

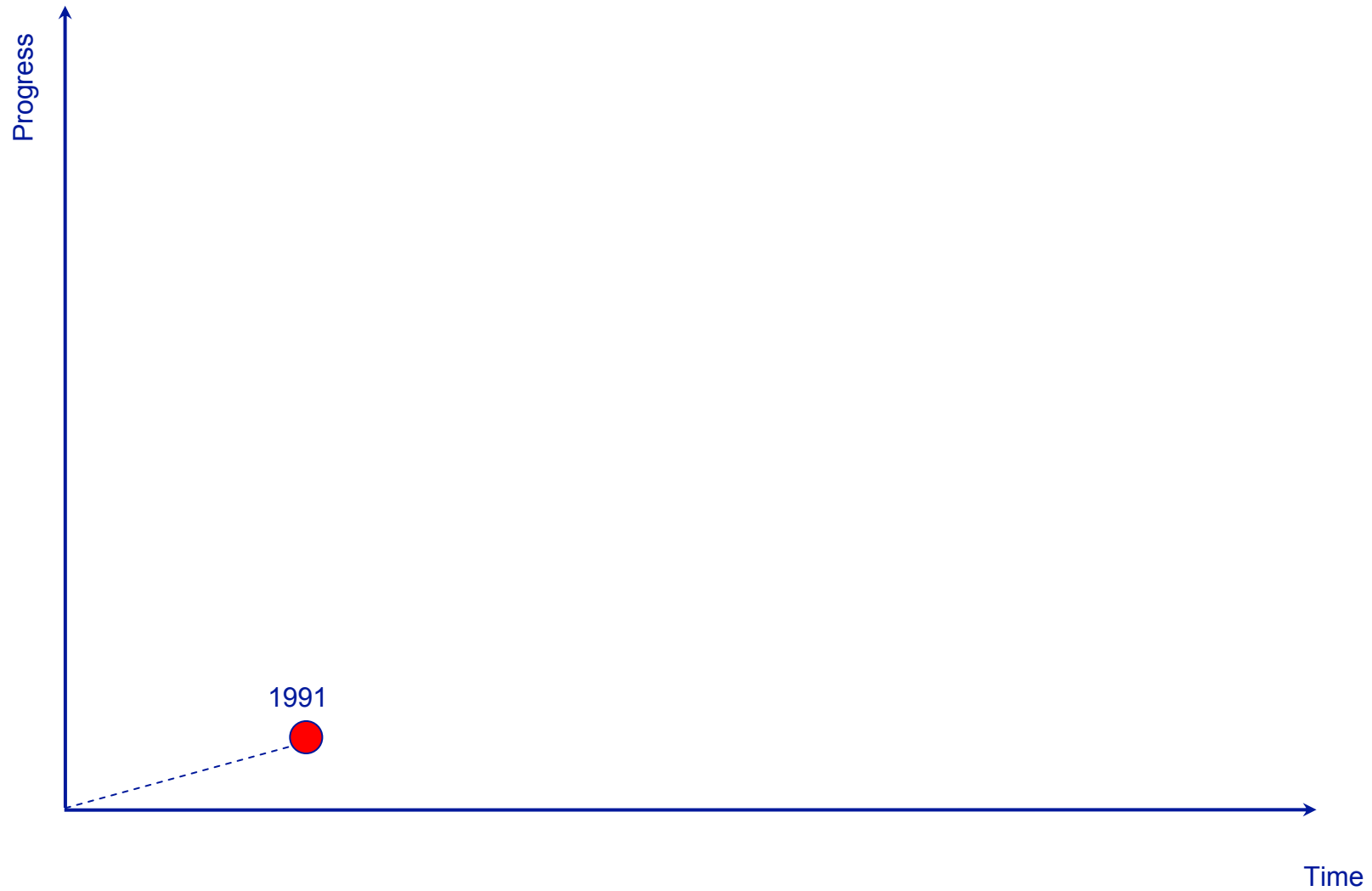


# CFC Underwriting

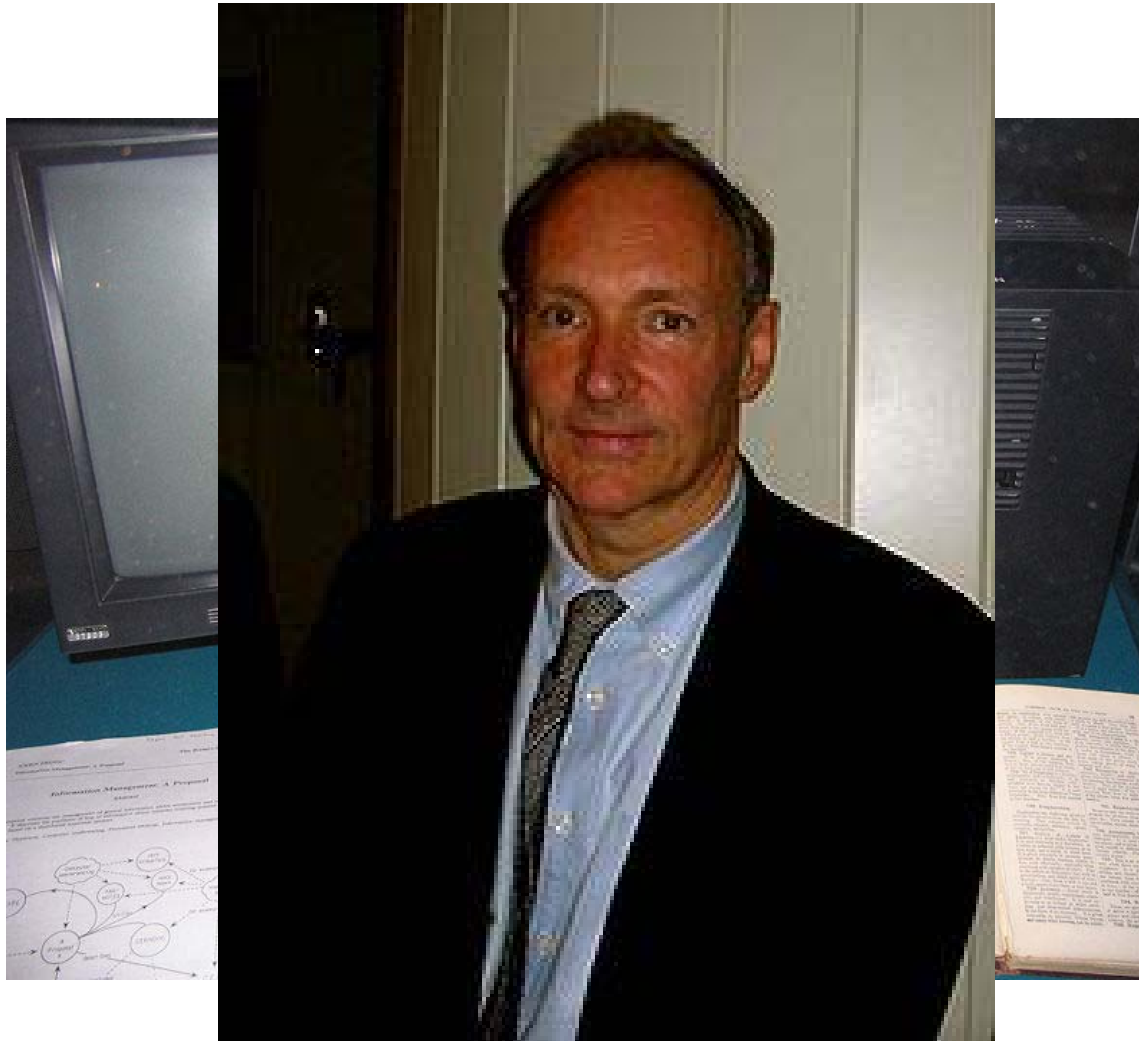
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# A brief history of the internet....

