



Trust in, and value from, information systems

North Texas Chapter

Managing Cyber Threats Risk Management & Insurance Solutions



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Presented by:

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The TECHASSURE logo is a black oval with a yellow border, containing the word "TECHASSURE" in white, uppercase, sans-serif font. The oval is set against a white background with a thin black line passing through it.

TECHASSURE

Overview

- Recent Trends and Loss Exposures
- Risk Management Strategies & Solutions
 - Pre-Loss Strategies (Prevention)
 - Post-Loss Strategies (Recovery)
- Overview of Cyber Insurance
- How to Best Secure Cyber Insurance Coverage



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Trends and Loss Exposures

- Challenge to manage risks posed by the globalization of emerging risks from hackers, privacy laws, litigation, and regulatory requirements, etc.
- 51% of CEO's said their company experiences cyber attacks hourly or daily



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Trends and Loss Exposures

- Future Lawsuits from Data Breaches are Imminent
- Derivative Shareholder Actions
- Increase in Federal and State Statutes and Regulations
- Plaintiff Lawyers are Starting to Attack Like Tobacco and Asbestos



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Trends and Loss Exposures

- Increasing claim activity for PII and PHI
- Personal assets of D&O's are exposed
- Data security has evolved beyond IT department and become the ultimate responsibility of the executive suite and board of directors



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Risk Management Strategies & Solutions

Pre-Loss Strategies (Prevention)

- Learn Exposures and Threats – Dynamic Changing Environment
- Take Action to Put Yourself in a Defensible Position
- Develop Internal Policies and Procedures Including a Cyber Incident Response Plan
- Legal Review and Contractual Risk Management



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Pre-Loss Strategies (Prevention)

- IT, Financial, Legal & Risk Management Teams must work together to develop a loss prevention strategy
- IT generally takes on a 1st Party approach to cyber exposures; they typically do not consider the 3rd Party Liability impact that can result from the breach



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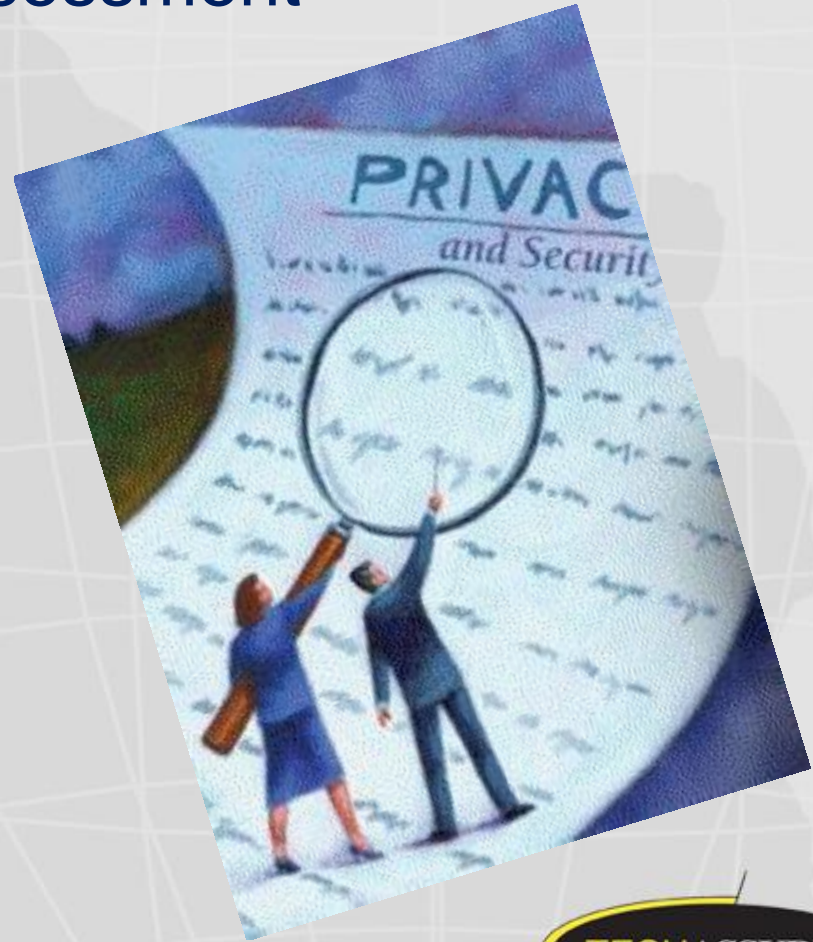
Pre-Loss Strategies (Prevention)

■ Security and Privacy Assessment

- Internal
- External

■ Legal Compliance

- Federal and State
- International
- PCI and Other Standards



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Pre-Loss Strategies (Prevention)

- Contractual Risk Transfer
 - Customer Contracts
 - Develop Insurance and Risk Management Requirements for Outsourced Services
- Manage Portable Devices –
Laptops, iPhone, Flash Drives
- Prioritize Data for Encryption and Use
- Social Networking



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Risk Management Strategies & Solutions

Post-Loss Strategies (Recovery)



Establish Plan of Action to Respond to Cyber Incident

- Act Quickly
- Access Legal and Security Professionals
- Communication Policy Including Notification and Crisis Management
- Assess Additional Potential Consequences – Reputation, Stock Price, Customer Base
- Business Continuity
- Contain to Nuisance Instead of Catastrophic Event



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Cyber Insurance

- What defines a cyber insurance policy?
- How is it different from other policies?
- How does it interact with other coverages including D&O, E&O, General Liability, etc?
- Is there potential for a claim to trigger multiple coverage lines?



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Cyber Insurance – Popular Misconceptions



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Cyber Insurance – Popular Misconceptions

- “I don’t have any exposure”
- Reliance upon IT security
- “All cyber policies are basically the same”
- “It’s already covered” - D&O, E&O, Business Income, General Liability, Umbrella, Internet Liability or Crime Policies
- Coverage limitations/gaps of cyber policies



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How To Select a Cyber Policy

- All policies are different – new entrants all at different levels of coverage
- Understand interaction with other insurance policies
- Develop an exposure analysis including 1st and 3rd Party
- Prioritize coverage features and map quotes against priorities



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How To Select a Cyber Policy – Beware of Common Limitations

- Limited to electronic information and no coverage for hard copies or offsite information
- First party coverages – crisis management, notification expenses, business interruption, etc.
- Lack of cyber extortion coverage
- Limit coverage to only encrypted information
- Exclude social networking exposures



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Positioning Insurance Carriers for Lower Cost of Risk

- Develop a Risk Profile
- Use exposure based risk assessment – not assessment of specific policy coverages
- Demonstrate a commitment to risk management
- Manage contractual liability exposures
- Involve IT in the process
- Obtain market leverage



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Summary

- Implement loss prevention strategies to mitigate, eliminate or transfer cyber risk
- Quickly execute plan to respond to a cyber incident
- Incorporate cyber insurance into your plan
- Navigate cyber insurance landscape and prioritize exposures and desired coverages
- Work with a knowledgeable insurance consultant to maximize coverage tailored to your unique risk



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Questions

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