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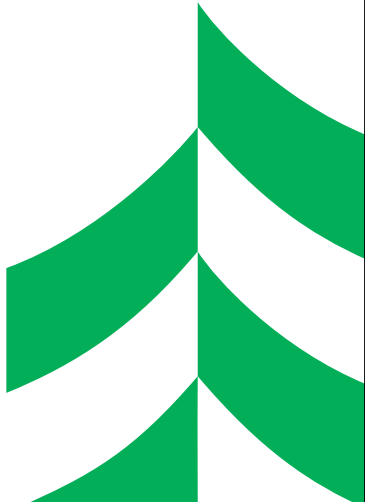

Associated
Benefits and Risk Consulting

**EMERGING CYBERSECURITY THREATS
& BEST PRACTICE SOLUTIONS**

October 31, 2019

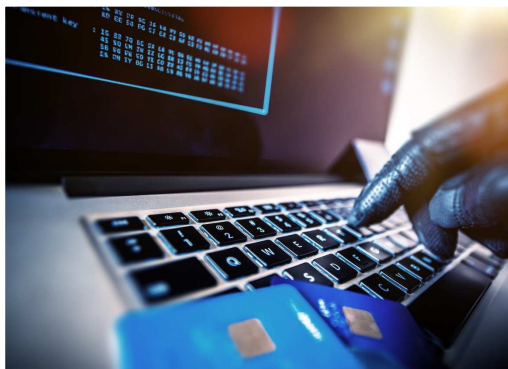
**CYBER INSURANCE OVERVIEW
AND OPTIONS**

CARLA BORDA, MANAGEMENT LIABILITY CONSULTANT
OCTOBER 31, 2019



CYBER CRIME IS BIG BUSINESS

All it takes is 10 stolen credit cards per compromised website to result in a yield of up to \$2.2M per month, as each card fetches up to \$45 in underground selling forums. With more than 380,000 credit cards stolen, the British Airways attack alone may have netted criminals more than \$17 million.



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CLOUD

Cloud challenges: If it's in the cloud, security's on you

A single misconfigured cloud workload or storage instance could cost an organization millions or cause a compliance nightmare. In 2018, more than 70 million records were stolen or leaked from poorly configured S3 buckets. Off-the-shelf tools on the web allow attackers to identify misconfigured cloud resources.

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WHAT DO YOU OUTSOURCE?

- “Data owner” is company who originally had the data
 - Cloud
 - Vendors
 - Suppliers
 - Payment processors
 - Payment services (PayPal, etc.)
- Data owner has liability for privacy no matter where data is compromised!



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CYBER RISK



Image source: Beazley Breach Insights, May, 2019

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IBM/PONEMON 2019 COST OF DATA BREACH REPORT

- Average cost of a Data Breach: **\$3.92 million**
- Average size of data breach: **25,575 records**
- Cost per lost record: **\$150**
- Time to identify and contain a breach: **279 days**
- Average cost of lost business **\$1.42 million**
- Total cost for large organizations (over 25,000 employees) **\$204 per employee**
- Total cost for organizations between 500-1000 employees: **\$3,533 per employee**



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CYBER INSURANCE MARKET

- Direct written premiums for both standalone and packaged cyber policies grew about 12% on 2018 from \$1.8 billion to \$2.0 billion
- In 2018 528 US insurers reported to be writing cyber insurance, up from 471 in 2017
- Claims grew 39% between 2017 and 2018
- Top 10 insurance carriers write 69.5% of the market
- Market challenges:
 - Uncertainty about pricing
 - Underwriting business interruption/continual business interruption
 - New risks from emerging technologies, IoT, big data
 - Systematic event that could cause extensive losses



Source AM Best

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CYBER RISK IS A D&O RISK

- Shareholder derivative actions and securities related class action lawsuits for alleged failure to take adequate steps to prevent a breach of the company's cyber security defenses
- Equifax
- Yahoo
- Federal Express
- Criminal – insider trading – Equifax
- Suits from liquidators, administrators, shareholders



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HEADS MUST ROLL

- Yahoo – Ron Bell, company's top lawyer – fired; Marissa Mayer CEO took 7 figure financial hit
- Austrian aerospace company FACC: social engineered fake wire transfer: CFO fired
- UBER: CSO Joe Sullivan and legal director of security and law enforcement Craig Clark fired for how they handled \$100,000 ransomware
- Equifax: CSO Susan Mauldin, CIO Dave Webb, CEO Richard Smith "retired"
- Sony Pictures chief Amy Pascal – fired



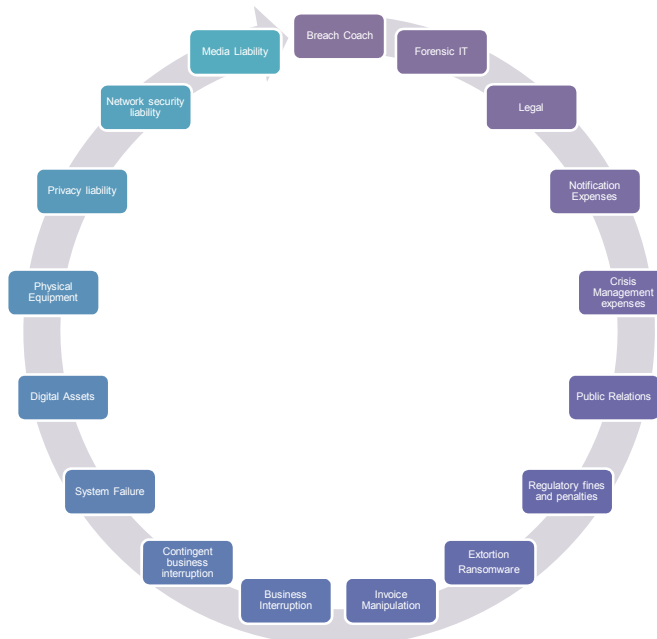
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CYBER LIABILITY

PROTECTION FROM DATA BREACHES AND OTHER CYBER EVENTS

- Proprietary coverage and exposure analysis
- Benchmarking analytics
- Contract review
- On-staff law degree compliance specialist
- Claims advocacy
- Placement and program analysis
- Monthly threat intelligence reports



QUESTIONS



IMPORTANT DISCLOSURES

Investments, securities and insurance products:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NOT A DEPOSIT
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