# A brief history of the Internet



## A brief history of the Internet



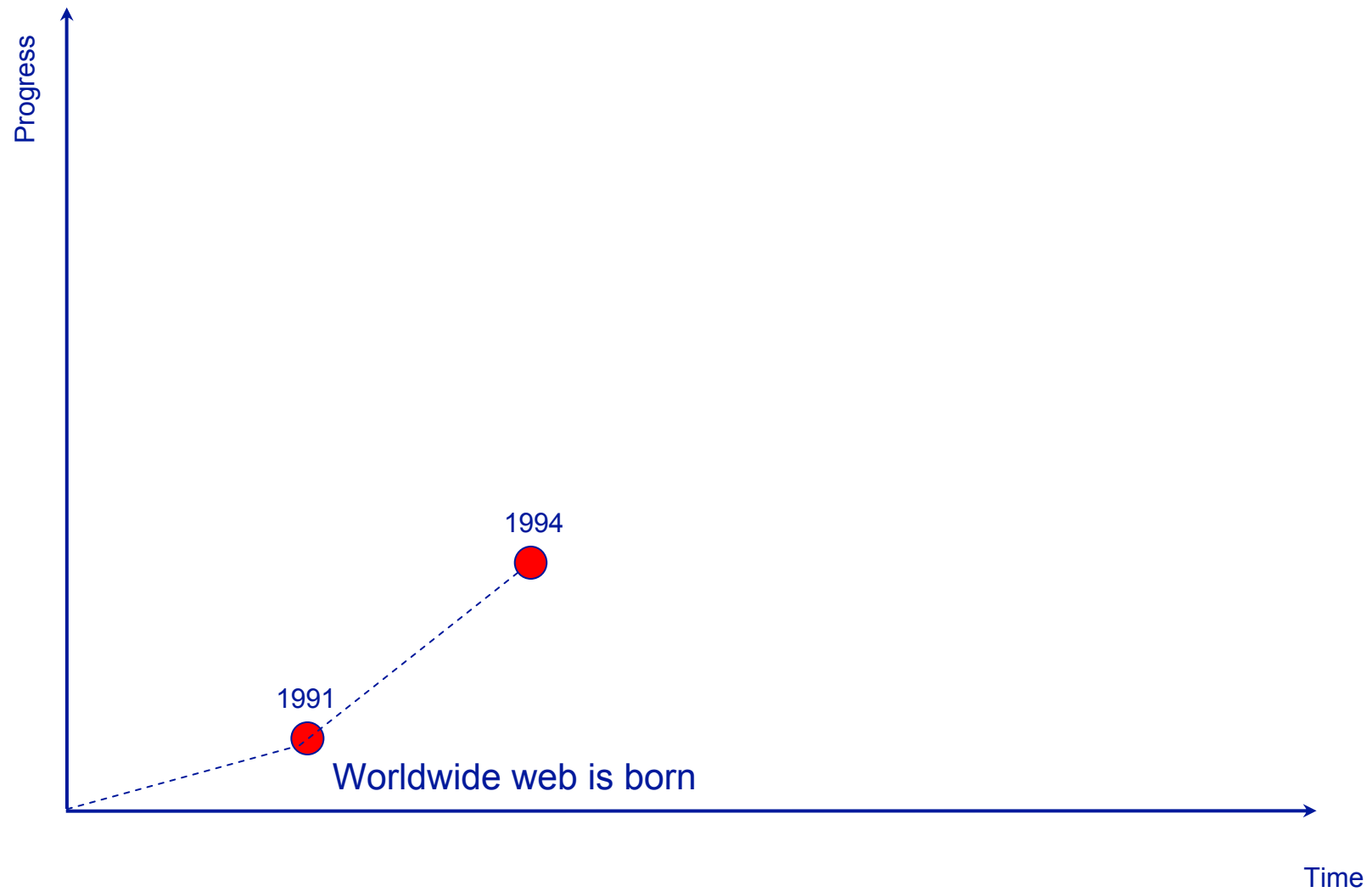
**Tim Berners-Lee**

# Insuring technology risks presents unique challenges...

## ■ Lack of legal precedent or case law

- Direct contrast to “traditional professions”
- Uncertain legal environment
- Standard “negligence” based cover not enough
- Potential for legal costs to spiral

# A brief history of the Internet



# A brief history of the Internet



Jeff Bezos

## What liability for third party content?

- Amazon allows users to publish book reviews
- Schneider (an author) sued Amazon for defamation
- Amazon sought protection under Section 230 of CDA
- Trial court dismissed all claims against Amazon
- Implications for social networking sites
- Protection applies in the US only.....not Europe



