



INSURING THE LAST KEY ASSET

“DATA”



IMIA, Amsterdam, 2011

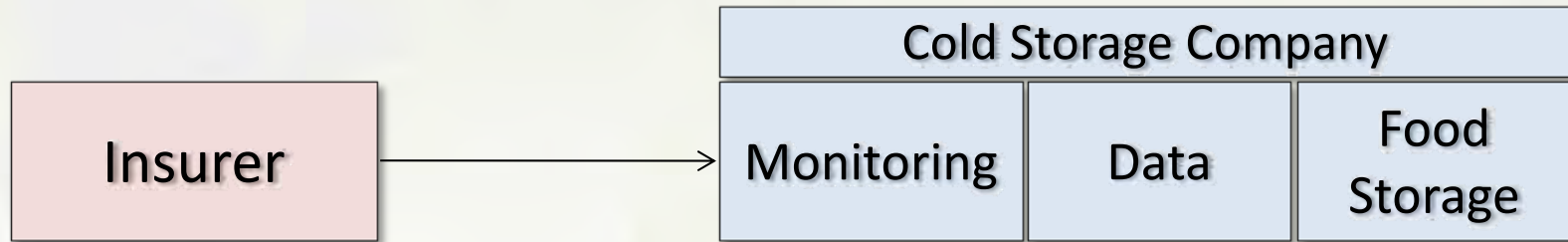
**Presented By: Hans Schols,
CEO, DI Licensing Ltd.**

The Insurance Industry Model

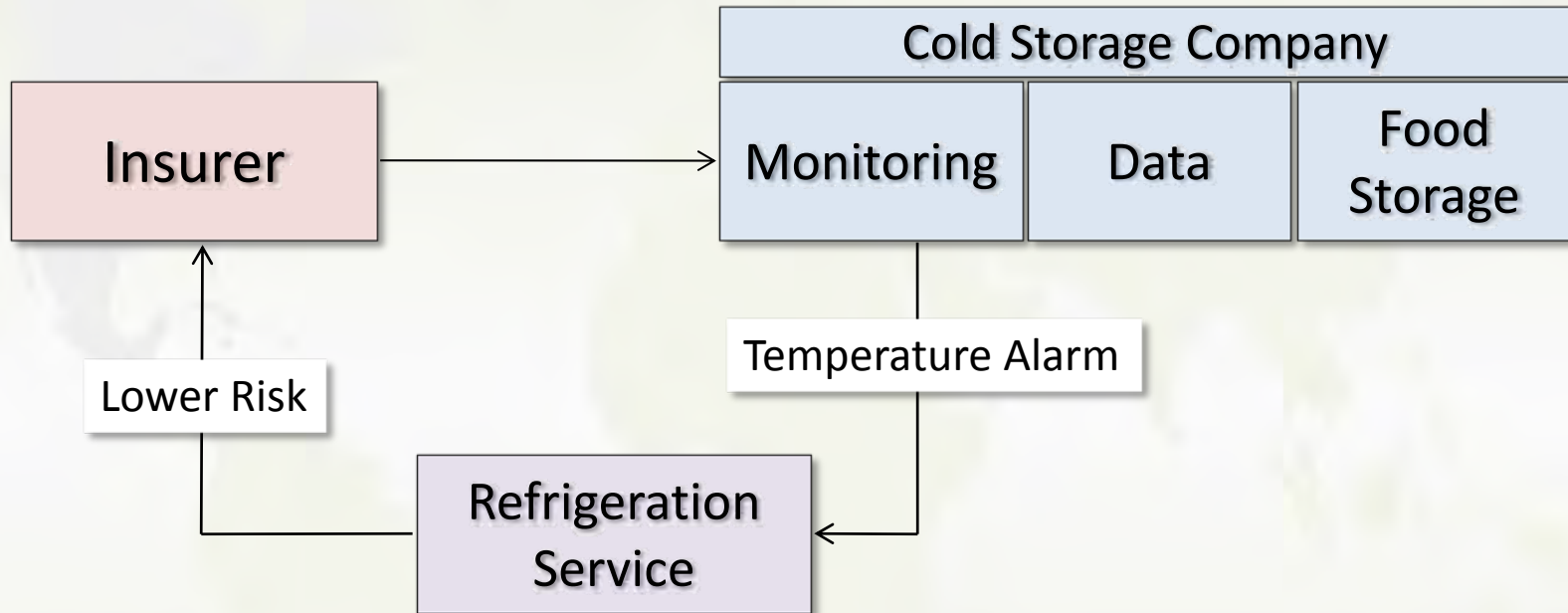
- Works within well established principles
- There is a formula:
 - Analyze and lower the risk
 - Develop a policy
 - Charge a premium
 - Monitor the risk
 - Wait for the claim
 - Adjust the claim
 - Lower claims costs



Lowering the Risk



Lowering the Risk



The Problem with Insuring Data

- What is its value?
- How is it protected?



