

Your Experience  
Matters

# Cyber Risk, Avoiding Pitfalls

by

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# Agenda

- The Evolving Landscape of Cyber Risk
- Perils of Transacting Business
- Top 3 Exposures
- Transfer Risk
- Resources



## Cyber Landscape

# 1,707,618 TOTAL COMPLAINTS

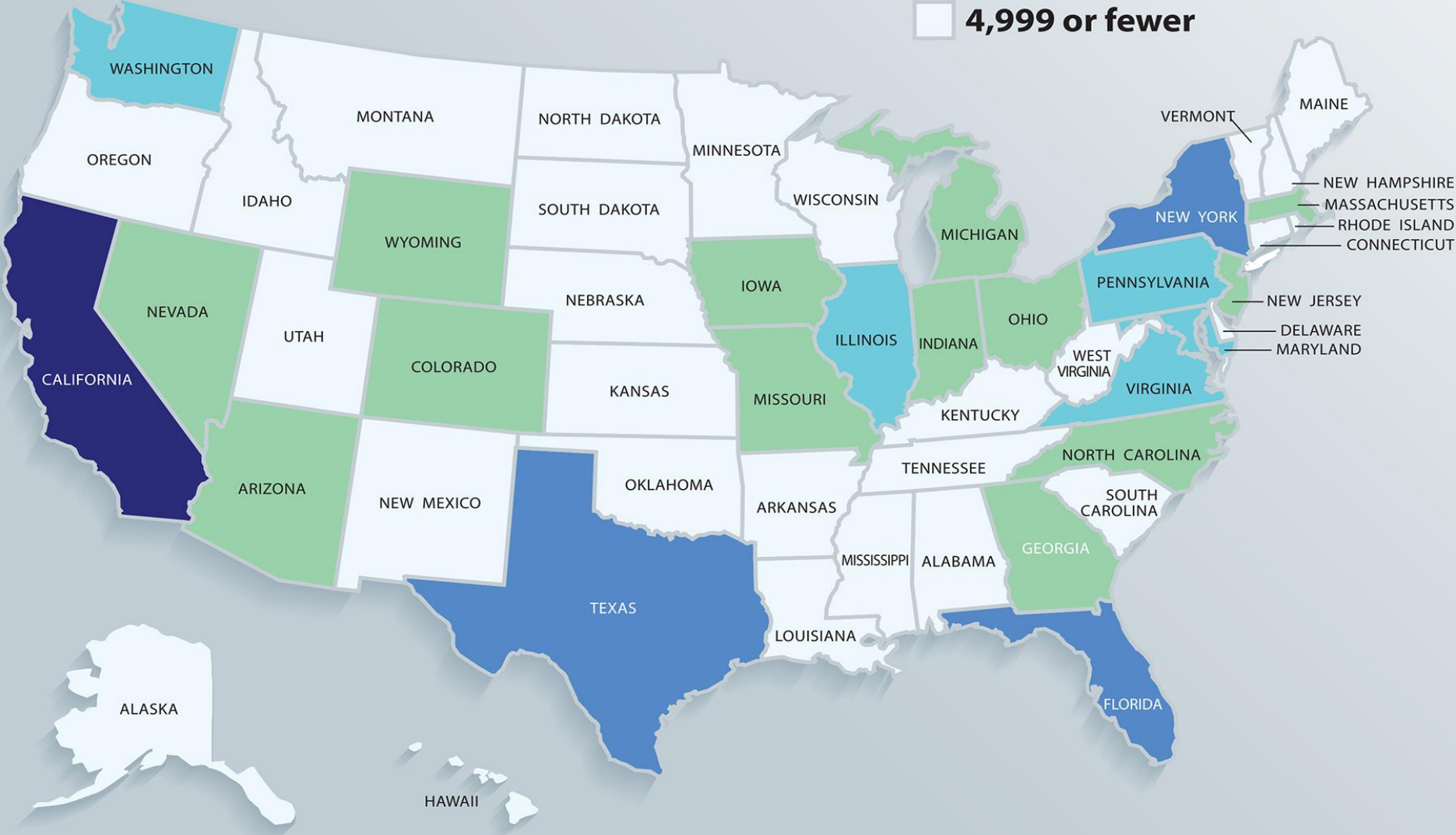


# \$10.2 Billion TOTAL LOSSES\*

*(Rounded to the nearest million)*

# 2019 IC3 Complaints

Number of Complaints by State