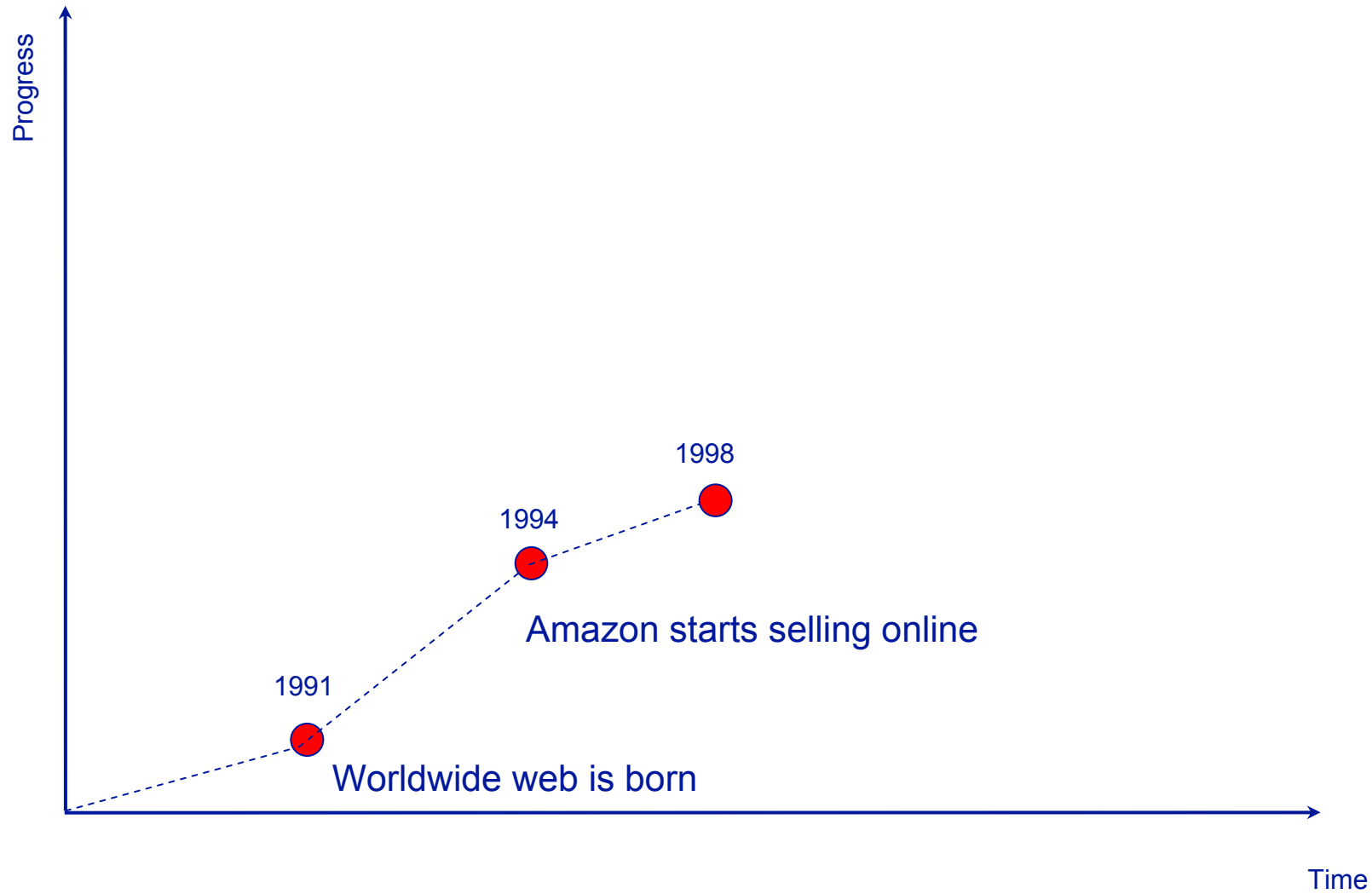
# Insuring technology risks presents unique challenges...

- **Lack of legal precedent or case law**

- **Old rules, new situations**

- The risks aren't new, but the situations are
- Hard to distinguish between a publisher and distributor
- Many jurisdictions slow to catch-up

