

With Self-Driving Vehicles on the Forefront, Companies Should Consider Cyber Insurance Coverage Options

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As we move closer to a world of **self-driving cars**, it is important for companies involved in their manufacture to consider **cyber insurance policies** to provide coverage for the risks brought by this new technology.

Google is currently testing a fully **autonomous** car in California that it hopes to make available to the general public in 2017. Other companies already are offering vehicles that have some automated features but can switch from automatic to driver mode on command. Daimler AG currently offers a “traffic jam assist” system on the Mercedes-Benz-S-class sedan that allows the car to brake and accelerate as necessary at low speeds based on the behavior of the vehicle ahead. By 2016, General Motors plans to offer a cruise system with hand-free automated driving on freeways with proper lane markings. By 2017, Toyota plans to offer crash-avoidance technology in Toyota and Lexus models. Other manufacturers that are currently testing partially self-driving cars include Audi, Ford, Nissan, and Volvo.

A study by the *Institute for Highway Safety (IHS)* titled “Emerging Technologies: Autonomous Cars—Not If But When” predicts that partially automated cars will be on roads worldwide before 2025; some fully automated cars will be on the road by 2030; and nearly all vehicles will be self-driving around 2050. However, the study notes that one major technology risk of vehicle automation is cyber security.

According to an article by the Financial Post, cars have between 20 and 70 computers. Tech-savvy hackers have been able to control these cars through cellular phones, Bluetooth connections, CD players, tire-pressure monitoring systems, and OnStar safety systems. Experts say hacking will get easier with the rise of automated vehicles, as automakers equip cars with full Internet access and computer-controlled safety devices that take over driving duties, such as braking or steering.

A 2014 Lloyd’s report titled “Autonomous Vehicles Handing Over Control: Opportunities and Risks for Insurance” noted that the increase in autonomous cars will mean more data connectivity between cars and personal items such as smartphones and tablets, which could create the potential for unwanted parties to access personal data, such as typical journeys or a person’s physical location. The report also warns of cyber terrorism, such as a large-scale immobilization of cars on public roads.

Cyber risk insurance coverage is one way for parties involved in the making of self-driving vehicles to mitigate this risk. Cyber insurance is designed to mitigate losses from a variety of cyber incidents, including data breaches, business interruption, and network damage.

Cyber policies typically offer first-party coverage to protect the policyholder against its own expenses after a cyber attack, such as the costs of notifying customers of a data breach, obtaining forensic services to determine the cause of the breach, restoring computer programs and electronic data, or taking measure to restore the company's reputation. Cyber policies also typically contain third-party coverage to protect the policyholder for liability to others and reimbursement for expenses.

The types of cyber policies available and the risks they cover will likely evolve in the coming years, as self-driving cars come closer to becoming a reality. Companies involved in their manufacture should stay informed of appropriate insurance options as this technology becomes available.

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