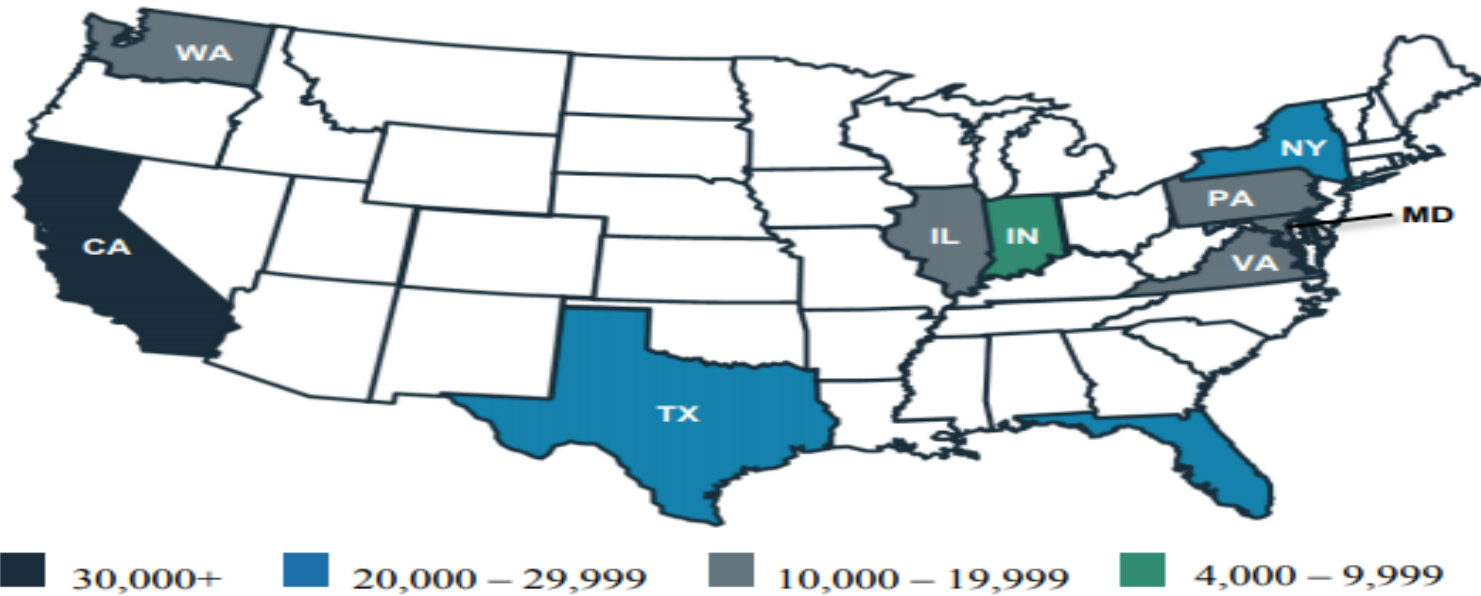


Source: 2019 Internet Crime Report

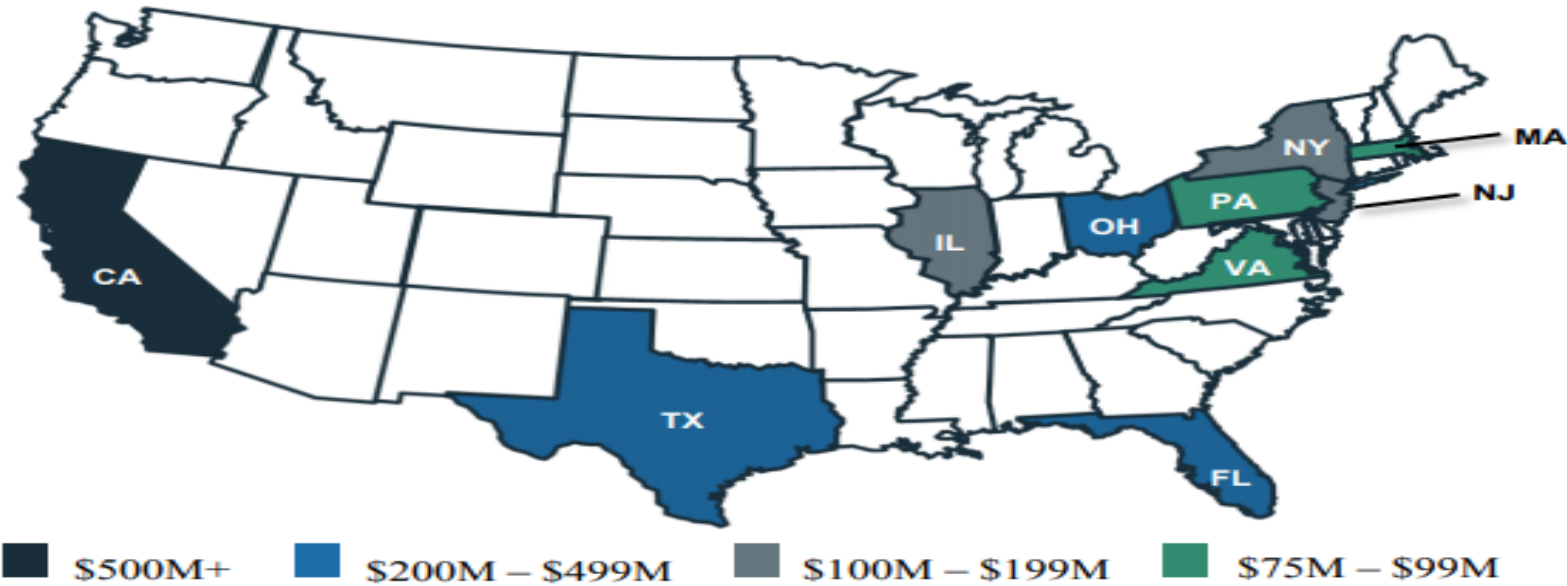




## 2019 - TOP 10 STATES BY NUMBER OF VICTIMS<sup>8</sup>



## 2019 - TOP 10 STATES BY VICTIM LOSS<sup>9</sup>



# Legal Landscape



Attorney General of Texas

- Texas H.B. 300- Breach Notification Bill
- Texas H.B. 3832- Training Requirements
- Health Insurance Portability and Accountability Act (HIPAA)
- SEC Breach Notification Requirements



# Coverage Landscape

- No Standardization
- Policies Menu Driven
- Inconsistent Definitions
- Overlap of coverage
- Inconsistent Limits
- Often confused with other types of coverage

Technology Service Providers & Products  
VS.  
Coverage for Users



A silhouette of a man in a suit walking on the edge of a dark, jagged cliff. The background is a bright blue sky with a sun on the left and scattered white clouds. The man is walking from left to right, with his right foot on the cliff and his left foot in mid-air.

