by which organizations in all industries assess, control, exploit, finance, and monitor risks from all sources, for the purpose of increasing the organization's short and long term value to its stakeholders.



# Insurance: Key Processes



**Data and Technology  
Transformation driving  
business**

**+**

**Stringent Regulatory  
Environment**

**+**

**More Competitive  
Landscape**

**=**

**Next-  
Generation  
Insurance  
landscape**

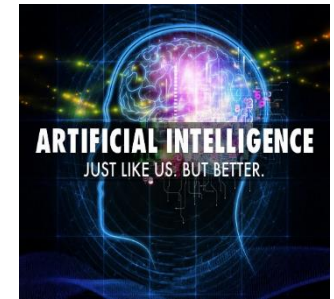
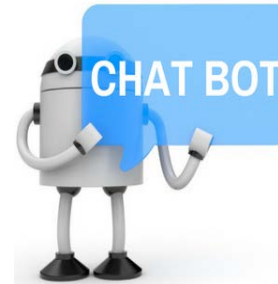
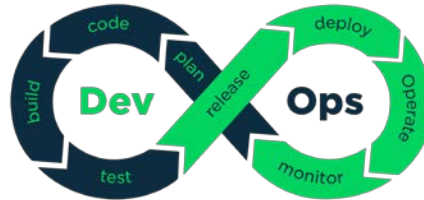
# Paradigm Shift in Technology Space

## Old Technology

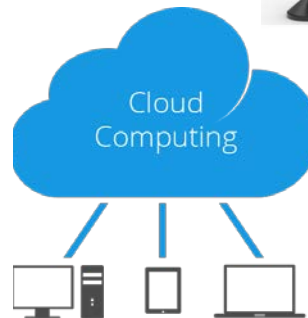
DATA CENTER



## New Technology



BLOCK CHAIN





“

By 2020, 60% of Digital Businesses will suffer major service failures due to the inability of the IT Security team to manage the digital risk

- GARTNER

”

# According to you, Cyber Risk is:

**A. Digital**

**B. Physical**

**C. Both**



# What is Cyber Risk?

**Cyber attacks are a growing threat.** Cyber risk is a broad umbrella term for a number of very real and substantive risks faced by all professionals.

The loss or theft of personal data

Physical damage caused by the use of computers and/or the internet

The loss or theft of trade secrets, confidential and commercially sensitive information