# A brief history of the Internet





Google!  
B E T A

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Google Search

I'm feeling lucky

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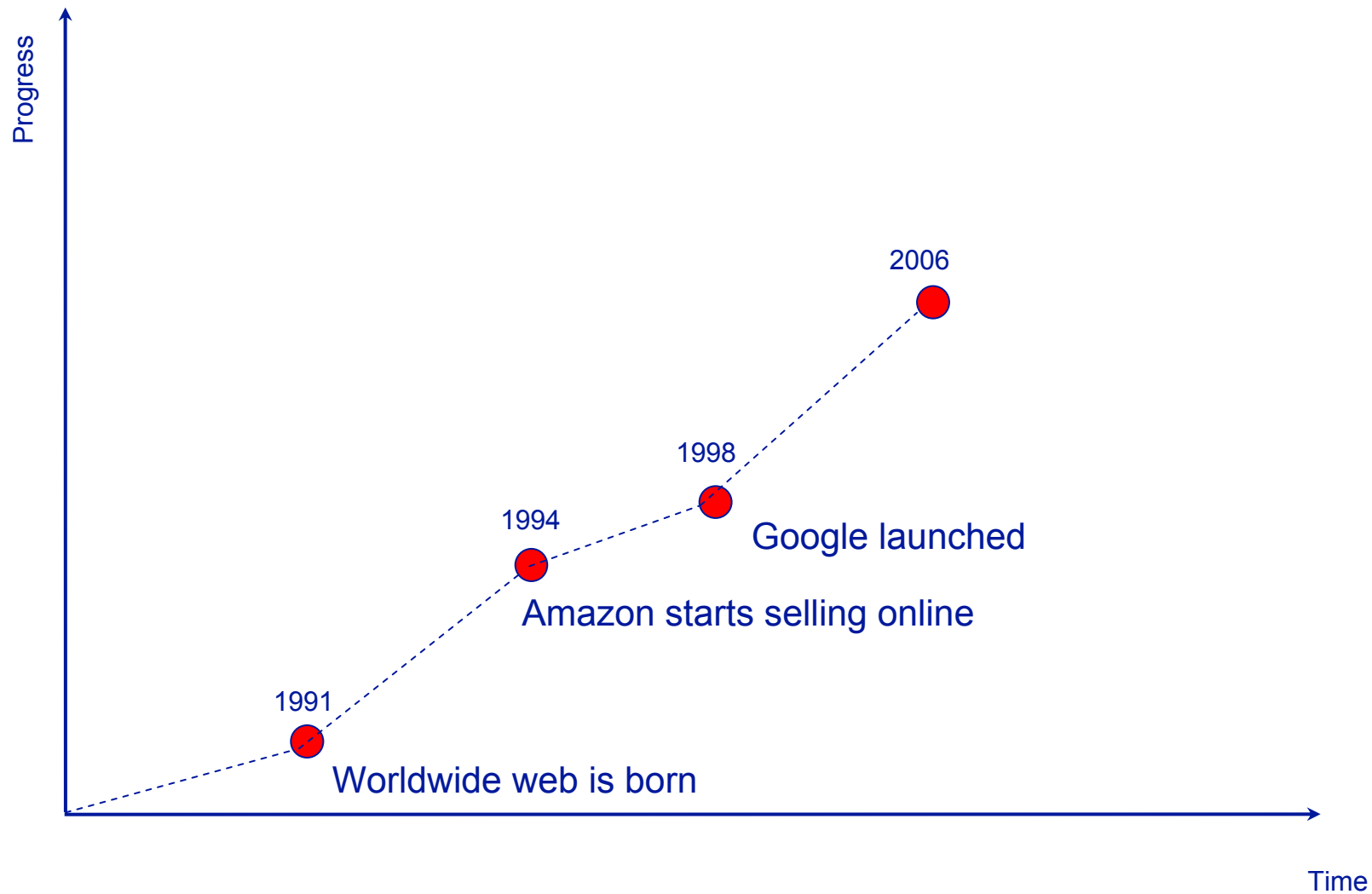
## **YouTube's entire business model illegal?**

- **Viacom owns various music and TV rights**
- **YouTube allows “users” to upload video content**
- **Viacom alleged their content viewed over 1.5bn times**
- **Viacom seeking over \$1bn in damages for mass infringement**
- **YouTube seeking protection under DMCA (1998)**

# Insuring technology risks presents unique challenges...

- **Lack of legal precedent or case law**
- **Old rules, new situations**
- **New business models create legal uncertainty**
  - Many business models didn't exist 10 years ago
  - Legal environment ill equipped to handle these models
  - Uncertainty leads to complex lawsuits

