

# Cyber Liability Quote Corporation of the Town of Hawkesbury

July 25, 2019

This Summary of Insurance has been prepared for information purposes only. The insuring agreements, general terms, conditions and exclusions of the actual policy will govern specific application of the various coverages referred to herein. In all cases the actual policy documents will supersede the Summary of Insurance



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## CYBER INSURANCE

**Insurer:** AIG Insurance Company of Canada (100%)

**Term:** Annual (can be adjusted to expire with municipal program)

**Option 1:**

**Limits**

**Coverage Description**

\$250,000	Media Content Insurance
\$1,000,000	Security & Privacy Liability Insurance
\$1,000,000	Regulatory Action Sublimit of Liability
\$1,000,000	Network Interruption Insurance
\$1,000,000	Event Management Insurance
\$1,000,000	Cyber Extortion Insurance
\$1,000,000	Aggregate Limit all coverages above
\$25,000	Deductible per occurrence

**Option 2:**

**Limits**

**Description**

\$250,000	Media Content Insurance
\$2,000,000	Security & Privacy Liability Insurance
\$2,000,000	Regulatory Action Sublimit of Liability
\$2,000,000	Network Interruption Insurance
\$2,000,000	Event Management Insurance
\$2,000,000	Cyber Extortion Insurance
\$2,000,000	Aggregate Limit all coverages above
\$25,000	Deductible per occurrence

**Option 3:**

**Limits**

**Description**

\$250,000	Media Content Insurance
\$3,000,000	Security & Privacy Liability Insurance
\$3,000,000	Regulatory Action Sublimit of Liability
\$3,000,000	Network Interruption Insurance
\$3,000,000	Event Management Insurance
\$3,000,000	Cyber Extortion Insurance
\$3,000,000	Aggregate Limit all coverages above
\$50,000	Deductible per occurrence

12 hour Waiting Period with respect to Network Interruption Insurance



**Estimated Premiums:** Option 1: \$7,579.00  
Option 2: \$12,945.00  
Option 3: \$16,324.00  
Plus 8% PST (all options)

**SUBJECT TO:** Completed Cyberedge Historical Information section of the application (page 11) to warrant no incidents/claims in the last 5 years.

Response to the following question:

Does the Town of Hawkesbury integrate their systems/networks with any other towns in the United Counties of Prescott and Russell region?

Application to be re-signed and dated if bound after August 23, 2019.

Retroactive Date (applies to Security and Privacy Liability Insurance and Regulatory Action Sublimit of Liability only): **Policy Inception**

Continuity Date (all coverages): **Policy Inception**

Coverage Forms applicable:

**101013 CAN 05/14 – General Terms and Conditions**  
**101017 CAN 05/14 – Cyber Extortion Coverage Section**  
**101018 CAN 05/14 – Event Management Coverage Section**  
**101021 CAN 05/14 – Network Interruption Coverage Section**  
**101024 CAN 05/14 – Security and Privacy Coverage Section**  
**101019 CAN 05/14 – Media Content Coverage Section (Claims Made)**

Endorsements applicable:

**115808 12/13 – CyberEdge Cyber Media Endorsement**  
**105567 05/10 – Criminal Reward Coverage Extension - \$50,000**  
**117895 05/14 – Cyberterrorism Coverage and War Exclusion Amended Endorsement**  
**105565 05/10 – Retention Amendatory Endorsement**  
**121388 03/16 – Bitcoin Ransom Endorsement**  
**125593 03/17 – CyberEdge Loss Prevention Services Endorsement**  
**115642 07/12 – Statutory Conditions Amendatory for Non-Property**  
**78859 10/01 – Forms Index Endorsement**



**NOTES: This quote is valid until September 23, 2019.**

**Currently signed and dated application required prior to binding.**



## COVERAGE DESCRIPTIONS

**General Description** Provides the municipality with first party and third party protection against Security and Privacy Liability, Regulatory Actions, Event Management, Cyber Extortion, and Network Interruption.