Denial of service attacks and/or hardware and software malfunction

Multi-media risk

Cyber extortion

# According to you, Cyber Risk is:

A. Digital

B. Physical

**C. Both** ✓

# Cyber Risk is both Digital & Physical



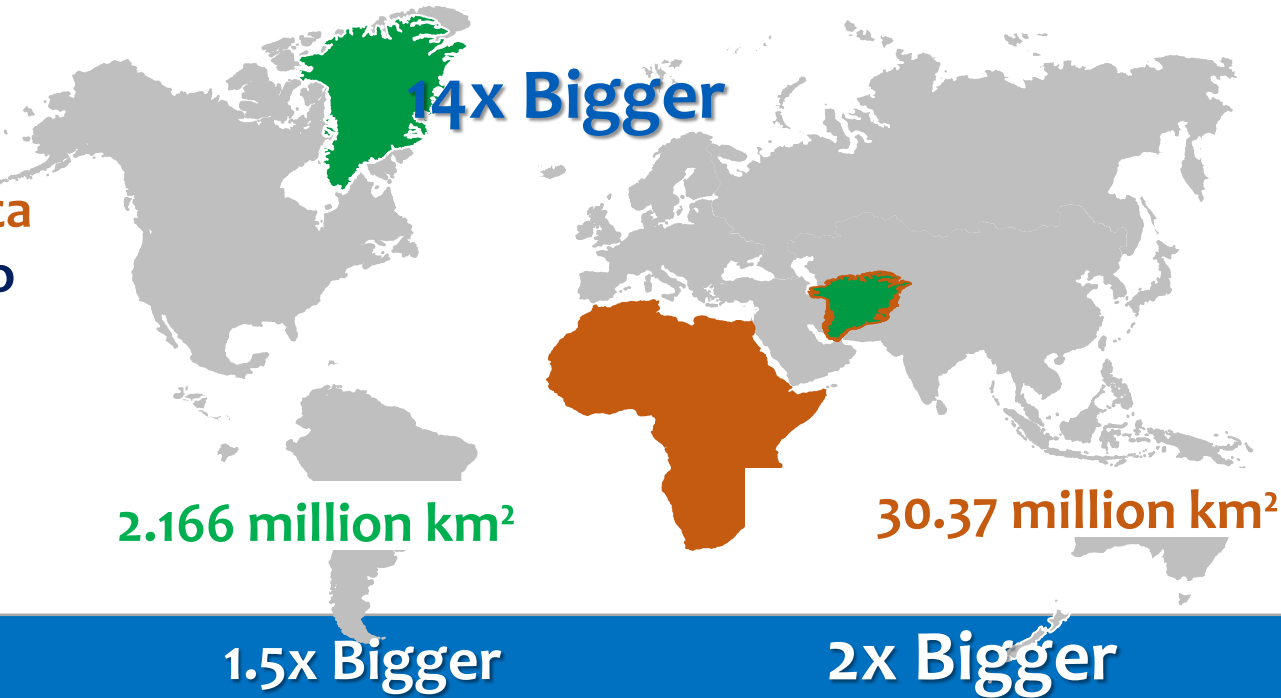
# Cyber Risk is Complex

**Key drivers  
increasing  
cyber-risk  
complexity**

- 1** / Changes to regulations
- 2** / Increasing cyber threats and attack vectors
- 3** / Value Chain security
- 4** / Emerging Technologies (IoT, AI, Block chain)

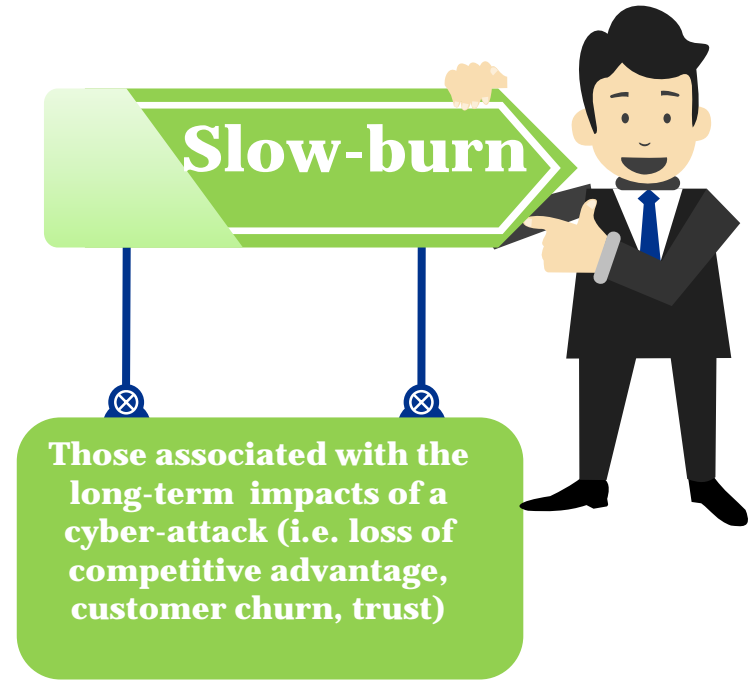
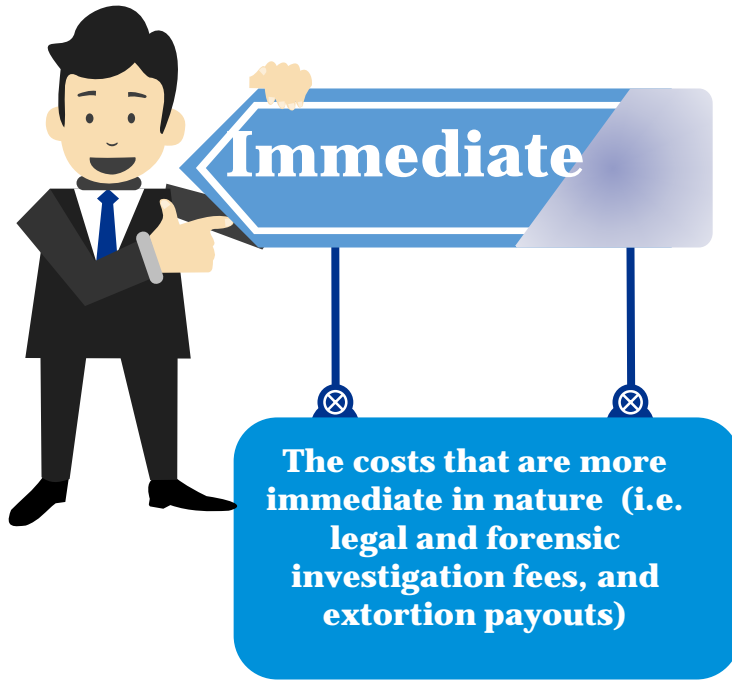
# Our view of the world!

