



Australia exposed to \$16 billion cyber-attack risk, insurance giant Lloyd's warns

The World Today By senior business correspondent Peter Ryan

Updated Fri 4 Nov 2016, 8:24am

The growing risk of cyber attacks leaves the Australian economy exposed to a potential \$16 billion damage bill over the next decade, according to one of the world's biggest insurance companies.

In a joint study with Cambridge University, the Lloyd's insurance giant has found out of 301 global cities, Sydney ranks 12th in terms cyber attack exposure with \$4.86 billion of economic growth at risk.

In its City Risk Index 2015-2025, Lloyd's says Sydney is the riskiest Australian city, followed by Melbourne, Brisbane, Perth, Adelaide and Canberra.

Globally, Lloyd's warns that \$294 billion is at risk as attempted and successful cyber attacks become more prevalent.

The warning comes after recent evidence of attempted cyber attacks at the Bureau of Meteorology, the Australian Bureau of Statistics and the Reserve Bank of Australia.

Any business could be in the firing line

Lloyd's global chief executive Inga Beale told The World Today dealing with the constant threat of cyber attacks was now critical for businesses of all sizes.

"It's not just for banks to worry about — it impacts retailers, travel and hospitality firms, education and healthcare providers, and any business with proprietary information worth protecting," Ms Beale said.

"Where a decade ago people would talk about preventing a cyber-attack, the reality is firms will be subjected to attacks.

"The issue is how you mitigate against that."

The Australian Cyber Security Centre recently said systems in government agencies had been hit with 1,095 cyber security incidents considered serious enough to trigger an operational response.

The Lloyd's study points to a report from the accounting firm PWC which highlights a 109 per cent increase in detected security incidents in Australian companies, compared to a 38 per cent global average.

Under proposed legislation before the Australian Parliament, hacked companies that lose personal details, tax file numbers, medical records or credit card information will be required to report the incident and alert customers.

'High-profile data breaches just the beginning': Beale

But Ms Beale warns that while big business and government agencies are at most risk, private individuals are at risk from personal information stored in smartphones and personal computers.

"We are living in a world where people carry a globally-connected supercomputer in their pocket and almost every important work document is stored in the cloud, on servers or online," Ms Beale said.

"The result is an explosion in the potential for cyber risk. The latest series of high-profile data breaches is just the beginning.

"With the emergence of the Internet of Things the potential for cyber risk is enormous."

As one of the world's major insurers and reinsurers, Lloyd's is now seeing demand for cyber attack cover form a major part of its traditional business of insuring for global natural disasters and catastrophes.

Lloyd's says demand for cyber insurance in Australia has increased by 16,828 per cent in the past two years as businesses seek protection from current and emerging threats.

The Lloyd's index points to a range of other risks including power outages, terrorism, sovereign default, oil price shock, heatwave, drought and floods.

Follow Peter Ryan on Twitter @peter_f_ryan and on his Main Street blog.

Topics: computers-and-technology, hacking, business-economics-and-finance, sydney-2000

First posted Fri 4 Nov 2016, 8:11am