

New Product Review

# MARITIME CYBER INSURANCE & CRISIS RESPONSE INSURANCE

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**Captain Thomas Brown**  
Shoreline CEO

**SHORELINE**

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## Shoreline announces the launch of its new Maritime Cyber Insurance and Crisis Response Insurance products

*“No one responsible for risk and security should expect criminals to display empathy and solidarity with society in its time of greatest need. They will more likely seek to capitalize on our attention being directed elsewhere.”*

This statement endorses Shoreline’s decision to launch two new insurance products, at a time when an unprecedented pandemic consumes most, if not all of our attention.

With key employees working remotely, self-quarantined or ill, business control processes will be weakened exposing companies to higher levels of risk at a time when internal risk mitigation resources are reduced and stretched by the corporate response to COVID-19.

Shipping company’s security and cyber vulnerabilities are at an all-time high and if breached can have devastating financial consequences.

How a company recovers from a cyber breach, security breach or both, will depend upon its ability to execute well-developed disaster recovery plans, most of which rely almost exclusively, upon the support of third party expert responders.

What keeps many risk managers awake at night is the risk aggregation caused by concurrent events which can quickly swamp their internal resource capabilities and expose their company to the real risk of financial failure.

Now is not the time to be testing your company’s disaster recovery plans as many of your cyber and security vulnerabilities are already exposed and many if not all of the realistic disaster scenarios you envisaged are now in play. Now is the time to shore-up your company’s online and physical defenses and transfer this heightened risk out of your company and Shoreline is well positioned to assist.

Shorelines’ two new products namely; Maritime Cyber Insurance (MCI) and Crisis Response Insurance (CRI) are now ready and available for shipowners to purchase. Details of both products may be found on our company website.

Both products are designed to be integrated into a shipowner’s existing disaster recovery plan and will immediately strengthen a company’s depth of resource to combat the cyber and security risks to which they are now exposed.

These new products are priced very competitively and we would be happy to provide you or your client with no obligation pricing indications by return, on receipt of limited underwriting information namely; fleet details and annual turnover.

It’s that simple, please contact us now to know the cost of the enhanced balance sheet protection Shoreline can provide.

Please see examples of new product claims scenarios, cyber threat statistics and details on how these two new covers respond on the following page(s).

Yours sincerely,



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# New product claims scenarios

## Introduction

### Increased levels of physical and cyber security risks

In recent COVID-19 warnings issued by the Gard P&I Club to their shipowner members they warn of the increased cyber threats posed by once centralized companies and corporations working remotely, thereby increasing the use of mobile devices to access operational systems onboard vessels and core business systems in companies' head offices. They go on to warn that unprotected devices could lead to the loss of data, privacy breaches, and systems being held to ransom. Data is an asset and protecting it requires a good balance between confidentiality, integrity and availability as well as compliance with regulation.

As far as financial and physical security is concerned, these are stressful times with many unknowns: the forecasted global economic contraction could lead to increased civil unrest and commotion and in turn, civil protests will further impact a company's ability to resume normal operations and re-establish global supply chains.

### Increased levels of fraud, corruption and social engineering risks

As experienced in the last global recession, economic uncertainty and job losses will lead to increased levels of misconduct, counterfeiting, fraud, bribery, social engineering and online crime as people seek to secure sources of income. Shoreline's CRI product partner Control Risks has already noted an increase in fraud with criminals taking advantage of new vulnerabilities.



# MCI/CRI claims scenarios

## 1. Emergency Response Management (ERM) teams are already stretched;

A shipowner known to our reinsurers has a live CRI case related to a fraud/embezzlement issue in Eastern Europe. The client's Head of Resilience reported that their own ERM team is already stretched dealing with CV-19 related concerns. Concurrently they also have some regulatory pressure around the investigation. His observation was that the speed of engagement on the investigation would never have been achieved by their team in the current climate as they are operating at maximum capacity already. Having CRI in place has given them considerable extra resilience at a problematic time.

So whilst the CRI policy doesn't respond to epidemic and pandemic issues directly, it does provide additional capacity/bench-strength/resilience that is invaluable when ERM teams are already stretched by other issues.

## 2. Businesses are more vulnerable than ever as key people are out of the office, sick or distanced from their teams, particularly around data/cyber security, fraud and corruption issues.

There has been a clear surge in criminal activity as opportunists try and target businesses that have staff working remotely and perhaps have left premises empty. Our response consultants have seen a case of a contractor trying to complete a project after being asked to work from home and inadvertently exposed sensitive commercial data on an insecure network of a public Wi-Fi café. Another client had criminals access a recently emptied premises (where staff had been sent home) and attempt to download sensitive intellectual property.

## 3. There's a possibility that the security situations in impacted territories could deteriorate – CRI provides vital third-party decision making support when situations are fast-moving and unclear.

Situations are changing rapidly but we have already seen violence and civil unrest around some governments' handling of the CV-19 response. It is likely that we will see more of this type of activity and CRI would respond were a situation to impact an insured's operations/personnel. The key advantage of CRI is that it can be triggered once a threat is detected which, will allow clients to act early in mitigating the impact to their business.

## 4. Fraud and corruption incidents are correlated to economic health – MCI and CRI supports organisations in combating physical and online fraud and corruption issues.

After the 2008/9 financial crisis there was a clear link between the financial downturn and greater frequency of fraud, corruption embezzlement and financial crime impacting businesses. It is entirely feasible that we will see a similar spike as the financial implications of CV-19 are felt in the business world. This may be more acute than in 2008/9 because the remote working footprint adopted by most businesses creates additional vulnerability / opportunity for the conduct of these crimes online.



## Cyber attack landscape in numbers

Every business needs a cyber response plan, part of which should consider insurance as means of countering the impact of those risks that cannot be eliminated through risk management.

The statistics are frightening:

**43%** of cyber-attacks target small and medium-sized enterprises (SMEs)

**60%** of SMEs close their doors forever 6 months after a cyber-attack

**14, 28, 42, 56, 70, 84...** Every 14 seconds businesses suffer ransomware attacks

**\$500,000** The average cost to SMEs responding to a cyber-attack and rising which puts the maritime cyber premium cost in perspective

**\$6,000,000,000,000,000** The total cost of cyber-crime worldwide will exceed 6 Trillion Dollars annually by 2021



## For further information

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Please do not hesitate to contact any member of the Shoreline underwriting team should you have any questions relating to our insurance products and services.

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