



IUMI 2018

**CYBER ATTACK ON A SHIPOWNER AND CONSEQUENCES
FOR CARGO INTERESTS IN TRANSIT**
CASE STUDY

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LET'S START WITH A QUESTION

Is it possible to recover Business Interruption and/or Brand Reputation losses from Carriers?



MARITIME INDUSTRY & IT



Technology is key and becoming disruptive for the Industry.

INTERACTIVE CYBER MAP



- + 4,000 ransomware attacks per day.
- 197 days (average) for business to detect a breach on their network.
- Top 5 most cyber-attacked industries:

- 1.Healthcare
- 2.Manufacturing
- 3.Financial Services
- 4.Government
- 5.Transportation

IT ONLY TAKES ONE SUCCESSFUL ATTACK





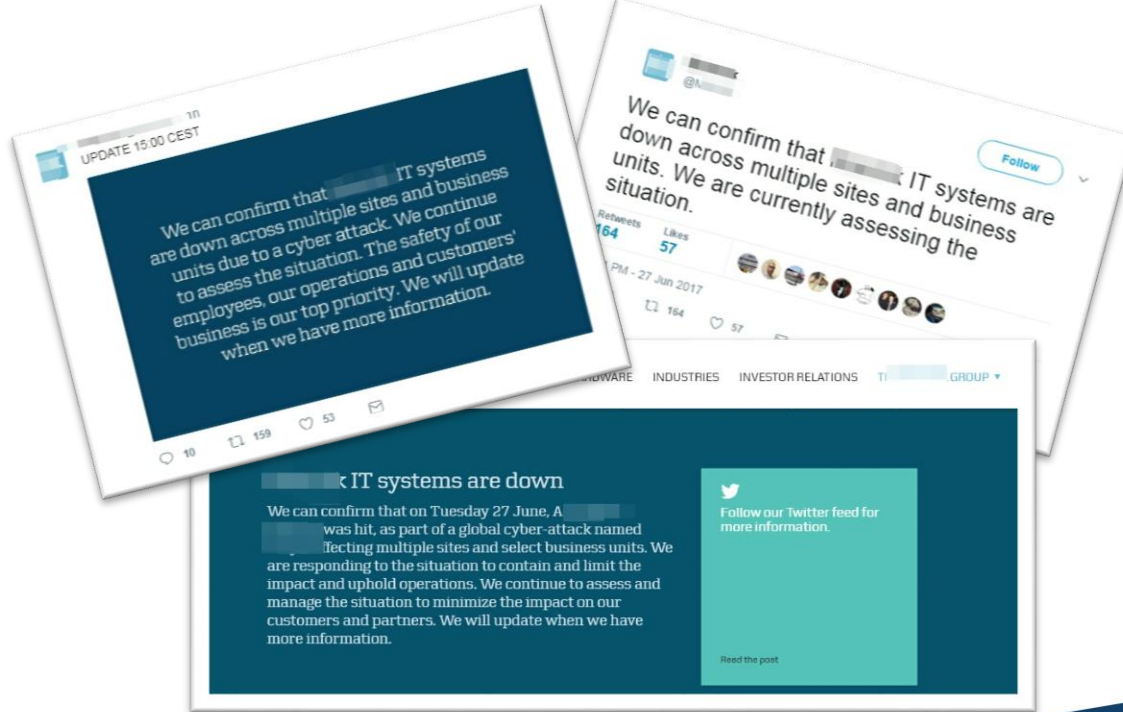
CARRIERS PERSPECTIVE

- Extent of Loss?
- Minimization from Carrier?
- Risk covered by Insurance?
- Can Cyber Attacks affect Cargo?
- Potential extent of Liability?
- How unexpected or “Force Majeure” can a Cyber Attack be on a Vessel?

