



The Cost of Cyber Liability in Canada  
*The Cyber Exchange*

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# Cyber Liability – A Fiduciary Responsibility

- ❑ *Duty of Care, Diligence and Skill*: Every director and officer of a corporation in exercising his or her powers and in discharging his or her duties shall:
  - ✓ Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances – Business Judgment Rule.

## Cyber Liability – A Fiduciary Responsibility

*“Class action certification is NOW A REAL THREAT to schools, medical organizations, professional firms, financial institutions, unions, private & public companies as multi-claimant defendants now recognize the value of privacy and the cause of action available to them in Canada”*

## “*First Party (Your)*” Breach Costs That Your Organization May Incur...

- IT forensics (investigation, capture & rebuild networks)
- Data identification, recovery & restoration
- Business interruption (loss of profits or expense reimbursement)
- Loss of intellectual property
- Legal fees
- Notification expenses
- Public relation costs
- Call centre expenses
- Identity theft monitoring
- Financial fraud monitoring
- Credit card monitoring

# The Average Network & Privacy Breach Costs *from Actual Cyber Insurance “Paid Claims”* – 2017 NetDiligence Report

- \$843,993 in PCI Fines & Assessments (102 claims)
- \$80,463 in Public Relation Costs (214 claims)
- \$141,479 in Forensic Costs (276 claims)
- \$234,011 in Breach Notification Costs (138 claims)
- \$112,866 in Credit Monitoring Costs (118 claims)
- \$53,133 in Breach Coach Costs (341 claims)

# The Average Network & Privacy Breach Costs *from Actual Cyber Insurance “Paid Claims”* – 2017 NetDiligence Report

- \$279,185 in Social Engineering / BEC Payments (27 claims)
- \$112,115 in Ransomware Extortion Payments (103 claims)
- \$864,964 in Intellectual Property / Trademark Infringement (7 claims)
- \$89,942 in Lost or Stolen Portable Devices (84 claims)

## “Third Party (Client)” Breach Costs That Your Organization May Incur...

- ❑ Civil litigation from clients, partners, shareholders & stakeholders as individuals or as a class
- ❑ Regulatory investigations and proceedings from Provincial and Federal Commission(s), CRTC
- ❑ Contractual costs under Payment Card Industry (DSS)
- ❑ Host of US Agencies if in the USA, in part due to mandatory breach notification requirements , and now *GDPR* in the EU and Mandatory Breach Reporting in Canada

# The Average Network & Privacy Breach Costs *from Actual Cyber Insurance “Paid Claims”* – 2017 NetDiligence Report

- \$120,606 in Legal Defence Costs (321 claims)
- \$254,851 in Legal Settlement Costs (371 claims)
- \$696,524 in Regulatory Defence Costs (68 claims)
- \$750,500 in Regulatory Settlement Costs (56 claims)
- \$44,634 in Regulatory Fines (18 claims)



# The Cost of Network & Privacy Breaches in Canada – 2017 Ponemon Institute

- \$5,780,606 is the average total cost of a data breach from 27 Canadian (victim) companies participating in the survey
- It took 191 days to identify the breach and 66 days to contain the breach (on average) across the 27 reported company claims in the survey
- \$1,964,377 in detection costs were incurred across the 27 claims
- *\$2,111,407 in business interruption losses across 27 claims*

# The Cyber Security Readiness of Canadian Organizations – 2018 Scalar Security Study

- Large Canadian companies are breached more often, but small to medium sized Canadian companies experience higher impacts from a breach on their business
- Security training for employees is deficient
- The response time to installing security updates and patches is slow and the priority for installations is inconsistent
- Response planning is low, lacks documentation and regular updating and testing
- 455 attacks reported by the 421 companies in the survey
- \$3,700,000 is the average cost of breach in Canada