Data Loss Examples

- Twin Towers
- New Orleans
- Christchurch
- Japan
- Google
- Plus many more...



Information Security Threats

In a survey of 200 IT Managers in the USA the following were the most frequent forms of threat:

- 37% - Data Loss
- 24% - Evolved forms of current threats
- 18% - Malicious threats
- 14% - Botnets



Root Cause Failure of Data Loss

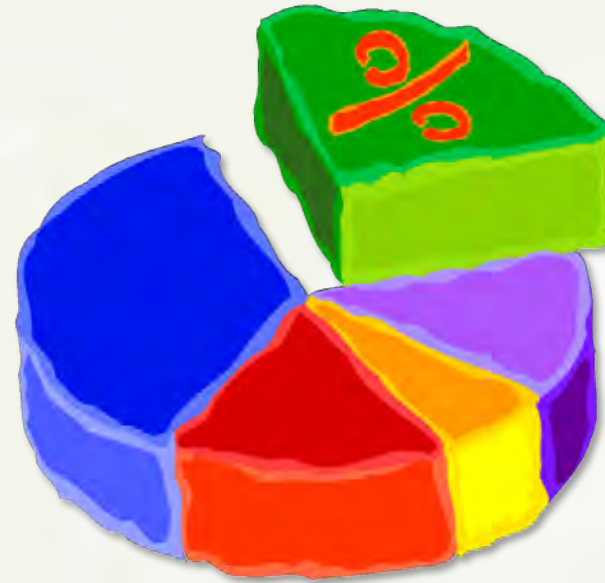
56% - Hardware or System problem

26% - Human Error

9% - Software Corruption

4% - Computer Viruses

2% - Natural Disasters



(Source: D. Smith, Pepperdine University)

On-Line Backup Market Size

- Global Size estimated at US \$10 Billion
- Growth estimated at +30 % annually
- Future fundamental of growth:
 - Increased internet speeds
 - Reduced cost of transmission
 - Reduced cost of storage
 - Basic tape backup no longer good governance



The Data Backup Industry

- Tape backups are being replaced by on-line backup
- Most compete on price
- No guarantees provided
- Few on-line backup companies backup twice
- Many concerned about their own liability



The Problem with Insuring Data

- What is its value?
- How is it protected?
- What is the right excess / deductible?
- What are the exposures?
- How to reduce loss potential?
- What is the right rate to charge?
- How difficult is it to adjust the loss?



Current Coverage of Data Insurance

- Recognised as being very valuable
- Property policy:
 - Coverage only if lost due to an insured peril
 - Often sub-limited (except Scandinavia and enterprise policies)
- Electronic Equipment policy:
 - Often sub-limited



Data Insurance Concerns

Owners:

- Valuable asset essentially uninsured

Insurers:

- Property – how to limit exposure
- Liability – how to limit exposure



Data Insurance Concerns

Shareholders:

- Exposure to uninsured risk

Suppliers:

- Worries about loss of supply

Customers:

- Worries about data breaches



Data Insurance Concerns

Data Center:

- How to avoid litigation if data lost

Board of Directors:

- Key assets are exposed and underinsured
- Worldwide legislation



The Patented Answer to Insuring Data

- ✓ Don't follow the Insurance Model
- ✓ Be Pro-active rather than Re-active



How to Insure Data

- ① Allow clients to value data



How to Insure Data

- ① Allow clients to value data
- ② Create a system of data protection
- ③ Monitor data backups
- ④ Establish stringent audits, procedures, standards
- ⑤ Have emergency plans for every situation



How to Insure Data

- ⑥ Create a 'Reverse Onus' situation where the insurer is responsible for returning 'lost' data.



The Data Insurance Policy

- It is the Insurer's responsibility to return lost data to the insured !!!
- Return the data or pay the fixed value claim !!



Data Insurance Considerations

- War, Nuclear, Terrorism
- Faulty Hardware
- Faulty Software
- Loss of Encryption Key
- Overwritten Files



Intellectual Property of Data Insurance Licensing Ltd.

