

# Cyber Solutions for Banks

Cyber as a peril, or risk driver, can manifest itself in many ways that map back to a bank's operational or enterprise risk taxonomy. Mitigation of cyber risk through an insurance placement can provide meaningful risk transfer protection to banks; this is increasingly important as technology strategy and investment is a top priority for all banks.

As the threat landscape evolves, the following risk profile shifts warrant a review of various cyber solutions that can become multifaceted components of any bank's risk and potentially capital management framework:

## Business disruption due to technology failures or outages (i.e. business interruption, contingent business interruption and systems failure)

Trading, brokerage and asset management operations, all underpinned by technology and connectivity to third party networks, can present significant business continuity and profit and loss exposure to banks.

*Aon's Cyber Solutions and Capabilities:* Aon's cyber insurance solutions contemplate meaningful first party capacity for expense and P&L loss resulting from a breach of security at either your firm or your critical vendors' and suppliers' (e.g. exchanges) or from a simple failure of your (or your vendors') trading/technology platforms. Coverage may attach at fixed dollar retentions (rather than after waiting period deductibles) and is supported by a claims preparation, and advocacy partnership between Aon's Cyber Solutions and Property Claims Practices. This collaboration leverages experience in valuing and settling business interruption claims, while contemplating the unique income statement characteristics of diversified banking institutions with trading revenue in addition to fee revenues.

## Information/ data leakage (i.e. privacy liability)

In a post-financial crises and GDPR world, where banks are still adapting to new regulations and secular changes to trading and capital markets businesses - and thus pivoting to more personal-record intense

lending and retail activities - privacy and non-public information exposure is at an all-time high.

*Aon's Cyber Solutions and Capabilities:* Aon's methodology of cybersecurity and privacy best practices and industry experience enables us to assist clients in accelerating time to compliance, while helping minimize risk and optimize effectiveness of controls, resulting in transformative cybersecurity programs. Additionally, Aon's GDPR Protect Solution can help banks transfer the financial, regulatory, and legal risks associated with privacy liability and related regulation.

## Loss of client or proprietary financial assets (i.e. fraud loss)

Banks continue to develop new retail capabilities and invest in digital asset and blockchain technologies. However, regulatory and monetary loss exposure only continues to increase as bad actors, criminals or nation-states initiate misappropriation of firm financial assets (e.g. money and securities) or client financial assets in the firm's care custody and control through phishing, malware, email hijacking and other tactics.

*Aon's Cyber Solutions and Capabilities:* Comprehensive coverage review of cyber risk regardless of program structure, and innovative program design which can include:

- Blending of coverage lines - integrated coverage of fidelity bond, particularly computer crime, and cyber insurance to seamlessly respond to a cyber event resulting in losses of first- and third-party data and assets

## We're here to empower results

If you have any questions about your specific coverage, or are interested in obtaining coverage, please contact your Aon broker.

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- Crypto Crime Coverage – Aon's proprietary solution addressing the theft and damage to first- and third-party digital assets, whether in hot or cold storage, to which the traditional fidelity bond generally does not respond
- 401k Theft Insurance – theft from individual 401k accounts is a balance sheet and reputational exposure for sponsor companies and their service providers that often remains uninsured due to sizable corporate deductibles. Aon's innovative solution can help fill in gaps of traditional fidelity bond and cyber programs

Aon's brokerage and claims teams customize these solutions for financial institutions based on extensive experience in the insurance marketplace, coupled with robust planning and incident response capabilities brought by Aon's acquisition of Stroz Friedberg. In 2018, the legacy Stroz team formally combined with Aon's cyber brokers to form Aon's Cyber Solutions, a team with more than 650 global professionals dedicated to cyber risk management, cyber security, and cyber insurance. Stroz Friedberg's experience with 90% of the highest profile breaches over the last decade\*, provides unique insight into how organizations can effectively respond to incidents and to issues which may arise from an insurance perspective. This collaborative approach is unmatched in the brokerage space.

A key consideration in any cyber risk discussion is thoughtfully evaluating how much risk to retain and how much to transfer. In addition to traditional benchmarking to support the above risk transfer solutions, Aon has experience working with bank operational and technology risk teams to help craft, map and stress test insurance solutions against internal scenario analysis for capital modeling and mitigation.

\*Source: Robert McMillan and Ryan Knutson, "Yahoo Triples Estimate of Breached Accounts to 3 Billion." The Wall Street Journal, October 3, 2017

**Cyber security services offered by Stroz Friedberg Inc. and its affiliates. Insurance products and services offered by Aon Risk Insurance Services West, Inc., Aon Risk Services Central, Inc., Aon Risk Services Northeast, Inc., Aon Risk Services Southwest, Inc., and Aon Risk Services, Inc. of Florida and their licensed affiliates.**

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