

TRANSPORT & LOGISTICS

Planning for Cyber Risk



The transport and logistics industry faces a unique set of cyber threats. Cyber criminals are always evolving and finding innovative ways to hack into systems and steal money and data. Logistics firms are not prepared for this, especially as their focus has been elsewhere due to the current Covid-19 pandemic. Attacks are increasing in severity and are becoming a matter of when, not if. ATC Insurance Solutions is here to help you better understand your risk.

POTENTIAL EXPOSURES / RISKS

- **Funds Transfer Fraud:** Any company that exchanges money is at risk of Funds Transfer Fraud. Criminals are finding new ways every day to trick you into paying fraudulent invoices or validating payment requests. According to NetDiligence, the average fraudulent wire transfer for SMEs in 2019 was \$141,000 the loss of which is a huge blow to any business.
- **Complex Supply Chain:** The transport and logistics industry relies on a series of companies working together to complete tasks. This will always involve some level of information sharing and access which creates significant vulnerabilities and cannot always be protected by things like firewalls. Exposed entry points to systems are like having a "Welcome" sign above your door for Cyber criminals. There is also an increased risk of opening malicious links or funds transfer fraud if sent from a threat actor posing as a supply chain partner.
- **Increased Automation:** Transport and logistics firms are benefitting in a lot of ways from increased automation of processes, the most obvious being increased efficiencies and therefore time/resource saving. However, this also means increased reliance on technology and systems for everyday operations. These could be things like automated ship to shore cranes, warehouse management systems or telematics devices in trucks. If they stop working due to a cyber incident, operations could be halted.
- **Business Interruption:** Due to the increased dependency on technology and systems, transport and logistics firms are likely to incur larger business interruption costs than other industries. For example, if management systems are down and information can't be accessed, deliveries and

transits will stop. Transport of perishable goods are more likely to incur higher business interruption costs.

- **Human Error:** Most cyber breaches happen as a result of an employee doing something they shouldn't, most of the time unknowingly. Something as simple as clicking on a malicious link or entering credentials into a false site can expose your business to a ransomware attack, data breach or funds transfer fraud.
- **Data Breach:** Depending on who the transport and logistics firm serve, whether they are B2C or B2B, they all will hold personal information on employees and corporate information about their supply chain partners. If a firm is B2C, they will also hold Personally Identifiable Information (PII) including names and delivery addresses. The more data they hold, the more attractive a target the firm is to cyber criminals and the larger the costs will be in the event of a breach.
- **Underinvestment:** Transport and logistics firms aren't always aware of the cyber threats they are exposed to and therefore may not protect themselves adequately against them with some basic risk management measures that can eradicate the majority of cyber-attacks.
- **Reputational Damage:** If a transport and logistics firm has a serious cyber incident and is unable to fulfil their duties to their clients, this could affect a firm's reputation. Public relations may be required to help mitigate the effects.

HOW ATC CAN HELP

- 24 Hour incident Response Hotline - access to cyber security experts in a time of crisis
- Claims managed in Australia by Australians
- Free commercial grade antivirus for up to 10 devices
- Operator error covered
- Funds Transfer Fraud cover available
- No excess in respect of Remediation Costs
- No sub-limits in standard wording
- Public Relations Costs covered
- Cyber Extortion Covered

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