

Law Firm Cyber Insurance & Cyber Security Best Practices



Oregon ALA Presentation - March 11, 2022

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What's on the Agenda?

- What is the context for the problem?
- How to buy cyber insurance in the new market.
- Practical security best practices.
- Q&A

What is Driving the Problem?

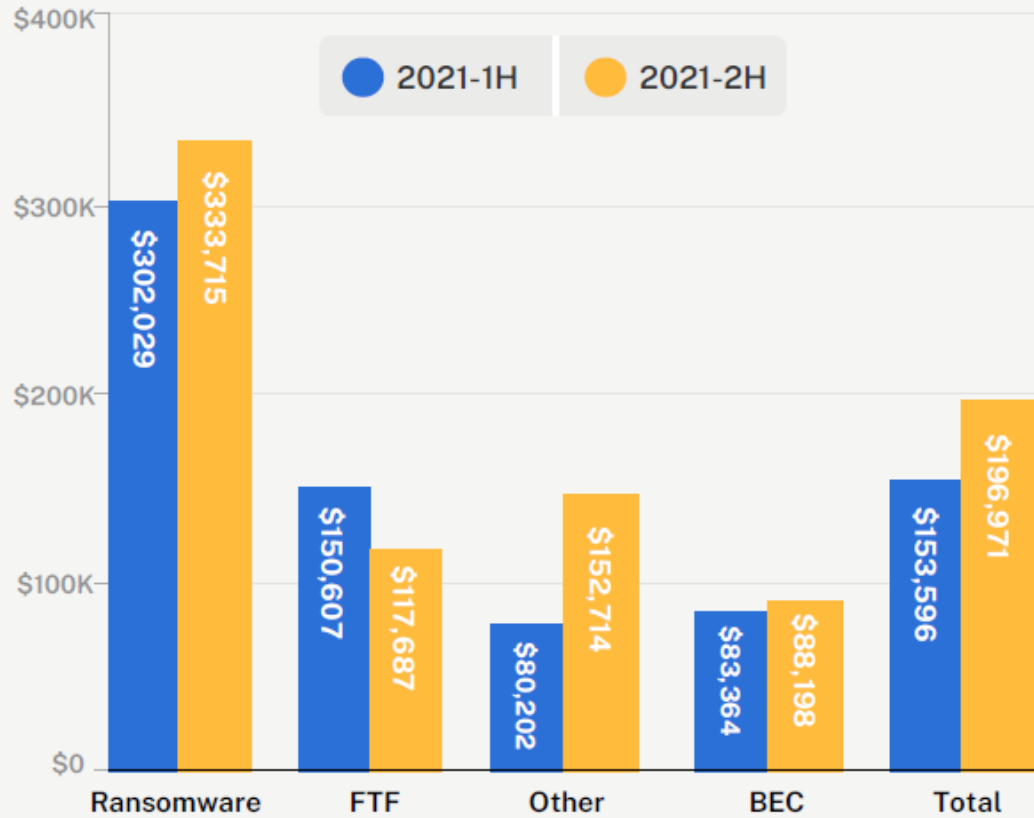
- Ransom demands continue to increase – severity starting to plateau.
 - Average demand increased 20% in 2021
- Frequency of other attack techniques – hackers expanding tactics.

What is Driving the Problem?

- Small business are disproportionately impacted (under \$25MM).
 - Claims severity – UP 40%.
 - 54% increase in avg claims cost to \$149,427
 - Funds Transfer Fraud Attacks – UP 54%.
 - Ransomware Attacks – UP 40%