**Security and Privacy Liability (including Regulatory Action)** Pays loss the Insured incurs as a result of a Security Failure or Privacy Event (failure to protect Confidential Information)

Loss means compensatory damages, judgments, settlements, pre-judgment and post-judgment interest and defence costs, including:

- ✓ Punitive damages (where permissible by law)
- ✓ Civil fines or penalties resulting from a Regulatory Action (where permissible by law)
- ✓ Monetary amounts the Insured is required by law or agreed to by settlement to deposit into a consumer redress fund
- ✓ Amounts payable in connection with a PCI-DSS Assessment (payment card fines or penalties associated with the Insured's non-compliance of PCI Data Security Standards)

**Network Interruption** Pays loss the Insured incurs as a result of a Security Failure

Loss means costs incurred for 120 days following the date of first interruption that would not have been incurred if not for the interruption (including net income that would have been earned and continuing normal operating expenses incurred, including payroll)

**Event Management** Pays loss the insured incurs as a result of an alleged or actual Security Failure or Privacy Event

Loss means reasonable and necessary expenses and costs within one year of the discovery of the Security Failure or Privacy Event:

- ✓ To conduct investigation as to cause
- ✓ To retain advice from PR Firms, Crisis Management, or Law Firms to mitigate damages, including reputational damage
- ✓ To notify victims of the breach
- ✓ For identity theft education and assistance, including call centre services, credit monitoring, victim reimbursement
- ✓ To restore, recreate or recollect Electronic Data

**Cyber Extortion** Pays loss the Insured incurs as a result of a Security Threat or Privacy Threat

Loss means monies paid by the Insured:

- ✓ To terminate the threat (with the Insurer's prior consent), including the obtaining of Bitcoin or other cryptocurrency to be surrendered as payment
- ✓ To conduct an investigation to determine cause of the threat

**Coverage Extensions**

- \$50,000 Criminal Reward coverage
- Loss Prevention Services endorsement (applies only when Cyber premium exceeds \$5,000 annually)
- Cyberterrorism
- Single deductible applies even if more than one coverage is triggered during a loss

**Major Coverage Exclusions**

- Infringement of patents or misappropriation of trade secrets
- Pollution liability
- Bodily injury or property damage liability
- War
- Power failure unless caused by a security failure or privacy event
- Property insurance risks (fire, smoke, lightning, hail, flood, earthquake, etc.)
- Purchase or sale of securities or violation of securities law
- Employment practices liability
- Satellite failure



## MUNICIPALITIES AND CYBER LIABILITY

You may be wondering why your Municipality needs Cyber Liability insurance. After all, you have IT professionals whose job it is to keep your systems running, safe from outside influences.

But if you have sprinklers in your Town Hall, with the Fire Department just down the street, do you decline to purchase fire insurance on your building?

The BFL Cyber Liability insurance program has been designed with Municipalities' needs in mind. Consider the following scenarios:

- a) Through employee error, Ransomware is successfully introduced to your SCADA software where it disables the Municipality's ability to continue distributing water to a segment of customers. The system is offline for 5 days, during which time you have had to ship in water from other sources to serve your most at risk customers. For customers with no water for this period, you have to provide a refund for services not rendered.
- b) It turns out your online election results are compromised due to a hacking event, and you are required to run the election a second time, the cost of which is not budgeted.
- c) One of your Municipal Day Camp supervisors has a paper list of all campers enrolled for the first day of camp, including full names, birthdates and health card numbers. She stops at McDonalds for breakfast and accidentally leaves the list on the table when she goes to the washroom. When she returns, the list is gone, and the incident must be reported as a potential privacy breach to every camper.
- d) Your Municipal website is hacked, and a message is put up stating that if you sign up today, you can receive a full year of swimming classes for all of your family members. 500 families sign up for services that will cost you hundreds of thousands in revenue.

