

IUMI 2017 TOKYO



CYBER RISKS An international approach from an Italian observer

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Agenda

- Key Issues in Marine Cyber Protection:
 - I. Cyber Protection & Intelligence for maritime safety
 - II. Entry Exit Systems and Automated Border Control for passengers and crewmembers
 - III. Evolution towards IoT
 - IV. IT Platforms and clever systems
 - V. Sensors and information sharing

Agenda

- Cyber risks policies and claims made terms
- Business interruption extended coverage including the assured's Vendors
- Harmonizing language and policy terms
- Customization
- Loss Prevention Considerations
- Conclusions

Key Issues in Maritime Cyber Security

Cyber Protection & Intelligence for maritime safety



- On 1 June 2016, IMO issued the Circular n. MSC.1/Circ.1526 providing Interim guidelines on maritime cyber risk management
- Vulnerabilities found on board commercial ships
- Remote Control of ships operation

Entry Exit Systems and Automated Border Control

- Automated gates (E-Gates)
- Face recognition
- Passport reader
- Mobile check points

Evolution towards IoT

- Internet of Things
- Sensors on cranes, transtainers, containers, tractors and gates to optimize multimodal operations
- Containers equipped with electronic seals could transmit operational information in advance along “intelligent” routes

IT Platforms and clever systems

- Automation systems
 - intelligent AGV (Automated Guided Vehicle)
 - fast scanners
 - electronic seals
 - development of vehicle to infrastructure (VTI) technologies connecting inland terminals
 - weighing systems (VGM) during handling operations

Sensors and information sharing

Implementation of countermeasures to protect :

- ICT (Information & Communication technologies)
- Industrial Control Systems
- Cyber intelligence services
- SCADA systems

Some practical considerations affecting the insurance industry

Cyber risks policies are generally offered on claims made terms

- Infection
- Incubation Period
- Possible collateral damages/losses
- Target Attack/Loss
- Claim
- Drafting policy definitions and exclusions in cyber claims made policies
- Worms, Trojan Horses, Regins, Bootkits and similar malwares

Business interruption extended coverage including the assured's Vendors

- NotPetya June 2017
- Is this a risk the insurance industry wish to offer an extended protection against?
- Some Underwriters already do so
- Huge increase of the cyber risk
- How much does this extended protection impact on loss statistics?
- Reputational damage cover (only PR costs or more?)

Harmonizing language and policy terms

- Harmonizing definitions and exclusions language among industry policies
- Definition of Infection ?
- Definition of “Target Attack” ?
- Definition of Damages/Losses caused during virus incubation before the target attack (for exclusion purposes maybe) ?

Customization

- Importance of customizing the cyber insurance product around client's need
- Cyber risks deserve a stand alone product not mingled or diluted in the context of a different policy (i.e. cargo policy)

Loss Prevention Considerations



- Cybersecurity risk assessments
- Proactive dark web monitoring
- Vendor security ratings
- Services to identify malicious IP addresses
- Mobile apps providing real-time threat sharing and best practices
- Online employee education and training

Conclusions

- Marine Cyber Threats are increasing and in rapid evolution
- Attacks so far targeted or involved shore logistic infrastructures
- Technology is out there and available to target and disrupt navigation systems and safety
- Importance of Customization of Cyber Insurance Products
- Non Marine Cyber Insurance Industry is progressing relatively fast to adapt.
- Is the Marine Cyber Insurance Industry keeping the pace ?

I thank you for your attention and am now at your disposal for questions

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