Commercial Product Update

CYBERONE

Cyber Risk is a Growing Issue

Virtually every business relies on data and computer systems. When these systems experience a virus or other computer attack, a business is at risk of losing critical information. This information is frequently essential to daily operations, and data computer attacks can expose a business to third-party liability.

Computer viruses are a growing problem, and a cyber attack can significantly impact a business's bottom line. System and data recovery can result in lost income, and can tally thousands in recovery costs. What's more, liability from insufficient systems security can lead to expensive litigation.

CyberOne Coverage Meets This Growing Need

CyberOne coverage protects businesses against damage to electronic data and computer systems from a virus or other computer attack. This provides a *first-party coverage element*.

It also protects a business's liability to third parties that may have suffered damage due to security weaknesses in the business's computer system. This provides a *third-party coverage element*.

Note: CyberOne limited first-party property coverage will be added to all new Harleysville Businessowners policies, beginning Aug. 9, 2015, for new business effective on or after Nov. 1, 2015. Coverage can be deselected.

The Risks Are Real

Small businesses are at risk for computer attacks and network security liability claims.

- A customer claimed that a business sent him a damaging virus. The business incurred $30,000 in legal fees to get it resolved.
- A business was hacked by a disgruntled former employee, and ended up with a $25,000 IT bill to repair the damage.
- A virus got into a business's computer network, resulting in over $35,000 in out-of-pocket expenses and downtime to get operations back up and running.

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What Coverage Options are Available?

FIRST-PARTY COVERAGE

First-party coverage is triggered by a "computer attack."
- An unauthorized person gaining access to the insured's computer system.
- A malware attack.
- A denial of service attack.

There are five first-party coverages potentially triggered, depending on coverage option selected.

Coverage 1 – Data Restoration Costs
Coverage for the cost of a professional firm hired by the insured to replace lost or corrupted data from electronic sources.

Coverage 2 – Data Recreation Costs (N/A to limited coverage)
Coverage for the cost of a professional firm hired by the insured to research, recreate and replace lost or corrupted data from nonelectronic sources. Coverage 2 is subject to a sublimit of $5,000.

Coverage 3 – System Restoration Costs
Coverage for the cost of a professional firm hired by the insured to restore its computer system to its pre-attack level of functionality by replacing or reinstalling software, removing malicious code and correcting the configuration of the insured's computer system.

Coverage 4 – Loss of Business (N/A to limited coverage)
Coverage for business income lost by the insured and extra expenses incurred by the insured during the period of time when system and data recovery activities are taking place. Coverage 4 is subject to a sublimit of $10,000.

Coverage 5 – Public Relations Services (N/A to limited coverage)
Coverage for assistance from a professional public relations firm in communicating with outside parties concerning the computer attack and the insured's response. Coverage 5 is subject to a sublimit of $5,000.

THIRD-PARTY COVERAGE

The Network Security Liability component of CyberOne pays for liability damages and defense costs and is written on a claims-made and reported basis. This is also referred to as third-party coverage.

Third-party coverage is triggered by a "network security liability suit" — a civil proceeding, an alternative dispute resolution proceeding or a written demand for money alleging that a negligent failure of the insured's computer security allowed one of the following to occur:
- A breach of third-party business data
- An unintended propagation of malware
- A denial of service attack in which the insured unintentionally participated

In the event of a "network security liability suit," CyberOne covers costs of defense, settlement and judgment. Defense is provided within the coverage limits.

The third-party coverage can be offered separately from the first-party coverage.

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Harleysville CyberOne Coverage Summary

Cyber Risk Coverage is available to insureds in five coverage, limit and deductible options:

1. Limited First-Party Computer Attack Coverage **only**
   (Data Restoration and System Restoration coverages only)
   Limit: $50,000 Annual Aggregate
   Deductible: $5,000 per Computer Attack

2. Full First-Party Computer Attack Coverage **only**
   Limit: $100,000 Annual Aggregate
   Deductible: $10,000 per Computer Attack

3. Third-Party Network Security Liability Coverage **only**
   Limit: $100,000 Annual Aggregate
   Deductible: $10,000 per Network Security Liability Suit

4. Limited First-Party Computer Attack Coverage
   Limit: $50,000 Annual Aggregate
   Deductible: $5,000 per Computer Attack
   and
   Third-Party Network Security Liability Coverage
   Limit: $100,000 Annual Aggregate
   Deductible: $10,000 per Network Security Liability Suit

5. Full First-Party Computer Attack Coverage
   Limit: $100,000 Annual Aggregate
   Deductible: $10,000 per Computer Attack
   and
   Third-Party Network Security Liability Coverage
   Limit: $100,000 Annual Aggregate
   Deductible: $10,000 per Network Security Liability Suit

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Eligibility and Premium

All classes are eligible with the following exceptions: Adult Businesses, Gambling or Gaming, Financial Institutions, Municipalities, and Schools, Colleges and Universities.

Premium is per policy and is determined by coverage option selected. Premiums range from $46 for Limited First Party Computer Attack coverage only to $335 for Full First Party and Third Party coverages.

Risk Management Tools

CyberOne coverage includes access to an online resource for training, best practices and other risk management tools for cyber exposures. More detailed information on this important tool is being provided to insureds via policyholder notices generated with BOP policies.

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