Cyber-insurance and the NIS Directive

Trust and Security Unit
DG Communications Networks, Content and Technology, European Commission

Ann-Sofie Ronnlund
Policy Officer

27 April 2015
CSP Forum workshop
Risk assessment and cyber-insurance
EU Cybersecurity Strategy (2013): An Open, Safe and Secure Cyberspace

**Digital Agenda for Europe**
1. Cyber resilience
   - NIS Directive (capabilities, cooperation, risk management, incident reporting)
   - Raising awareness

**Justice and Home Affairs**
2. Reduce cybercrime

**EU Foreign and Security Policy**
3. Cyber defence policy and capabilities
5. International cyberspace policy

4. Industrial and technological resources

- Fundamental rights apply both in physical and digital world
- Cybersecurity depends on and contributes to protecting fundamental rights
- Access for all
- Democratic and efficient multi-stakeholder governance
- Cybersecurity is a shared responsibility
Companies that have taken risk management measures should benefit from lower insurance premium.
Cyber-insurance

INDIRECT IMPACT OF NIS DIRECTIVE

PREPAREDNESS
National capabilities

EU-LEVEL COOPERATION
Exchange of information and coordinated reaction

A high level of NIS in each MS and across the EU

A CULTURE OF NIS ACROSS SECTORS
NIS risk management culture and Public-Private cooperation
Proposal for NIS Directive - Article 114 TFEU

Key elements (1/3)

Capabilities: Common NIS requirements at national level

- NIS strategy and cooperation plan
- NIS competent authority
- Computer Emergency Response Team (CERT)
Cooperation: NIS competent authorities to cooperate within a network at EU level

- Early warnings and coordinated response
- Capacity building
- NIS exercises at EU level
- ENISA to assist
Proposal for NIS Directive

Key elements (3/3)

• Risk management and incident reporting for:
  ❖ Energy – electricity and gas
  ❖ Credit institutions and stock exchanges
  ❖ Transport – air, maritime, rail
  ❖ Healthcare
  ❖ Internet enablers
  ❖ Public administrations
What NIS Directive will **indirectly** do

- Reduce risk exposure through better risk management
- Increase availability of aggregated data on frequency and impact of significant incidents
What NIS Directive will not do

• Will not interfere in industry supply chain arrangements

• Will not affect liabilities
  • See also European Parliament 1st reading
Cyber-insurance

ROLE OF GUIDANCE
The NIS Public-Private Platform

Organisation of work and expected outcome

- Consistent implementation of the NIS Directive
  - WG1: risk management
  - WG2: information exchange and incident coordination
  - First set of guidance presented in April 2014; more detailed Chapters in 2015

- Provide input to the secure ICT R&I agenda at EU, national and industry level
  - WG3 on secure ICT research and innovation
    - Strategic Research Agenda
    - Secure ICT State of the Art

NIS Platform
Current Work Plan

• Guidance divided into Chapters:
  • Organisational structures and requirements (Q1-2015)
  • Verification and auditing of requirements
  • Voluntary information sharing (Q1-2015)
  • Incident response
  • Mandatory incident notification
  • Data protection
  • Incentives, including cyber-insurance
  • Research and innovation
Cyber-insurance

CHALLENGES
Challenges from NIS Perspective

- Limited coverage for damage
  - Of the insured entity (first-party) if it operates critical infrastructure
  - Of the insured entity's clients' (third-party) business losses across the value chain, in particular in on-line environment
Research challenges

- Security by design approaches
- Possibilities and limits of big data
- Quantifying residual risk, pricing

"Joint research by technology specialists and insurance experts would help identify the data needed for cyberinsurance pricing and so facilitate the establishment of a cyberinsurance market. Cyber risk maps for different technology platforms (including Cloud) and insights on IT industry perspectives as these platforms become more interlinked would also be beneficial"

Source: NIS Platform WG3 Strategic Research Agenda
There are still things that actors can improve before suggesting insurance pools with public backing.
For more questions:
ann-sofie.ronnlund@ec.europa.eu

Thanks!
Proposal for NIS Directive
State of play, legislative process

Council
• Progress Report was adopted at Telecom Council December 5, 2013;
• Telecom Council June 6, 2014
• Trialogues on-going

European Parliament
• Lead committee IMCO (ITRE and LIBE associated) voted on draft legislative resolution in January 2014
• Plenary vote took place in March 2014
Participation in NIS Platform

- Participation from many industries and MS

- More information on:

- Want to join? Mailto:
  - CNECT-NIS@ec.europa.eu
Useful links