For each of the above situations, the Cyber coverages we have quoted would respond, provided the source of the hacking event occurred with the Municipality (not a third party provider).

Which speaks to the question, are you requiring your third party contractors to carry Cyber Liability insurance?





## CYBER SERVICES

Please see the following pages for information on:

- Services included with your premium (applies only to premiums \$5,000 and greater)
- Additional services that may be purchased at a discounted rate
- Claims information and examples

If you have any questions, please do not hesitate to contact us.



# CyberEdge® Claims Services

## End-to-End Cyber Risk Management Solutions

The CyberEdge® claims team is ready to assist the minute a client suspects a potential cyber incident has occurred. Our team has local presence supported by global resources, allowing our experts to manage unfolding events and quickly respond to incidents.

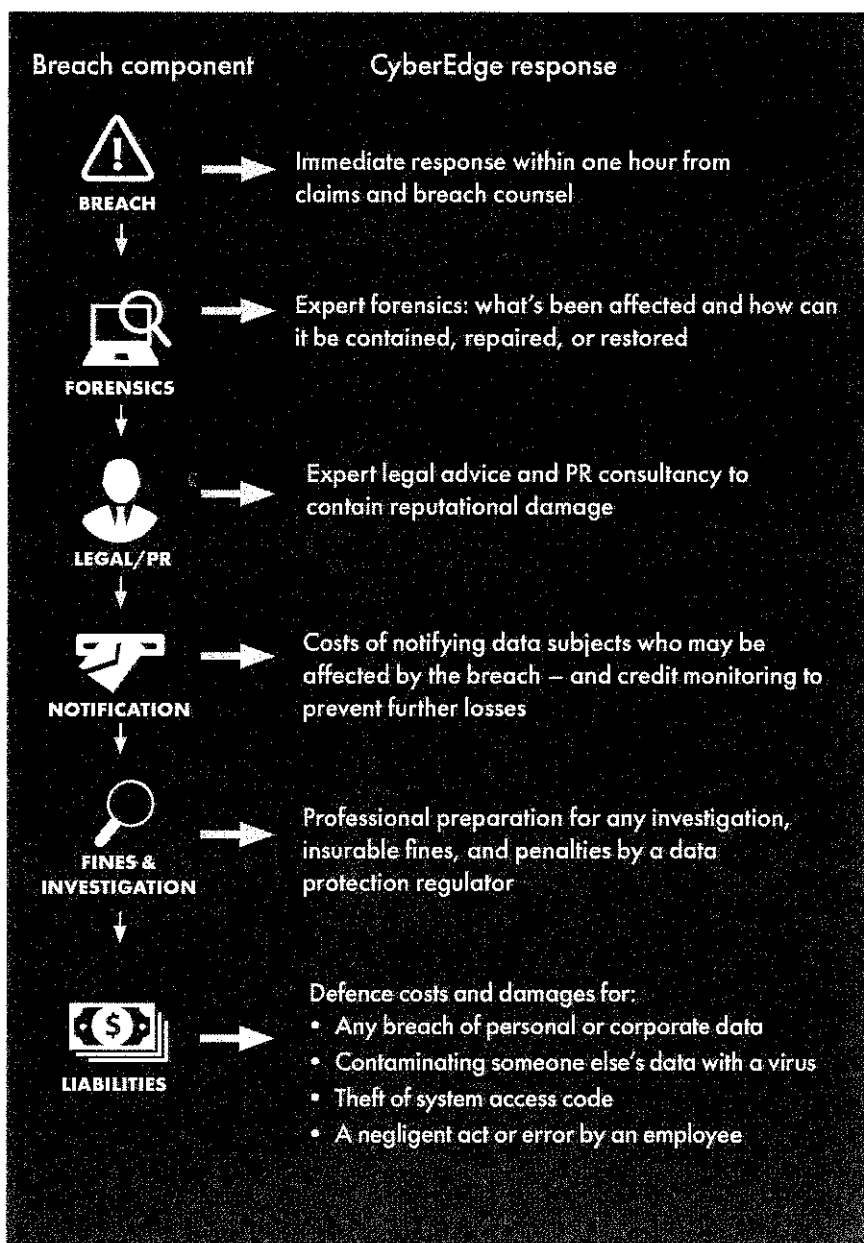
### Prominent Experience and Support

Our CyberEdge Claims Hotline is available 24/7/365 at 1-800-CYBR-345 (1-800-292-7345). Once a call is made to the hotline, the CyberEdge claims team will coordinate with the client to implement their response plan, engage any necessary vendors including breach counsel and forensics firms to identify immediate threats (such as a hacker inside a network), and start the restoration and recovery processes.

- We see approximately four claims every business day, which uniquely positions us to identify and anticipate claims trends.
- Our claims specialists are empowered to promptly make decisions and rapidly assist clients who may have just faced an incident.
- Our experience and expertise is supplemented by our domestic and international claims staff with local expertise in handling cyber claims.
- Our expert network of information security vendors, legal firms, forensic investigators, and public relations firms offer immediate support for our insureds facing a cyber attack, anytime and anywhere.

When an incident occurs, time is of the essence. Having a response plan in place with access to third-party resources will help you efficiently and cost-effectively respond and recover.

### After calling the CyberEdge hotline, clients may expect:



# CyberEdge Claims Services | End-to-End Cyber Risk Management Solutions

## Cyber Claims Scenarios

AIG has helped more than 22,000 companies and 20 million individuals face a cyber attack. Here are a few scenarios that demonstrate our CyberEdge claims expertise in action.

