

SolarWinds Insured Losses Estimated at \$90 Million

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The fallout from the SolarWinds hacking incident linked to Russian threat actors has not only wreaked havoc on governmental agencies and private companies whose data are at risk following the incident, but this week, Bitsight and Kovrr released an analysis outlining the effect of the event on insurance losses that estimates the incident could cost more than \$90 million when all is said and done.

The \$90 million includes costs related to forensic analyses, incident response, potential regulatory fines and public relations costs. Although it has been reported that 18,000 customers of SolarWinds may have been affected by the incident, the analysis indicates that 40 specific firms were targeted in the incident, 80 percent of which are located in the U.S. It further notes that those firms were primarily federal agencies or in the information technology sector.

The analysis highlights the importance of assessing supply-chain cyber risk and how supply chain and vendor security incidents can cause direct losses that may not be easily recoverable from downstream companies. As part of the assessment, companies also may wish to determine whether insurance coverage may be available if it experiences a vendor or supply chain incident like the SolarWinds example.

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