

Press Release

Ransomware attacks steal headlines, but accidental data breaches remain a major cause of loss

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Beazley Group

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Beazley, a pioneer in cyber and data breach response insurance, today released its Beazley Breach Insights findings based on its client data in the first six months of 2017.

Ransomware attacks continued their rise in the first half of 2017, up by 50% over the first half of 2016.

Hacking and malware attacks (of which ransomware attacks form a growing part), continue to be the leading cause of breaches, accounting for 32% of the 1,330 incidents that Beazley Breach Response Services helped clients handle in the first half of the year.

However, accidental breaches caused by employee error or data breached while controlled by third party suppliers continue to be a major problem, accounting for 30% of breaches overall, only slightly behind the level of hacking and malware attacks. In the healthcare sector these accidental breaches represent, by a significant margin, the most common cause of loss at 42% of incidents.

This continuing high level of accidental data breaches suggests that organizations are still failing to put in place the robust measures needed to safeguard client data and confidentiality. Since 2014, the number of accidental breaches reported to Beazley's team has shown no sign of diminishing. As more stringent regulatory environments become the norm, this failure to act puts organizations at greater risk of regulatory sanctions and financial penalties.

In June, the BBR Services team worked closely with insured clients to provide legal and forensics services in response to the international NotPetya ransomware attacks. The ability to respond quickly to ransomware attacks is especially critical for healthcare organizations due to the Office for Civil Rights (OCR) treating all ransomware attacks as a presumed breach.

2017 data breach trends

- **Schoolyard errors**
Unintended disclosures caused 26% of breaches in 1H 2017 in the higher education sector. While slightly down on the 28% recorded in 1H2016, this still represents a quarter of all breaches which could be mitigated through more effective controls and processes. Hacks and malware accounted for nearly half of higher education data breaches in the first six months of 2017 (43%), roughly even with the 45% of breaches caused by hacking in the same period in 2016. Of these, 41% were due to phishing.

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- **Mistakes in healthcare**
Unintended disclosure – such as misdirected faxes and emails or the improper release of discharge papers – continued to drive the majority of healthcare losses, leading to 42% of industry breaches in 1H 2017 equal to the proportion of these breaches in the industry in 1H 2016. Hacks and malware accounted for only 18% of healthcare data breaches in 1H 2017, compared to 17% in 1H 2016.
- **Unintended disclosures among financial services firms**
Unintended disclosure - sending bank account details or personal information to the incorrect recipient - grew to 29% in H1 2017 from 25% in H1 2016, a level that has remained consistent since 2014. Hacks and malware were on a downward trend representing 37% of breaches in 1H 2017 compared to 46% of breaches in H1 2016.
- **Professional services on the wrong track**
At first glance, professional services firms appear to have greater internal controls in place with unintended breaches accounting for 14% of all incidents, well below the average for the period in question. However, the trend is tracking adversely, up from 9% in H1 2016. Firms in the sector were not immune to hacking and malware attacks, with these incidents accounting for 44% of breaches in the time period compared to 53% in 1H 2016. Social engineering scams, including W2 fraud and requests for fraudulent wire transfers, were a large driver of attacks at the beginning of 2017.

Katherine Keefe, global head of BBR Services, said: “Unintended breaches account for one-third of all data breach incidents reported to Beazley and show no signs of abating. They are a persistent threat and expose organizations to greater risks of regulatory sanctions and financial penalties. Yet, they can be much more easily controlled and mitigated than external threats. We urge organizations not to ignore this significant risk and to put more robust systems and procedures in place.”

[Read the Beazley Breach Insights – July 2017 report](#)

About Beazley Breach Response (BBR)

During the first half of 2017, Beazley Breach Response Services, Beazley's in-house team of breach response experts, managed 1,330 incidents on behalf of clients, compared to 955 incidents during the same period 2016.

Beazley has helped clients handle more than 6,000 data breaches since the launch of Beazley Breach Response in 2009 and is the only insurer with a dedicated in-house team focusing exclusively on helping clients handle data breaches. Beazley's BBR Services team coordinates the expert forensic, legal, notification and credit monitoring services that clients need to satisfy all legal requirements and maintain customer confidence. In addition to coordinating data breach response, BBR Services maintains and develops Beazley's suite of risk management services, designed to minimize the risk of a data breach occurring.

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Note to editors:

Beazley plc (BEZ) is the parent company of specialist insurance businesses with operations in Europe, the US, Canada, Latin America, Asia, the Middle East and Australia. Beazley manages six Lloyd's syndicates and, in 2016, underwrote gross premiums worldwide of \$2,195.6 million. All Lloyd's syndicates are rated A by A.M. Best.

Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's.

Beazley is a market leader in many of its chosen lines, which include professional indemnity, property, marine, reinsurance, accident and life, and political risks and contingency business.

For more information please go to: www.beazley.com

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