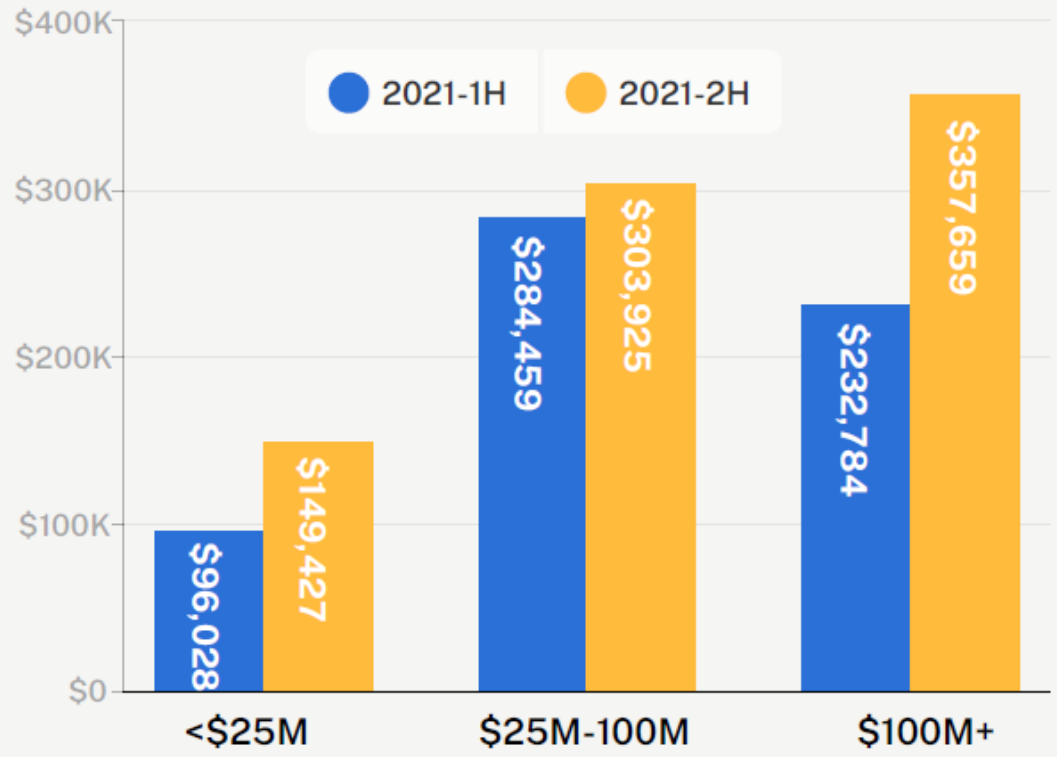
Claims costs

Claims severity by event type



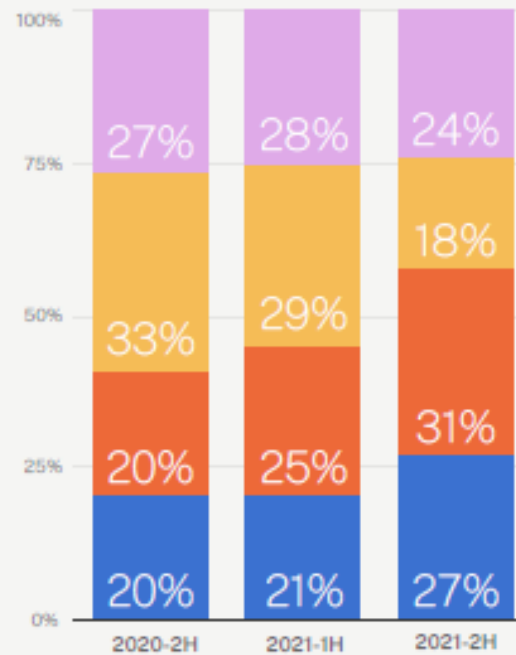
Claims Severity by Co. Size

Claims severity by revenue band - US



% of Reported Claims by Type

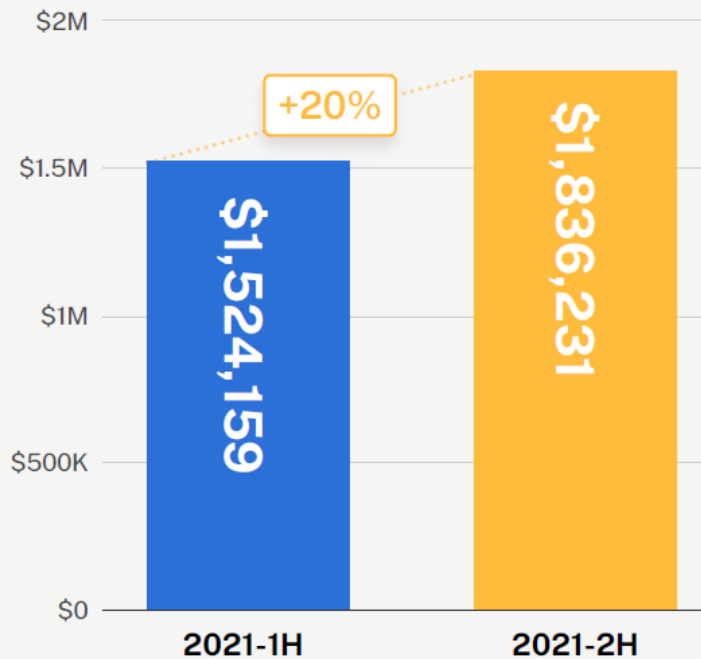
Percentage of reported claims by event type