TRADERS PERSPECTIVE

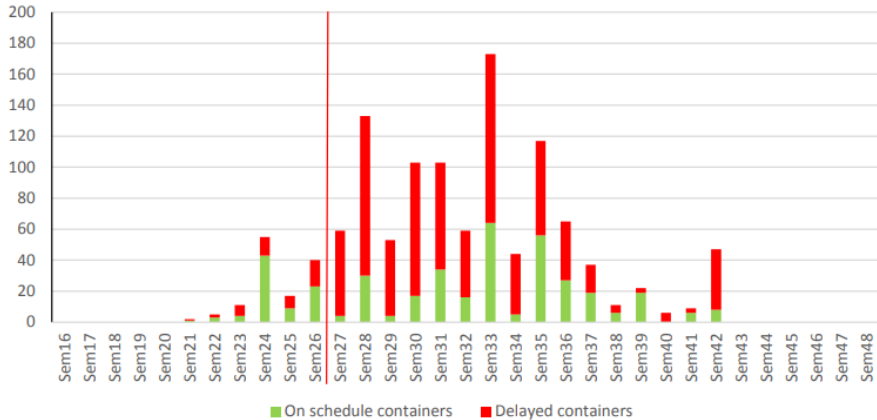
- Supply Chain as essential part of the business.
- Centralized Logistics in some Carriers, Freight Forwarders, etc.
- Yearly Contracts for Transportation.
- Just in Time is Key.

AND SUDDENLY, THE FOLLOWING...

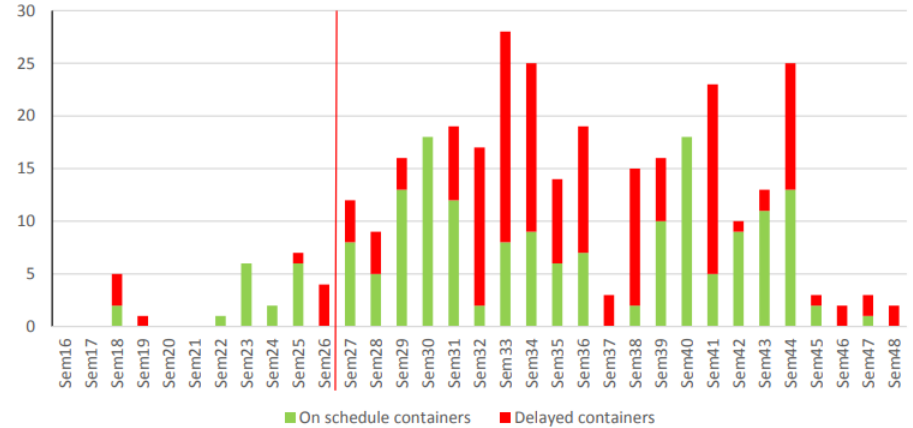


THINK THE UNTHINKABLE

Europe



Asia



CARGO LOSSES DUE TO THE ATTACK

- Direct Losses to Cargo.
- Losses due to Difference in Value.
- Brand Value (commercial impact & market capitalization loss).

HOW TO SET A LEGAL STRATEGY

- Insurance Coverage (for another discussion).
- Transportation / Logistics:
 - Claim under Bill of Lading
 - Claim under the Contract
 - Claim in Tort (for aspects not covered under contract)

CLAIM UNDER B/L

- Damages caused due to delays?
- Similarities to Unseaworthiness?
- A Force Majeure event?

CLAIM UNDER CONTRACT

- How are parties contracted? Lex Mercatoria.
- Contract formalized via tender / email exchange.
- No written/ formal Contract.
- Which type of Contract?
- Which governing Law and Jurisdiction is applicable?

CLAIM IN TORT

- GRAVITATION OF LOCAL LAWS: Can consequential Losses be claimed?
- COMMON LAW: Risk Management Systems and Data Protection obligations.
- EU NIS DIRECTIVE: Minimum Cyber Security standards.
- CONTINENTAL LAW JURISDICTIONS: Negligence as an omission of Due Diligence obligations.

NOW LET'S GO BACK TO THE QUESTION...

Is it possible to recover Business Interruption and/or Brand Reputation losses from Carriers?



CONCLUSIONS

- Cyber Attacks are here to stay.
- International Contracting – Transportation and Supply Chain.
- Extent of Carriers Liability – how far is covered.
- Local Jurisdictions – Claims in Tort.

QUESTIONS?



THANK YOU

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