### Data Theft

An insured hospital was notified of a potential HIPAA breach involving protected health information (PHI) of over 40,000 patients. AIG quickly engaged with the insured to retain breach counsel and the further retention of a forensic investigator. Based on the ensuing investigation, we coordinated with the insured and breach counsel on the selection and retention of vendors to handle the required notification to regulators and patients, offered patients access to identify monitoring protection, and established a call centre to handle inquiries and registration for the identity monitoring protection. AIG reimbursed the insured \$450,000 for Credit Monitoring and ID Theft Insurance; \$175,000 in notification and call centre costs; \$25,000 in forensic costs; and \$90,000 in legal costs. The policy also covered \$500,000 in regulatory fines assessed on the insured.

### Malware Attack

Hackers gained entry to an insured's point of sale system, and before they were detected were able to access over five million customer credit and debit card numbers. AIG quickly engaged with the insured to retain breach counsel and the further retention of a forensic investigator and a payment card industry (PCI) forensic investigator. Based on the ensuing investigation, we coordinated with the insured and breach counsel on the selection and retention of vendors to manage the public relations messaging and the necessary notification to regulators and consumers, offered consumers access to credit monitoring protection, and established a call centre to handle inquiries and registration for the credit monitoring protection. Breach counsel was utilized to handle the defence of a dozen class action lawsuits and Federal and State regulatory investigations. The CyberEdge policy provided coverage for this activity, including event management expenses of \$750,000 for forensics, \$3 million for the credit monitoring, notification, and call centre, and \$50,000 for public relations. The CyberEdge policy provided further coverage of \$1.5 million for breach counsel, \$1.2 million in regulatory fines, and \$2 million in PCI fines.

### Cyber Extortion

Malware was placed on the network of a law firm when an employee fell victim to a phishing scheme. The malware was downloaded when the employee opened what appeared to be a valid video conference invitation. The extortionist threatened to shut down the system and prevented the insured from accessing its data unless the insured paid 10 Bitcoin. The extortionist indicated that the demand would increase each week until payment was made. AIG quickly engaged with the insured to retain breach counsel and the further retention of a forensic investigator. Breach counsel and the insured reported the matter to the FBI. The forensic investigation determined that the extortionist had the capability to fulfill the threatened action and confirmed that the insured did not have a reliable back up source for its data. The CyberEdge policy provided coverage for the ransom payment as well as \$25,000 for breach counsel and \$85,000 for the forensic investigator to assess the threat and to ensure that the malware was eradicated.

