

# 15 CYBER ADVANTAGES FROM TRAVELERS CYBERFIRST<sup>®</sup> FOR TECHNOLOGY COMPANIES

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**Learn more about these coverage advantages on the following pages and by discussing with your independent agent or broker.**

## Travelers Advantage #1 Social Engineering Fraud Expenses Coverage

This optional endorsement adds first-party coverage for the named insured's social engineering fraud expenses directly attributable to "social engineering fraud," which, in part, is the intentional misleading of an employee or executive officer using an instruction that purports to be from a vendor, client, employee or executive officer. "Your social engineering fraud expenses" means your direct loss of "money" or "securities" directly caused by "social engineering fraud," and money is defined to include virtual currency.

### Phishing

An employee receives an email that appears to be from a familiar longtime vendor. However, the email was actually sent by someone else attempting to capitalize on trust in a familiar name. The email instructs your employee to send payment for services provided by the vendor to a different bank account because the vendor changed banks. Your employee, believing the email actually did come from the real vendor, sends the money to the fraudster's bank account. The insured is out that money.



## Travelers Advantage #2 Business Interruption and Additional Expenses Coverage – System Failure

This adds first-party coverage for a named insured's business income loss and extra expense, directly attributable to a "system failure." "System failure" means an unintentional or unplanned outage of "your computer or communications network," provided it does not include an unintentional or unplanned outage resulting from a "computer system disruption."

### System Update

While installing a system update to your inventory management system, there is a software conflict that accidentally shuts down your network. Sales are lost, resulting in lost business income.



## Travelers Advantage #3 Security Breach Notification and Remediation Expenses Coverage

CyberFirst offers reimbursement coverage for reasonable fees, costs and expenses incurred and paid by the named insured that are directly attributable to a security breach – the actual or alleged unauthorized access to, or acquisition of, confidential information of others, including identity information owned, licensed, maintained or stored by the named insured.

### Data Theft

Following the theft of sensitive customer data, your company incurs expenses for notifying customers and monitoring their credit.



### Additionally, covered fees, costs and expenses include those paid to:

- Determine the cause of the security breach and notify individuals whose identity information was accessed or acquired without their authorization.
- Provide credit monitoring for two years, or longer where required by law, to affected individuals.
- Provide a call center to handle inquiries from affected individuals.
- Comply with any security breach notification law that applies to you.

## Travelers Advantage #4 Confidential Business Data Breach Coverage

Do you store or have access to data containing private or confidential business information as well as personal identity information (PII)? If this information were to be breached, many policies may not provide coverage since they may only apply to breaches of PII. The CyberFirst Network and Information Security Liability Coverage Form Wrongful Act definition includes the failure to prevent unauthorized access to, or use of, data containing private or confidential information of others. It is not limited to PII.

### Organized Hack

An organized criminal group hacks into your computer systems, stealing confidential customer purchase history and financial records.



## Travelers Advantage #5

# No Exclusion for Security Flaws or Failure to Update IT Security

Most companies have internal policies that address protocols for maintaining the security of computer systems. If a security breach occurs, your failure to follow those internal policies may have contributed to the breach. Some insurers may deny coverage due to your failure to adhere to those internal policies. Or, a claim may be denied because the breach resulted from the failure to adhere to reasonable security standards.

### IT Deficiencies

Your IT department fails to update important security software related to a new inventory management system, providing a loophole for an external party to steal sensitive business data.



These types of exclusions are on some Cyber insurance policies. *CyberFirst* does not have a “failure to adhere to your computer security policy” or a “failure to update your IT security system” exclusion.

## Travelers Advantage #6

# Exception to Insured vs. Insured Exclusion for Theft of Employee Data

Practically all companies are entrusted with private information of their employees, including Social Security numbers, certain medical information, background and drug testing files, banking and payroll information, and more.

### Software Bugs

An HR software vendor to your company leaves a loophole for hackers, leading to the loss of employee Social Security numbers, medical information and payroll history.



Even if you use human resource vendors, a claim could be made against you by one of your employee’s if his or her information was accessed without his or her authorization. The “insured vs. insured” exclusion in the *CyberFirst* Network and Information Security Liability Coverage Form has an exception for claims or suits by your current or former employee for the failure to prevent unauthorized access to private or confidential information of that employee.

## Travelers Advantage #7

# Crisis Management Service Expenses Coverage

*CyberFirst* offers reimbursement coverage for reasonable fees, costs or expenses incurred and paid by you in retaining a public relations consultant or crisis management firm. It can also assist in planning or executing your public relations campaign to mitigate any actual or potential negative publicity generated from loss covered under any of your *CyberFirst* Liability coverage forms.

