

Cyber insurance

Cyber insurance is designed to protect your business against costs incurred by security breaches. You will be covered for a variety of possible risks, including the costs of a cyber expert that you may need in the event of a cyber incident. In addition, you will also get protection against interruption of business and the policyholder's liability to third parties.

Cyber insurance includes:

- cost insurance, which covers your own costs;
- business interruption insurance, which covers loss of profit;
- liability insurance, which covers losses caused to third parties.

Cyber Service

LocalTapiola Cyber insurance also includes the Cyber Service telephone service.

Cyber Service is there to help your company in the event of a cyber incident. Most issues can be fixed during the first telephone call. Cyber Service is produced by our partner Frendy.

**0206 1010**

Some useful concepts

Before you familiarise yourself with cyber insurance, let us first walk you through some of the concepts we use. For the remaining concepts, see the beginning of the policy wording.

Computer system

Computer system means the functional entity consisting of a computer network, software, files, and the hardware that is in the policyholder's use.

Security breach

Security breach means any event compromising the availability, integrity or confidentiality of digital data as a result of malware, physical intrusion, unauthorised access, social manipulation, a denial of service attack or an attack against a computer system.

Data breach

Data breach is an act as a result of which personal data are destroyed, lost, modified or disclosed without authorisation, or as a result of which an unauthorised party gains access to them.

Malware

Malware is any software that intentionally causes undesirable events in a computer system. Examples of malware include various types of viruses and ransomware.

Denial of service attack

Denial of service attack is a cyber attack intended to overload and paralyse a computer system that is in business use.

Cost insurance

Cost insurance covers costs incurred from the following measures in consequence of a security breach:

- investigation of the security breach or justified suspected security breach;
- immediate enhanced post-incident security surveillance, where this is necessary considering the nature of the incident;
- remediation of the information security deviation causing the incident;
- recovery of the computer systems and their files and applications;

- replacement of hardware insofar as the hardware breakdown is a direct consequence of the security breach and the costs to recover the affected piece of hardware are more than what it would cost to obtain a new piece of hardware of the like kind, taking into account the costs of deployment;
- IT forensics if the insurer deems it necessary for managing the damage and minimising additional damage.

Cover also includes the costs of a data breach from human error when using a computer system to discharge work duties.

Cost insurance can also cover other costs incurred by data forgery for example when, due to an email hack, you pay an invoice to the criminal's account.

Examples	What's covered?	What's not covered?
<p>At a farm, an electronic intruder gains entry into the computer system of a milking robot and alters data, making the robot call paid numbers over a period of several weeks. This goes unnoticed for a while because the milking activity did not experience any disturbances.</p> <p>The farm incurs a telephone bill running in thousands of euros.</p>	<p>IT expert's work to clear up and restore the situation.</p> <p>The telephone bill incurred by the milking robot.</p>	<p>During claim settlement, the data security of the milking robot was improved with new software. The cost of the new software and its installation are borne by the farm.</p>
<p>A restaurant owner receives an email asking to give their credit card details so that the bank can renew the card. In reality, the message is from a criminal, who in this way gets access to the restaurant's credit card.</p> <p>Soon purchases of products that the restaurant has never ordered start to appear in the restaurant's credit card bill.</p>		<p>Here we have a typical phishing message, which criminals use to try to get access to credit card details or banking details.</p> <p>No actual data have been forged or destroyed, and there is no intrusion into any computer system, which is why the resulting damage will not be covered by insurance.</p>
<p>Due to an error by your company employee, the mailing software sends patient records to wrong recipients. Your company notifies the affected persons in compliance with the Data Protection Regulation.</p>	<p>The notification costs.</p>	

Business interruption insurance

Business interruption insurance covers the estimated gross profit or a farm's contribution margin which is lost in consequence of interruption of business lasting longer than 24 hours, when the interruption is due to a covered cost insurance event. Business interruption loss will be covered over a maximum of two months.

'Estimated gross profit' means the operating profit obtained by subtracting from turnover the costs of materials and services. When the policyholder is a farm, business interruption cover applies to the loss of contribution margin.

Example	What's covered?	What's not covered?
<p>When Pekka, a shopkeeper, opens his computer one morning, he sees a notice saying that his files will be locked unless the demanded sum of money be paid by the deadline to the account shown on the screen. Pekka immediately calls Cyber Service, where the situation is determined to be caused by malware or, more specifically, ransomware.</p> <p>The Cyber Service expert removes the malware and restores the files from backup copies.</p> <p>The malware has infected all company computers, and it takes until the evening of the following day to restore the situation to the state in which it was before the damage occurred. The company's trade activities are detrimentally affected because the inventory status cannot be checked and the online shop comes to a halt.</p>	<p>Cost insurance covers the IT expert's costs.</p> <p>Cost insurance covers the lost estimated gross profit over the entire length of the interruption.</p>	<p>Had Pekka decided to pay the demanded sum to the extortionist's account, Pekka would have remained liable for this sum of money.</p>

Example	What's covered?	What's not covered?
<p>A design agency cannot open files stored in a cloud service, which stops work.</p> <p>The agency calls Cyber Service, and it is determined that the cloud service systems have been attacked – no security breach has occurred in the company's own systems.</p>	<p>The call to Cyber Service is included in the insurance service. The investigation work does not incur any costs to the policyholder.</p>	<p>This interruption of business is not a consequence of any security breach to the policyholder's own computer system, and it will not be covered by the policyholder's cyber insurance policy.</p>

Liability insurance

If, in consequence of a security breach or a data breach, your client data end up in the possession of third parties, this may cause financial harm to the person or company whose data were leaked.