### Network Interruption

Hackers accessed the insured's system through a targeted spear-phishing attack. The hackers placed ransomware on the system, which once activated encrypted all the data on the insured's systems. Seven servers and hundreds of PCs were affected. The hackers demanded 12 Bitcoin for the encryption keys. The insured engaged with AIG's cyber claims specialists to coordinate the retention of breach privacy counsel and a forensics firm to respond to the event. AIG and breach counsel coordinated efforts with law enforcement. The insured and the forensics firm were unable to unencrypt the insured's data and, after consultation with AIG and law enforcement, the insured made the decision to pay the ransom. We facilitated the retention of vendors to procure the necessary Bitcoin for payment of the ransom. Once paid, the insured received the necessary encryption keys. The systems were then gradually brought back online over the course of several days. Ultimately the insured's business systems were offline for 2.5 business days. AIG reimbursed the insured \$4,500 for the ransom, \$2,500 in Bitcoin procurement expenses and payment, \$950,000 in forensic investigation and remediation, \$65,000 in legal costs, and \$32,000 in public relations costs. In addition, AIG reimbursed the insured \$1.1 million for its lost income and \$850,000 for additional expenses associated with the outage.

For more information on our CyberEdge End-to-End Risk Management Solution, including claims handling services, email us at [cyberedge@aig.com](mailto:cyberedge@aig.com).



American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property-casualty insurance, life insurance, retirement products, and other financial services to customers in more than 30 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG's core businesses include Commercial Insurance and Consumer Insurance, as well as Other Operations. Commercial Insurance comprises two divisions – Liability and Financial Lines, and Property and Special Risks. Consumer Insurance comprises four modules – Individual Retirement, Group Retirement, Life Insurance and Personal Insurance. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

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# CyberEdge® Risk Consulting Services

## End-to-End Cyber Risk Management Solutions

Despite a company's best efforts to protect itself from a cyber attack through its own IT department, it may not be enough in today's rapidly changing cyber environment. CyberEdge clients are armed with a wide range of preventative tools, adding valuable layers to a company's line of defence.

Complimentary tools and services are included with each CyberEdge policy\* to provide knowledge, training, security, and consultative solutions. Clients can also improve their level of protection and preparation by taking advantage of additional services at preferred rates from AIG's cyber risk consultants and our expert partners.

### **Employee eLearning – Awareness, training, and compliance**

Customizable, web-based training and compliance to help reduce the single largest risk to an organization: human error.

### **Blacklist IP Blocking – Powered by global threat intelligence**

Helps prevent criminal activity on your network by blocking bad IP traffic – inbound or outbound.

### **Domain Protection – Identify and block typo squatting domains**

Protects your organization by identifying and blocking knockoff domains used by criminals. Their social engineering attacks trick employees into clicking on malware.

### **Infrastructure Vulnerability Scan – Identification of high risk infrastructure vulnerabilities**

Select parts of your internet-facing infrastructure to have experts examine and identify vulnerabilities that are open to potential exploits by cyber criminals.

### **Legal Risk Consultation – Review and strengthen incident response capabilities**

Two hours with an expert on incident response planning, regulatory compliance, security awareness, or privacy training.

### **Forensic Risk Consultation – Organizational preparedness for different threat scenarios**

One hour with a forensic expert on what an organization needs to think about and prepare for different threat scenarios.

