

The physical consequences of cyber attacks

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When considering cyber cover, emphasis is usually placed on damage to computer systems and data, together with the theft of electronic assets and corruption of computer systems and programmes. However, often the prospect of physical damage is only a secondary thought.

The recent Predatory Sparrow incident serves as a useful reminder that cyber attacks can be responsible for causing significant physical damage.

The Predatory Sparrow incident was an attack on an Iranian steel maker, which in turn caused a significant fire as a result of an item of machinery spilling molten steel and fire. The attacks were allegedly carried out by Predatory Sparrow in response to unspecified acts of aggression by the Islamic Republic.

Impact for underwriters

This incident is a timely reminder of the potentially significant damage that can be caused by a cyber attack. Underwriters should by now have updated their policy wordings to deal with 'silent cyber' issues. If not, they should do so as a priority.

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