How big is **Africa**  
as compared to  
**Greenland**?



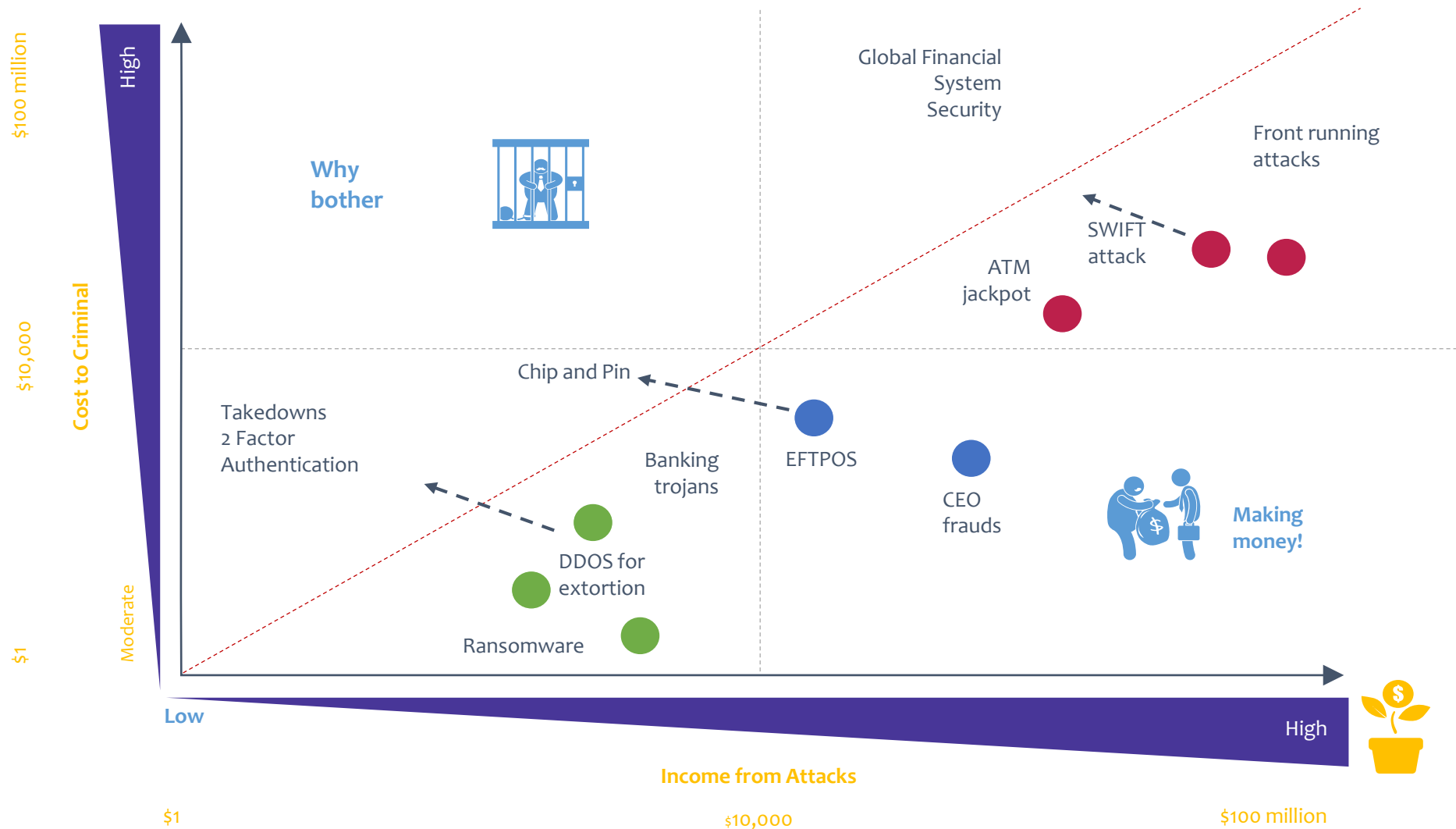
# Assessing Cyber Risk

The costs of a cyber incident typically occur in two distinct phases

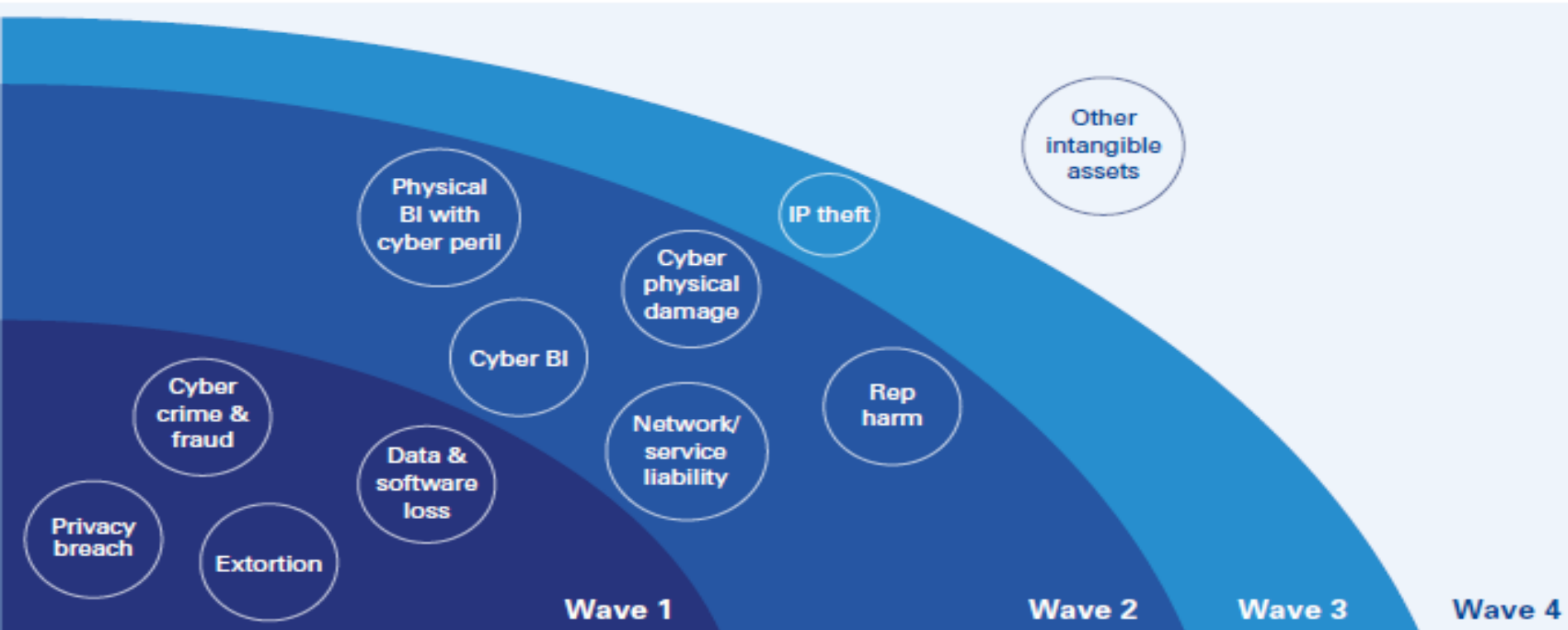


The extent of these costs can vary considerably by sector and are constantly evolving. (e.g. Target suffered \$60m immediate costs and more than \$219m slow-burn costs, while TalkTalk incurred \$52m in immediate costs and more than \$44m in slow-burn costs. )

# Return on Investment



# How insurers can position themselves for cyber risks current and future



**Wave 1**

**Strengthening core digital asset propositions with crisis management services**

**Wave 4**

**Transitioning from cyber to intangible asset insurance to cover non-cyber perils**

**Enhancing risk-modeling capabilities to broaden coverage to other assets with cyber triggers**

**Wave 2**

**Insuring the 'uninsurable'**

**Wave 3**



**“There are two types of companies: those that have been hacked, and those who don't know they have been hacked.”**



**John Cembers  
Executive Chairman,  
CISCO**



Questions?



# Thank you

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