### **Get Started Today**

Contact us today to take advantage of these services and improve your organization's protection against a cyber attack:

- Visit [www.aig.ca/CyberRiskConsulting](http://www.aig.ca/CyberRiskConsulting) and complete the contact form, or
- Email us at [CyberRiskConsulting@aig.com](mailto:CyberRiskConsulting@aig.com)



### **Public Relations Risk Consultation – Crisis communication plan best practices and preparation**

One hour with an expert to prepare and plan for your organization to handle potential scenarios if one should occur.

### **CyberEdge Hotline – 24/7/365 cyber hotline**

Our CyberEdge Claims Hotline is available 24/7/365 at 1-800-CYBR-345 (1-800-292-7345). Once a call is made to the hotline, the CyberEdge Claims Team will coordinate with the client to implement their response plan, engage any necessary vendors including breach counsel and forensics firms to identify immediate threats (such as a hacker inside a network), and start the restoration and recovery processes.

### **Insurance Portfolio Diagnostic – Cyber as a peril analysis against insurance portfolio**

Experts review your entire property and casualty portfolio to determine how it is anticipated to respond to the spectrum of cyber predicated financial and tangible losses.

### **Cybersecurity Information Portal – Online access to cybersecurity information**

24/7/365 access to current cybersecurity information.

## Additional Benefits, Tools, and Services

In addition to the above complimentary services, all CyberEdge clients have access to the following services at a preferred rate, some of which are available for a free demo. These services have been specifically selected based on our nearly 20 years of experience and how well they can help strengthen the cybersecurity maturity of an organization.

### AIG Risk Consulting Services

AIG's team of global cyber risk consultants brings over 50 years combined experience in IT security to help our clients stay ahead of their cyber risk. Our team works directly with insureds to provide detailed, technical expertise and consulting services through:

**Cyber Defence Review**, designed to take a look at an insured's people, processes, and tools comprising their cybersecurity program to identify strengths and weaknesses.

**Internet Facing System Examination**, designed to help insureds identify risks and exposures in their public-facing infrastructure from an attacker's perspective.

**Incident Simulation Workshop**, designed to help clients ensure their incident response plan will respond efficiently and help them better maximize their CyberEdge benefits.

**Executive Threat Brief**, designed to help clients better understand the current security threat landscape specific to their industry and current methods attackers are using.

**Cyber Engineering Study**, designed to look at an insured's people processes, and tools that protect critical systems and industrial controls within their environment.

### AIG Risk Consulting Services

We have partnered with experts in cyber risk to bring our clients additional options to add to their line of defence. Available services include:

**Dark Net Intelligence**, powered by K2-Intelligence, helps clients stay apprised of what the latest chatter is inside the dark net.

**Cybersecurity Maturity Assessment**, powered by RSA, helps organizations assess their cybersecurity risk.

**BitSight Security Ratings**, powered by BitSight Technologies, and **Vendor Security Ratings**, powered by SecurityScorecard, lets companies measure and monitor their own network and those of their third-party vendors.

**Vendor Security Ratings - Powered by SecurityScorecard** Generates security ratings for organizations to measure and monitor their own network and of their third party vendors. A demo or trial is available upon request.

**Security Awareness Training**, powered by Wombat Security, provides phishing training and simulations for an insured's employees.

**Portfolio Analysis**, powered by AXIO, provides clients with a holistic picture of their cyber exposure.

**SecureDNS**, powered by Risk Analytics, removes critical routes attackers may use to phish and trick users, deliver ransomware, infect systems, and exfiltrate stolen data.



## Get Started Today

- Visit [www.aig.ca/CyberRiskConsulting](http://www.aig.ca/CyberRiskConsulting) and complete the contact form, or
- Email us at [CyberRiskConsulting@aig.com](mailto:CyberRiskConsulting@aig.com)

\* Clients who purchase CyberEdge and spend more than \$5,000 in premium qualify for the above services.

AIG may modify (by adding, removing or replacing a tool or service) or discontinue the Services at any time. AIG may partner with third party vendors to provide any or all Services.

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**THIS DOCUMENT WAS ISSUED AT:**

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