### Crisis Management Costs

Following the theft of sensitive customer purchase history and financial records, your company incurs expenses for hiring a crisis management firm to develop external communications.



## Travelers Advantage #8

# Extortion Expenses Coverage

*CyberFirst* offers reimbursement coverage for money you pay at the direction and demand of any person or organization that threatens to sell or disclose information about your customers, initiates an intentional attack on your computer or communications network, destroys data, or makes other covered threats against you.

### Ransomware

Using a phishing attack technique, a hacker prevents access to your entire network. To unlock the system, the hacker demands a ransom payment in bitcoin.



**Could you be missing an important aspect of Cyber coverage? Discuss these Travelers advantages with your agent or broker.**

## Travelers Advantage #9 Business Interruption and Additional Expenses Coverage

Extends coverage for loss of income, and additional expenses incurred to reduce business income loss that are directly attributable to a computer system disruption caused by a virus or other unauthorized, targeted computer attack.

### Deliveries Stopped

A hacker locks up your manufacturing execution system, using a virus implanted via an email sent to several hundred employees. This prevents you from delivering year-end orders to key customers, resulting in loss of income.



## Travelers Advantage #11 Contingent Business Interruption Coverage – IT and Outsource Providers

Extends coverage for the policyholder's business interruption loss and additional expenses directly attributable to a disruption caused by a virus or other unauthorized computer attack to an IT provider or other outsource provider.

### Virus Attack

A distributed denial of service (DDoS) or virus attack to your web hosting company or contract manufacturer takes your website down for two weeks, impacting the ability to ship and receive online product orders.



## Travelers Advantage #10 Computer Program and Electronic Data Restoration Expenses Coverage

CyberFirst offers reimbursement coverage for reasonable costs incurred by you (with our prior written consent) to restore, replace, or reproduce damaged or destroyed software or electronic data as a result of a computer violation. Additionally, it provides coverage for costs (with our prior written consent) to determine that computer programs, software or electronic data cannot be reasonably restored, replaced or reproduced.

### Inventory Hack

A hacker installs a virus that infects your inventory management system, deleting two years of historical raw material inventory data, as well as current inventory levels. You incur costs to restore the data, working with suppliers and customers.



## Travelers Advantage #12 Computer Fraud Coverage

CyberFirst offers reimbursement coverage for loss of money, securities or other property directly caused by an intentional, unauthorized and fraudulent entry of data or computer instructions within your computer or communications network.

### Illegal Access

An organized crime group gains access to your internal accounting and vendor payment software and makes changes to redirect planned vendor payments to themselves.



**Is your company prepared  
for the financial consequences  
of a cyber attack?**

## Travelers Advantage #13 Funds Transfer Fraud Coverage

*CyberFirst* offers reimbursement coverage for loss of money or securities directly caused by an intentional, unauthorized and fraudulent transfer instruction to a financial institution.

### Rerouted Payments

An organized crime group purchases your online banking credentials on the dark web. The group transfers a six-figure sum to an overseas bank account.



## Travelers Advantage #14 Regulatory Action Coverage

The definitions of “claim” and “damages” are broadened for the purposes of the insurance provided under the *CyberFirst* Network and Information Security Liability Coverage Form for regulatory actions and fines and penalties.

### Investigations

State regulators investigate your cyber breach policies following a cyber attack on your business involving loss of private customer information. The investigation adds considerable time and cost.



## Travelers Advantage #15 Blanket Waiver of Subrogation and Additional Insured

Do your contracts or agreements with your customers sometimes require you to waive your subrogation rights or to add them as an additional insured? *CyberFirst* has two built-in provisions:

1. One that automatically waives our right of subrogation if you've agreed to waive such subrogation rights in a contract or agreement before the wrongful act was committed or the first-party incident occurred. The waiver of subrogation applies to all *CyberFirst* coverage forms (Liability and First-Party) that you've purchased.

### Contract Provisions

When finalizing the remaining details on a new contract, you won't have to endorse your *CyberFirst* policy to waive subrogation rights or to include the person or entity you've agreed in the contract or agreement to add as an additional insured.



2. The other provision automatically adds any person or organization that you've agreed to include as an additional insured in a contract or agreement as an insured for covered loss caused by a wrongful act committed after you signed the contract and your acts or omissions. The additional insured status is granted to such person or organization for covered loss under the Liability coverage forms included in your policy.

**Breaches of network and information security can be very costly for high-tech manufacturers. Consider the range of risks and discuss the advantages of having a Travelers *CyberFirst* policy for Technology Companies with your agent or broker.**



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