# PERILS OF TRANSACTIONING BUSINESS



## First Party Perils

### **Post Breach**

- Notification & Crisis Management

### **Time Element Coverage**

- Business Income & Extra Expense

### **Property Damage/Theft**

- Data
- Extortion/Ransom
- Computer Fraud
- Funds Transfer Fraud
- Social Engineering



## Liability Perils

### **Third Party Exposures**

- Privacy Liability
- Regulatory Defense/PCI Fines
- Website Content Liability
- Bodily Injury and Property Damage

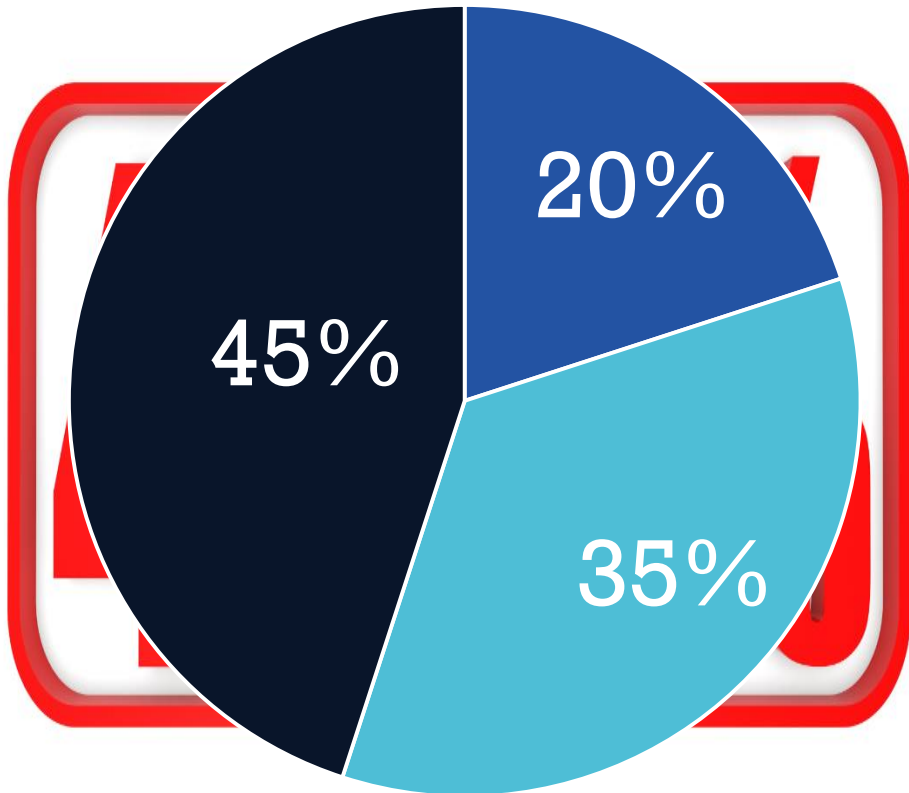


People Peril

The Weakest  
Link



# Top 3 Cyber Risks



- Social Engineering/Fraud
- Ransomware
- Privacy Liability



# 22 Texas Towns Hit With Ransomware Attack In 'New Front' Of Cyberassault

August 20, 2019 - 10:16 AM ET  
Heard on Morning Edition

 BOBBY ALLYN 

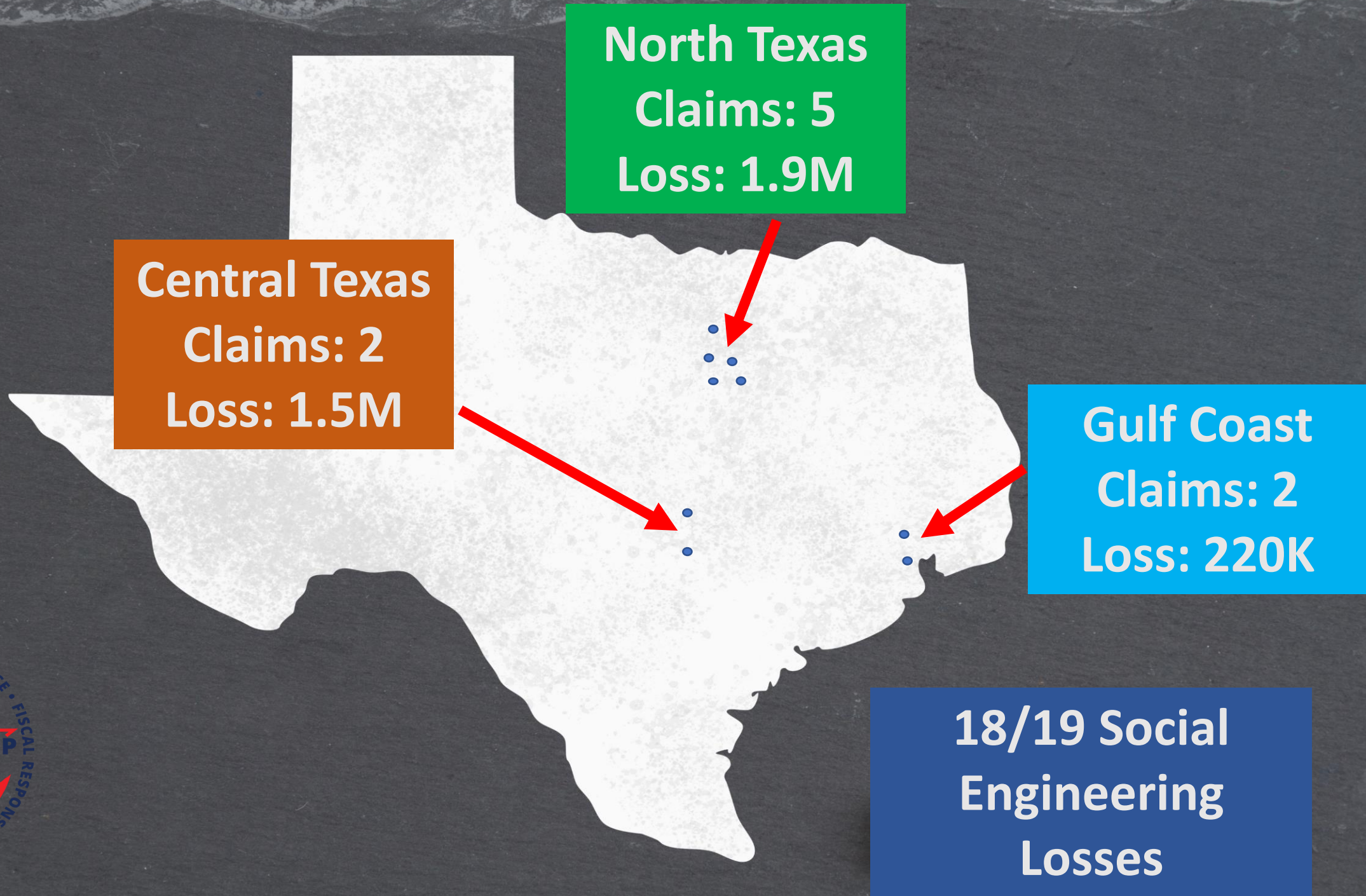
 **3-Minute Listen** + PLAYLIST   



Texas state Capitol building in Austin. This week, state officials confirmed that 22 municipalities have been infiltrated and ransom demanded.







# Shotgun Approach



# Spear Fishing



# Privacy Liability

Human Error	Hacking/Viruses
Lost Technology	Vendor Negligence
Improper Disposal	System Security
Security Issues (passwords)	Infrastructure
Lack of Training	Lack of Training





# \$158 Per Record

## Personally Identifiable Information (PII)

Full Name (if not common)	Credit Card Number
Social Security Number	Date of Birth
IP Address	Birth Place
Vehicle Plate Number	Genetic Information
DL Number	Fingerprints, Handwriting, Face

\*As defined by the US Office of Management and Budget  
“2016 Cost of a Data Breach Study”



# Emerging Exposures

- Social Media Exposures
- Privacy Violations
- Sexual Harassment and Discrimination Claims
- Wrongful Termination





HOW MUCH  
COVERAGE  
DO I NEED



## First Party Post Breach

- **Privacy Notification**
- **Crisis Management Expense**
- **Legal Services**
- **Computer Expert Services**
- **Public Relations**



## First Party Post Breach

- Information Security and Privacy Liability
- Regulatory Defense and Penalties
- Payment Card Industry Fines (PCI)
- Website Media Content Liability
- Bodily Injury and Property Damage Liability



First Party  
Property

- **Data Assets**
- **Data Business Network Interruption**
- **Ransom/ Extortion**
- **Computer Fraud**
- **Fund Transfer Fraud**
- **Social Engineering**





A background image showing a business meeting. Several people are seated around a table, looking at documents. One person is holding a pen over a document. There are some office supplies like a pen holder and a water bottle on the table. The scene is brightly lit, suggesting an indoor office environment.