- More than 6,000 pages of documentation including processes, procedures and standards
- ISO 27002 (Information Security Standard)
- Patents and Patents Pending
- Hardware Standards & Audit
- Software Standards and Audit
- Data Center Integrity
- Data Storage Protocols
- Risk Management

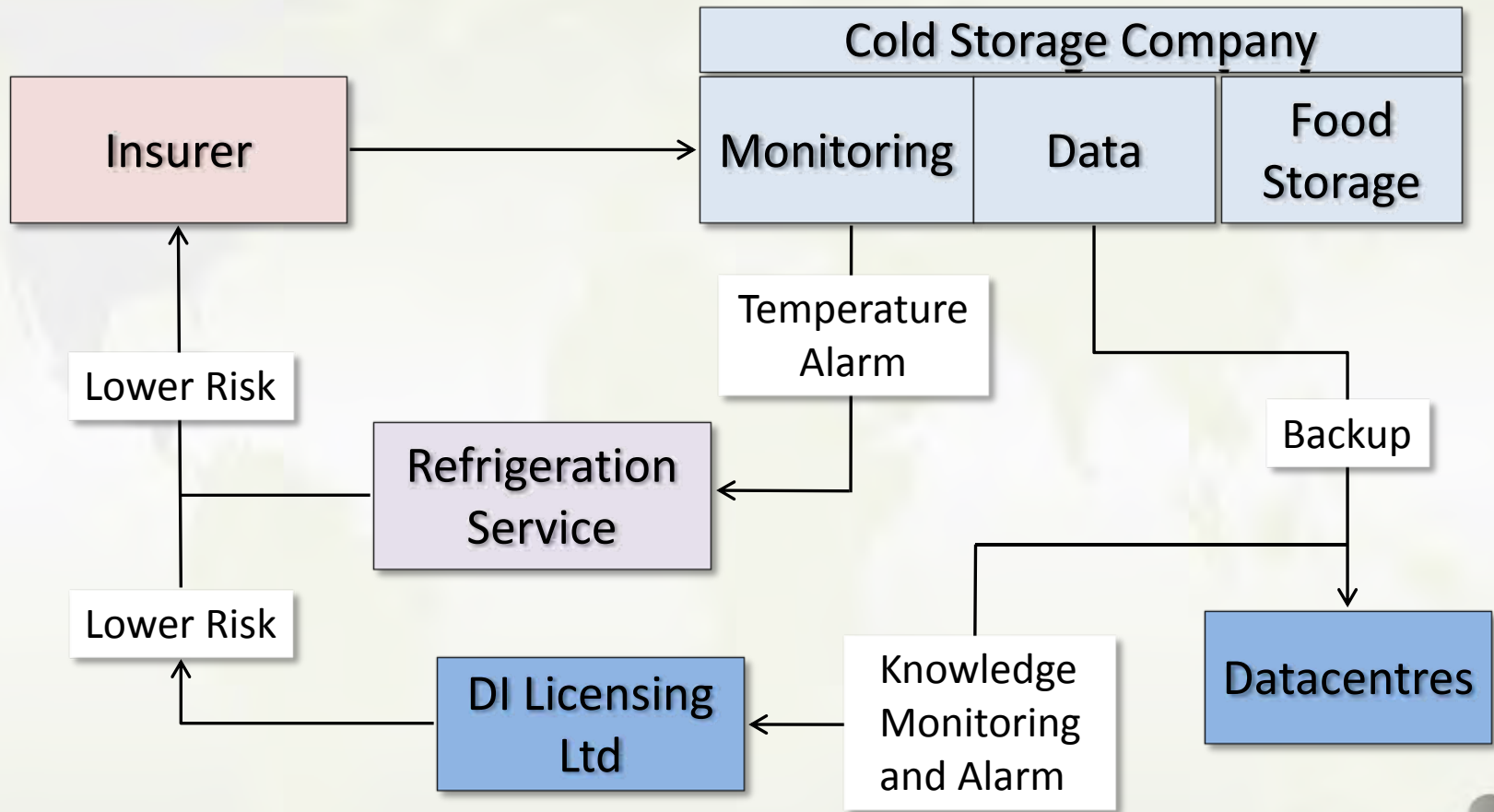


Underwriting Standards

- Data Center Integrity
- Location of Data Center
- Number of Accounts per Data Center
- Security Testing of DI Software
- ISO 27002 and Quality Assurance
- Audit and Escrow Standards



Lowering the Risk



Further Information

- www.datainsurance.org



- www.eagle.co.nz/solutions/data-insurance



Is Your Data Safe?