When a client brings a compensation demand against your company for loss of this kind, we will determine whether your company has liability to compensate the client and whether the amount demanded is correct.

Example	What's covered?	What's not covered?
<p>Someone gets access to your cleaning services company's client register through services hosted on your website, publishing the register data online.</p> <p>Your company notifies clients of what has happened in compliance with the requirements of the Data Protection Regulation.</p> <p>As the incident is being debated in social media, you decide to ask a communication agency for advice about how you should react to the writings. Following instructions from the communication agency, your company publishes an advertising campaign telling what has happened and also letting people know how data security has been improved since.</p>	<p>Cost insurance covers the costs of notifying clients and the advertising agency's costs for planning the communication.</p> <p>If the security breach leads to financial loss to any of your company's clients, the losses will be covered by cost insurance.</p>	<p>The advertising campaign costs are borne by your cleaning services company.</p> <p>Should your company be imposed any administrative charges for non-compliance with the EU Data Protection Regulation, for instance due to inadequate data security, these administrative charges would need to be borne by your company itself.</p>

Key exclusions to cyber insurance

Cyber insurance will not cover loss if:

- the computer system did not use personal IDs and passwords;
- the security breach is perpetrated by someone working for the policyholder;
- the security breach results from the use of unfinished software;
- a computer system becomes inoperable for another reason than a security breach;
- the policyholder knew or should have known about the security breach or data breach before taking out the insurance.

Cyber insurance will also not cover:

- fines, or other fees of a punitive nature;
- your own costs that you incur from loss of data, such as the re-creation of destroyed files;
- costs incurring from cancellation of or failure to agree a deal, or from delayed delivery;
- costs incurring from bodily injury or property damage, or from any related business interruption losses or pure financial losses;
- liability that is solely contractual;
- liability in consequence of violating a third-party intellectual property right;
- claims caused by war, rebellion, revolution, strike or another comparable exceptional situation.

Example	What's covered?	What's not covered?
An employee of an accountants' office clicks on an advertising message in the hopes of a free pair of trainers. Instead of the shoes, he gets his computer infected with a virus, which destroys all files on the company server. Backup copies had been taken four days earlier.	IT expert's work to clear up the situation and restore the data from backup copies. Business interruption loss over the period it takes to restore the computer systems and backups.	The labour costs incurred to redo the work of the past four days need to be borne by the accountants' office itself.
A hacker manages to change the settings on the ventilation equipment of your chicken farm, resulting in the death of nearly 3,000 chicken.	IT expert's work to clear up and restore the situation.	Damage caused to the chicken. The death of the chicken will be covered according to the basic level of your farm's farm animal insurance, and the resulting loss of contribution margin by your production interruption insurance over a maximum of 90 days.

Validity of cover, sums insured and the deductible

Cover applies in insured events discovered during the period of insurance. The main territorial limits of cover is Europe.

LocalTapiola Cyber insurance features three separate sums insured: one for cost insurance claims, one for business interruption losses, and one for liability. The smallest possible sum insured is €10,000. The sum insured represents the maximum amount compensated both per any one claim and in total for claims paid during the same period of insurance.

In every claim, the policyholder is liable for the deductible. Even if you were compensated under more than one of the Cyber insurance covers, the deductible will be deducted once only.

Instead of the deductible stated in the policy schedule, a deductible of 10% of the amount of loss will apply if loss is caused because the computer systems have not been updated with the latest antivirus, ransomware protection or online bank protection updates, or if they were not in use. In these cases, you will always be liable for a deductible of the higher of €2,000 and the deductible stated in your policy schedule.

Business interruption insurance is not subject to a deductible. If interruption lasts longer than 24 hours, that is beyond the waiting period, the loss will be covered over the entire length of the interruption. If interruption lasts less than 24 hours, the loss will not be covered.

Cost insurance, chosen sum insured €20,000	Business interruption insurance, chosen sum insured €50,000	Liability insurance, chosen sum insured €50,000
Your company website is attacked and the data in the client register are taken. The IT expert's work and notifying the data breach incur your company €16,000 in costs. Your insurance will cover €16,000 minus the deductible.	The company website was down for four days, and the incident occurred during the best sales month of the year. Compared with the same time in previous years, your estimated gross profit decreased €25,000. Your insurance will cover €25,000. No deductible.	A few months after the security breach, your company starts getting compensation demands based on bogus invoices sent to clients. All in all, the compensation demands total €45,000. Your liability insurance will cover €45,000. We will not deduct your deductible again.