# Risk Management Cyber Treatment

## **Contractual Transfer**

- Understand the Exposure
- Confirm Coverage Type
- Get Proof

## **Policies and Procedures**

- Wire Transfer
- Vendor Process



## Indemnity Language

Assumption of primary liability; to pay irrespective of another's default

12.11 Indemnification. Company shall release, defend, indemnify and hold harmless City and its officers, agents and employees from and against all damages, injuries (including death), claims, property damages, (including loss of use), losses, demands, suits, judgments and costs, including reasonable attorney's fees and expenses, in any way arising out of, related to, or resulting from the services provided by Company to the extent caused by the negligent act or omission or intentional wrongful act omission of Company, its officers, agents, employees, subcontractors, licensees, invitees or any other third parties for whom Company is legally responsible (hereinafter "Claims"). Company is expressly required to defend City against all such Claims.



# RESOURCES

## TMLIRP Programs

- **Cyber Resiliency & Defense Program**
- **Cyber Coverage**
- **Cyber Training**
- **Online Resources**



## What's at Stake

Government officials have a responsibility to address cybersecurity threats from both inside and outside their organizations.

Failure can result in taxpayers footing the bill for costly litigation or regulatory enforcement. But something even more important is at stake: the public's trust.

## Protecting Data and Securing the Public Trust

Step 1 Have a Security Plan and Ensure People Follow It

Step 2 Use Technology to Guard Personal Data

Step 3 Make Sure Vendors Meet Your Security Requirements

Step 4 Have a Plan in Place to Respond to a Breach

Suspect a Breach?

[START HERE](#)



Use the resources in this portal to help you harden your defenses and prepare for the inevitable breach.

After a breach occurs, find the help you need to respond quickly and effectively.

Make me more secure!

Boost Your Policies & Training



Harden Your IT Security



Monitor Your Vendors



Prepare for a Data Breach



### Claims Forms

[Liability & Property Interactive Claims E-Form](#)  
[Standard Liability Claims Form](#) (PDF)



## Learning Center

### Search

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or View by **Topic**

Data Breaches

### Your Results

Media Type [ALL](#) [TEXT](#) [PDF](#) [WEBINARS](#) [VIDEOS](#) [DOC](#) [JUNTO](#)

### Data Breaches

#### General Information

- [Insights from Forensic Experts](#)
- [Insights from Forensic Experts](#)
- [Geopolitics, Cyber Risk, and Insurance - NetDiligence Cyber Forum 2017 East Coast](#)
- [Mock Breach Table-Top Crisis Response - NetDiligence Cyber Forum 2015 East Coast](#)
- [Trustwave Incident Response Guide](#)

[View all 18 results](#)

#### Identity Theft

- [Identity Theft - the Achilles Steal](#)
- [Third Annual Survey on Medical Identity Theft](#)
- [The State of Identity Theft 2011 - Chart](#)
- [Carnegie Mellon CyLab Child Identity Theft Report](#)
- [Identity Theft Restoration](#)

[View all 6 results](#)

#### Industry Studies

- [2019 Data Security Incident Response Report](#)
- [2019 Experian Data Breach Industry Forecast](#)
- [Cyber Risk in Maritime Operations](#)
- [Smart metering blog article](#)
- [The Tragic Quadrant](#)

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• Incident Response Services

• Weekly Top Malicious Domains/IP Report

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Questions ??

