

Enterprise Solves Cyber Business Interruption Exposure



Most companies today don't think twice about taking out an insurance policy against losses resulting from a business interruption. Risks like natural disasters or terrorist attacks, however, are less likely to occur than a cyber-related business interruption, and yet fewer companies meet their duty of care by taking out a cyber business interruption insurance policy. For one business, a lack of understanding of their potential losses made taking out a business interruption insurance policy a risky proposition in itself.

The client wasn't unsophisticated – they spent significant sums of money on preventative measures and had a robust view of the potential threat landscape – but they struggled to get a holistic view of their risk in financial terms and effectiveness of their spending on technology and insurance. Recognizing their duty to clients and shareholders, the client knew that they needed to start talking about cyber risk in dollars if it was going to justify its spending and maximize the benefits of its cyber program.

In fact, the SEC highlighted this approach in their updated February 2018 guidance, stating, *“the cost of ongoing cybersecurity efforts (including enhancements to existing efforts), the costs and other consequences of cybersecurity incidents, and the risks of potential cybersecurity incidents, among other matters, could inform a company’s analysis [of its financial condition].”*

Part of understanding duty of care is understanding risk in dollars and sense. To do so, the client partnered with Axio. Axio operates off the assumption that an attack is inevitable and helps organizations minimize their risk while maximizing their ability to fully recover from a cyber event at the lowest cost possible. Axio's quantification solution can help build cyber business interruption scenarios that then inform the dollars and cents of what an event can look like and the clear path to reducing risk.

Axio worked with the client to understand how they use technology, and to identify likely cyber loss events across a spectrum of financial and tangible risks. Axio then refined these events to focus on the greatest possible impacts and to cover as much of the cyber risk spectrum as possible. Using a combination of external information and institutional insights, Axio estimated the costs, losses, and liabilities across each loss scenario.

Next, Axio performed an Insurance Analysis and Stress Test, mapping the discovered loss scenarios against the client's portfolio of insurance and financial reserves. The client thereby discovered a major network business interruption loss possibility that would only be afforded minimal coverage under the property policy because of a sub-limit. Axio and the client's insurance broker collaborated to help the client quickly shore up their insurance portfolio such that the most critical business interruption losses were now largely insured.



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Upon completion of the Axio process, our client understood their risk in terms of dollars and cents, and was able to make an educated decision about the cyber business interruption insurance that it needed to reduce losses. In addition, the CFO could point to specific monetary risks that had been eliminated by the current spending and had a framework to analyze future iterations of proposed cyber defenses.

About Axio

Axio knows that impenetrability is impossible, but cyber resilience is within reach. We recognize that technology is only part of the solution, insurance should be treated as a critical control, and that making risk-based decisions is the most optimal way to succeed. We help organizations effectively align controls and capabilities to minimize cyber risk and maximize the ability to recover fully when security failures occur. Axio's platform and services provide all stakeholders with a common framework to proactively manage cyber risk in terms that the entire organization can understand. CISOs can continuously monitor the company's cyber posture and confidently invest in the right capabilities to reduce risk. Risk officers can optimize their insurance portfolio and structure the right coverage to protect their business. Board members and executive leadership can now be confident that their cyber strategy will achieve and sustain resiliency. Axio delivers Cyber Resilience Optimization.

Get Started with Us

If you are interested in learning more about other energy engagements with Axio, contact an Axio representative to arrange for an evaluation of your cybersecurity capabilities and resilience and learn how Axio can help your organization proactively manage cyber risk.



Learn more at www.axio.com, follow us on Twitter [@axio](https://twitter.com/axio), or email us at info@axio.com.

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