Protect your data and computer systems

In terms of whether your cover applies, the safety regulations linked to this insurance represent the minimum level of information security. However, you often need to protect the data security of your company better than that – for example, it is a good idea to take automatic backup copies on a daily basis.

- The insured is required to appoint a person who is responsible for information security.
- Passwords must be at least 12 characters long, and they must contain upper-case and lower-case letters, special characters and numbers.
- Passwords must be kept safe and away from user IDs. Passwords must never be stored in the immediate vicinity of any hardware.
- It is prohibited to use the same password in any other company programs or devices than those that are in the worker's personal use.
- Hardware must be equipped with endpoint protection and a firewall, both of which must be updated regularly to the newest available versions.
- File backups must be taken on a weekly basis or more frequently, and the backups stored separate from the original locations where the files are saved, in a manner that protects them from being damaged simultaneously with the original files.
- All software in use must be updated appropriately, taking into account the nature of the activities.
- Any lost hardware must immediately be reported to the person responsible for information security and, if the hardware is equipped with a file removal functionality, the data must be removed immediately.
- When not used, hardware must be kept in a locked place such that there is no direct line of sight to the hardware from outside that place.
- All services visible in the public network, including your company's remote connections and cloud services, must use multi-factor authentication.

Instructions for claims

1. Call Cyber Service

When you suspect a security breach, immediately notify the person in charge of data security at your company, who will call Cyber Service. The call will also register an insurance claim with us. For client identification purposes, it is important that the call be made by the individual who is indicated in your contract of insurance as the cyber insurance contact person.



The assistance provided by Cyber Service to clear up and limit the situation is free-of-charge service. Remediating the damage, that is for example removing malware and recovering files, is paid service. For covered incidents, the portion of this work in excess of the deductible will be covered by your insurance.

2. We take over the computer if necessary

If the operation of your computer system cannot be re-established by following the instructions provided on the telephone or over a remote connection established by our expert, the work can be continued on your company premises or the infected machine delivered to Cyber Service experts for reinstallation.



3. Improving your data security

When investigating a security breach, we will also find out how the malware got access to your system. Our IT expert will advise you how to eliminate the security vulnerability. The costs of improving your data security will not be covered by insurance.



4. Send us a copy of the invoice

You will be billed for the costs of the IT expert's work. After receiving the invoice, deliver a copy of it to LocalTapiola, and we will reimburse the amount in excess of the deductible as soon as possible. If the incident resulted in business interruption lasting longer than 24 hours, remember to also attach a calculation of the estimated gross profit you lost due to the interruption. We will send you a claim settlement decision within one month of the day on which we obtain all the claim-related documents.



5. Did the incident also cause harm to outsiders?

If, based on the security breach, you get a compensation demand for harm caused to a third party, send LocalTapiola an account of what has happened as soon as possible. If the harm relates to a security breach for which compensation has already been paid by your cost insurance, you do not need to file a specific claim.



Partners

Cyber Service is produced by Frendy, a security and IT service group with nationwide operations in Finland. For more information, visit www.frendy.fi. When you take out cyber insurance cover from us, you consent that the name of your company's cyber insurance contact person may be disclosed to Frendy.

Insurance is granted by the following mutual insurance companies in LocalTapiola Group (business ID):

LähiTapiola **Etelä** (0139557-7) | LähiTapiola **Etelä-Pohjanmaa** (0178281-7) | LokalTapiola **Sydkusten** -
LähiTapiola **Etelärannikko** (0135987-5) | LähiTapiola **Itä** (2246442-0) | LähiTapiola **Kaakkois-Suomi**
(0225907-5) | LähiTapiola **Kainuu-Koillismaa** (0210339-6) | LähiTapiola **Keski-Suomi** (0208463-1) |
LähiTapiola **Lappi** (0277001-7) | LähiTapiola **Loimi-Häme** (0134859-4) | LähiTapiola **Länsi-Suomi** (0134099-8) |
LähiTapiola **Pirkanmaa** (0205843-3) | LokalTapiola **Österbotten** - LähiTapiola **Pohjanmaa** (0180953-0) |
LähiTapiola **Pohjoinen** (2235550-7) | LähiTapiola **Pääkaupunkiseutu** (2647339-1) | LähiTapiola **Savo**
(1759597-9) | LähiTapiola **Savo-Karjala** (0218612-8) | LähiTapiola **Uusimaa** (0224469-0) |
LähiTapiola **Varsinais-Suomi** (0204067-1) | LähiTapiola **Vellamo** (0282283-3) |
LocalTapiola General Mutual Insurance Company (0211034-2)

The companies' contact details are available at www.lahitapiola.fi.