# A brief history of the Internet





**Laser Pointer (Broken) - \$14**

## French law versus US law and online auctions

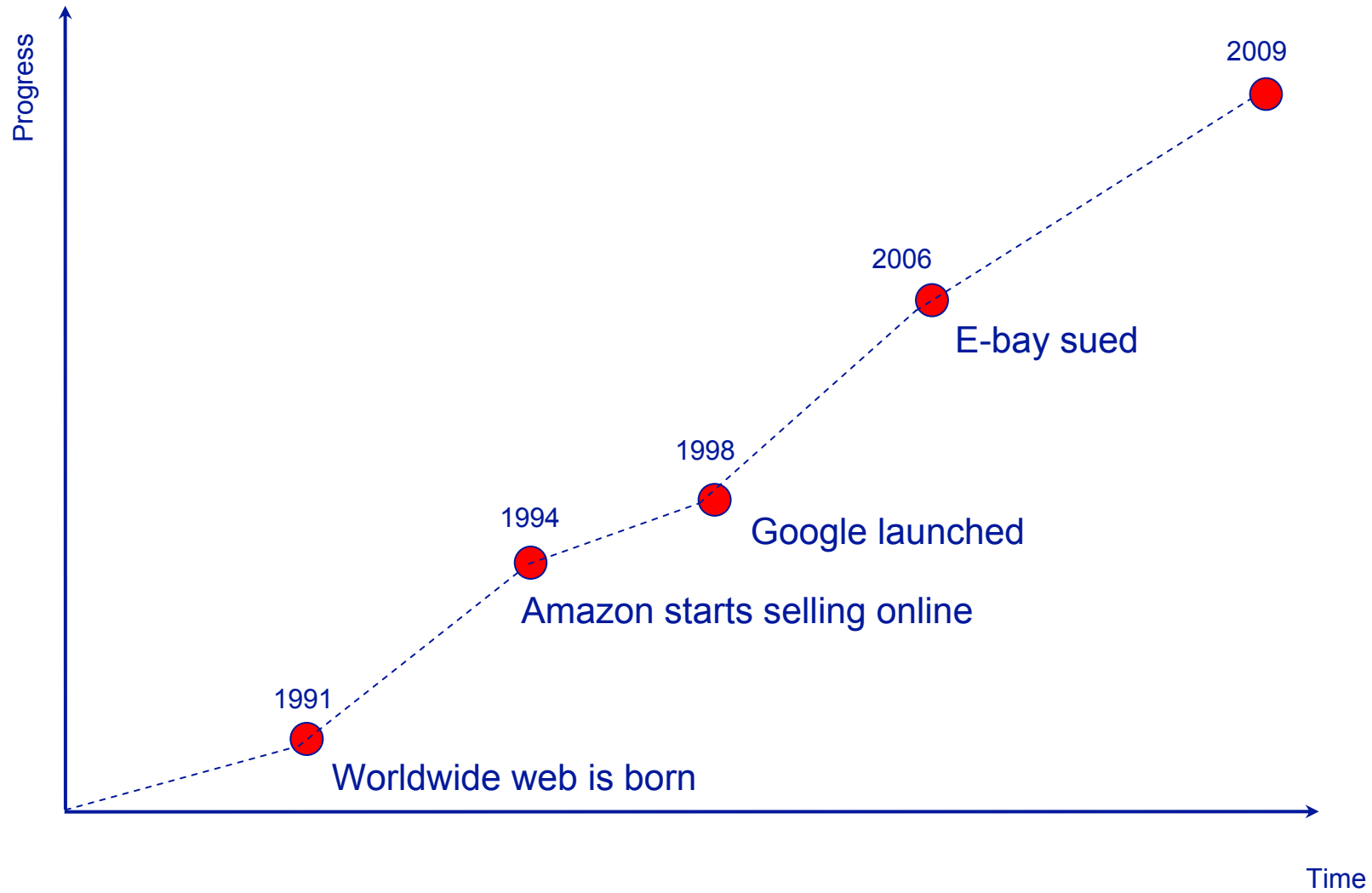
- E-bay provides online auction software
- A number of the goods sold through E-bay are counterfeit
- LVMH filed a suit in France claiming E-bay did little to prevent this
- Same suit filed by Tiffany's in the US
- French courts ordered E-bay to pay €40m damages
- US courts ruled in favour of E-bay



# Insuring technology risks presents unique challenges...

- **Lack of legal precedent or case law**
- **Old rules, new situations**
- **New business models create legal uncertainty**
- **Different countries, different rules**
  - Internet transcends many jurisdictions
  - New legal issues, responded to very differently by different countries
  - Generally the jurisdiction where content is downloaded applies rather than where it is hosted