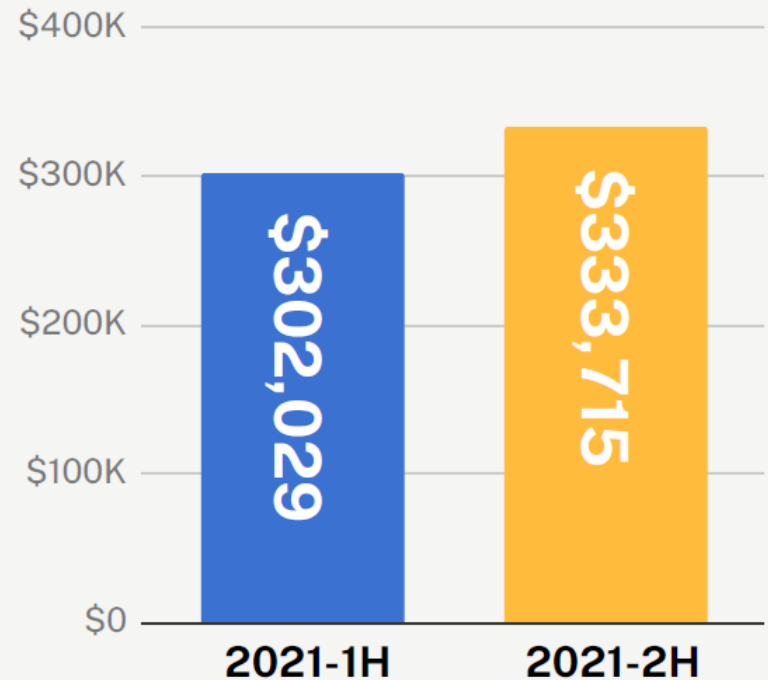
- Business email compromise (BEC)
- Funds transfer fraud (FTF)
- Ransomware
- Other

Ransomware – Demand vs Actual

Average ransom demand



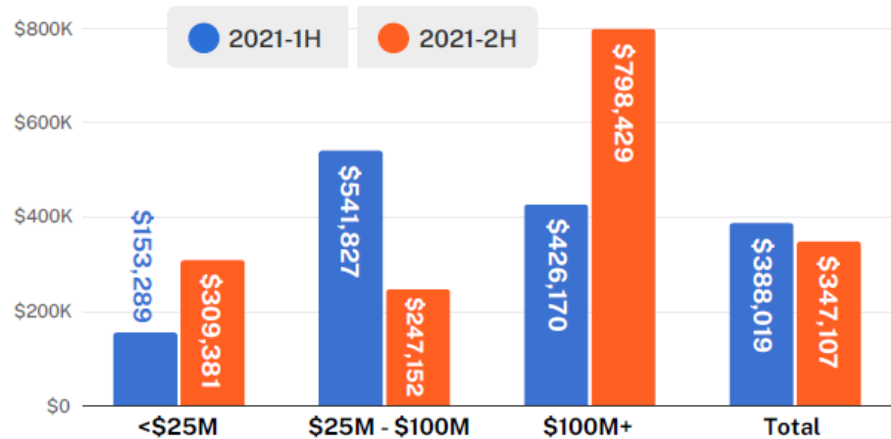
Ransomware claims severity



Funds Transfer Fraud

From 2020 to 2021, overall FTF losses increased by 69%. The frequency rose by 21% for organizations with under \$25M in revenue