# A brief history of the Internet





**Ronnie Biggs**

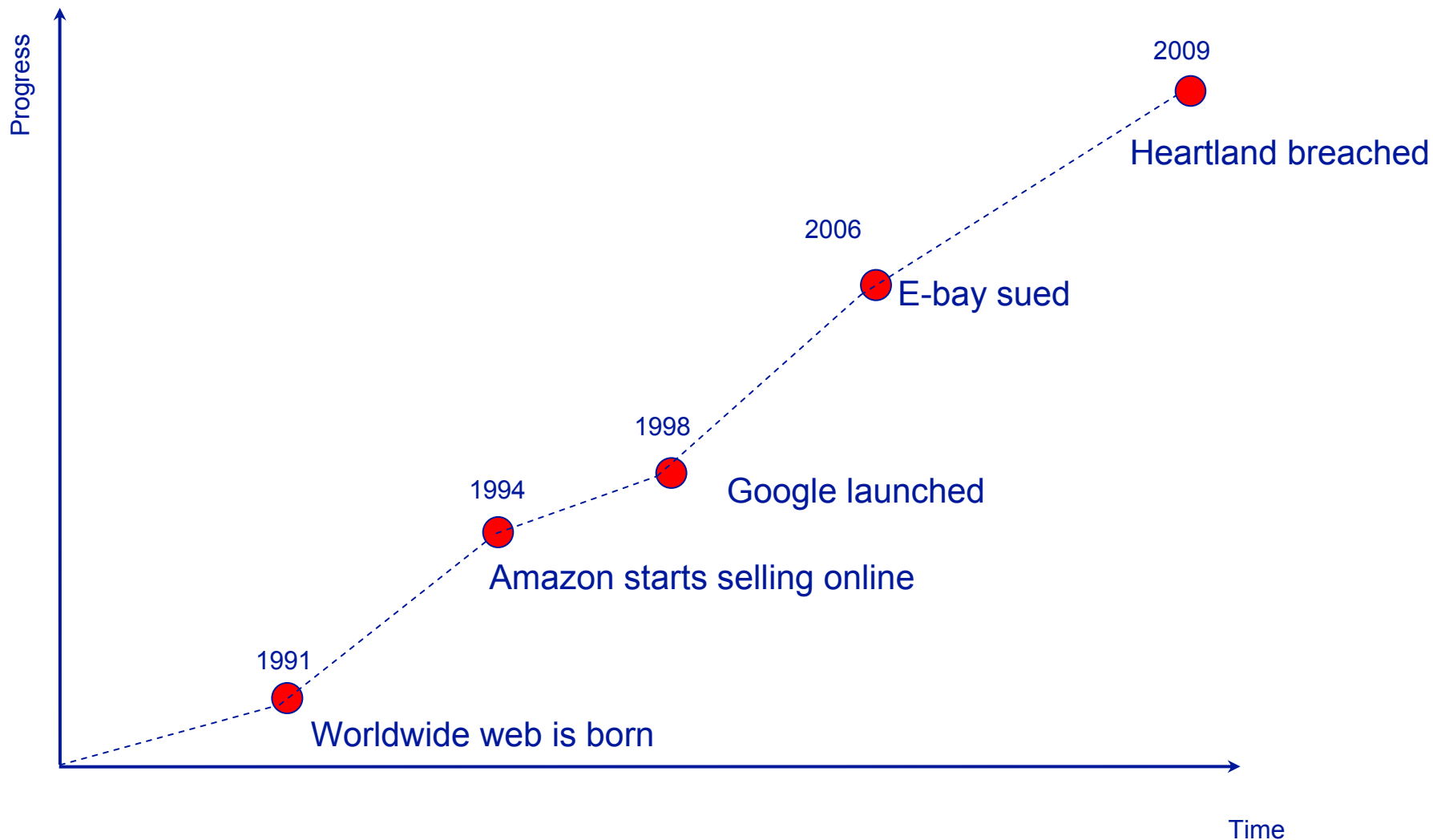
## The world's biggest bank heist?

- Heartland process payments on behalf of thousands of merchants across North America
- In Jan 09 Visa alerted them to a possible major security breach
- Identified a Trojan Horse that had been secretly stealing credit card details over a period of several months
- Over 100m details stolen, equating to a theft of over \$5bn
- Multiple law suits ranging from banks and card companies to end consumer class action lawsuits

# Insuring technology risks presents unique challenges...

- **Lack of legal precedent or case law**
- **Old rules, new situations**
- **New business models create legal uncertainty**
- **Different countries, different rules**
- **Unprecedented speed and scale**
  - Portability of data increasingly daily
  - Network connectivity exposes data worldwide, in milliseconds
  - Threats now global, not local

# A brief history of the Internet



**Any questions?**