Initial funds transfer loss before recoveries - by revenue band



Changing How You Buy Cyber Coverage

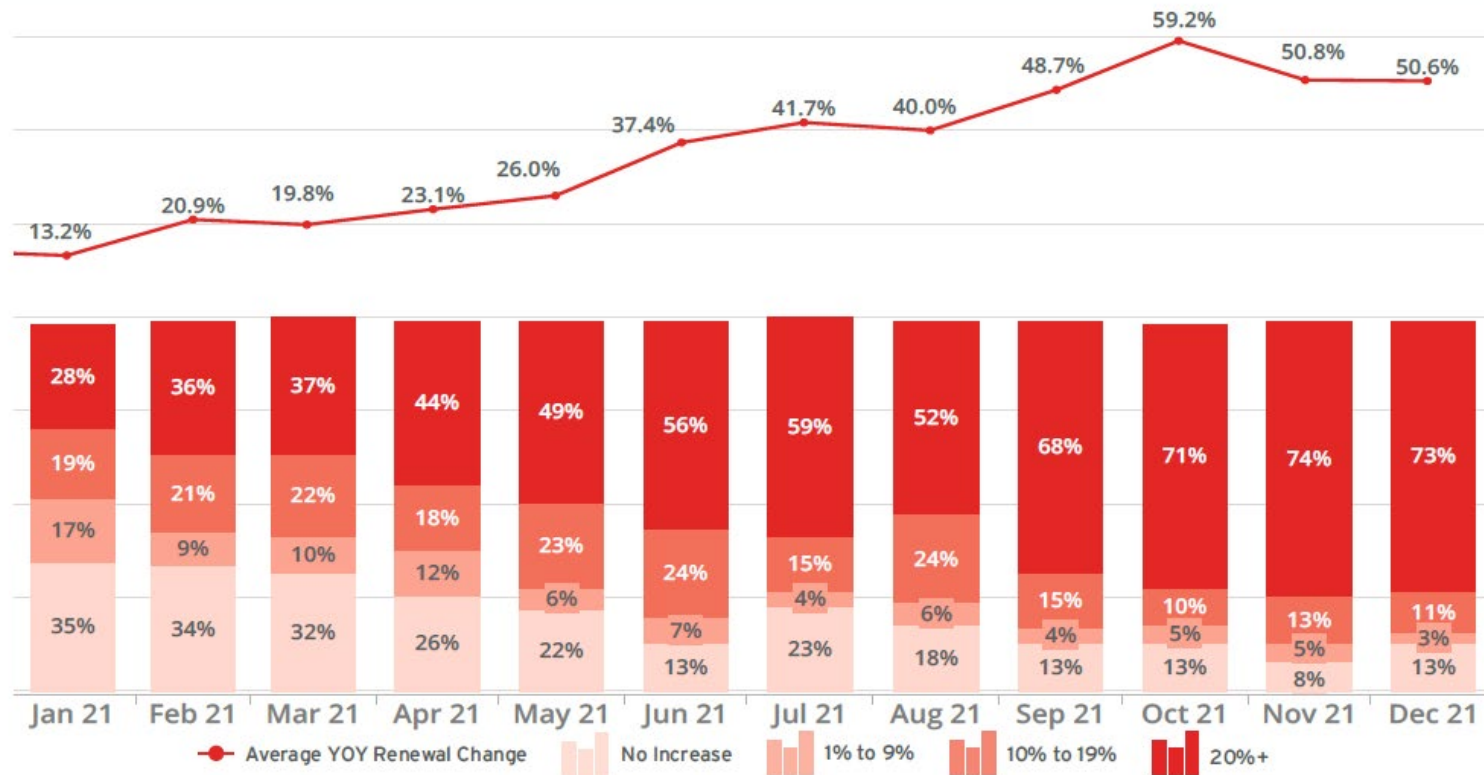
- Be early
 - Full implementation of security measures
- Communicate well – tell your security story
- Who is on the other side of the policy?
 - Does your broker have relationship?
 - Who handles claims?
 - What will the carrier do to help you?
 - Funds transfer fraud claims handling.
- Work on cyber outside of renewal season.

What about Coverage?

- Watch the cyber crime limits
 - Your loss vs 3rd party loss
 - Social Engineering – call back req.
- Coinsurance – what the heck is that?
- Business Interruption – Contingent coverage too
- Short periods of restoration – BI & Reputational harm damages.

2021 Cyber Premium Trend

CYBER REDY INDEX December 2021
MONTHLY RENEWAL PRICING ANALYSIS



Cybersecurity Best Practices

“Cybersecurity is cyclical not a destination”

Cybersecurity Best Practices

- Multifactor Authentication (MFA)
- Endpoint Detection & Response (EDR/MDR)
- Backup Strategy
- Email Security
- Filtering Tools
- Encryption

Cybersecurity Best Practices

- Remote Desktop Protocol (RDP)
- Asset Inventory Management
- Vulnerability & Patch Management
- Vendor Risk Management
- Security Incident Response Plan
- Cybersecurity Awareness Training

Questions?

RP

Thank You!

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