

Cyber Privacy & Security Liability Insurance



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Cyber Criminals - Target Non-Profits

- ▶ Personal Identifiable Information (PII)
- ▶ Charitable contributions via credit cards
- ▶ Limited resources for IT expertise
- ▶ Fluctuating staff & volunteers - poor password protection

Breach Statistics

- ▶ 1 in 4 non-profits will experience a breach
- ▶ The average cost of a breach for a small business (less than 500 employees) is \$2.5 million
- ▶ The average cost overall in the US is \$8.19 million
- ▶ The Healthcare sector has the highest average cost of any sector (60% more)
- ▶ Non-profits have an average cost of \$380 per record breached

What Can Go Wrong?

- ▶ **Cyber Extortion - Use of Encryption**
- ▶ **Social Engineering - the art of manipulating people to give up confidential information**
- ▶ **Network Security Breach - Stolen Password**
- ▶ **Malware Attack**
- ▶ **Rogue Employee**
- ▶ **Lost Data**
- ▶ **Stolen Identity**
- ▶ **Wiring of Funds - a target**

Speed to a Breach

▶ **23% of Recipients Open Phishing Messages**

▶ **50% of those opened happen within the first hour**

▶ **11% Then Click on Attachments**

Actual Claims

- ▶ **Large Non-Profit - Ransomware attack - 58 servers encrypted - email and phone system disabled - \$1.2 million paid in Bitcoin in 24 hours - 80% of data recovered**
- ▶ **Non-Profit had two separate fire walls - hackers penetrated the lessor fire wall - company decided to rebuild rather than pay ransom - \$125,000 loss**
- ▶ **Trojan Horse (a virus used to capture a password). Obtained CFO's password was able to conduct ACH transactions - 3 times with amounts totaling \$1.4 million**

Cyber Insurance

Vendor Services are critical:

- ▶ Notification & Credit Monitoring Services
- ▶ Forensic IT Services (Crowd Strike, Cyber Scout)
- ▶ Media & Legal Services
- ▶ Extortion Negotiation & Resolution
- ▶ Both Pre-Data Breach & Post Data Breach Services & Coaching

What is Covered?

- ▶ Loss resulting from damage or corruption to insured's electronic data & computer programs
- ▶ Business Interruption - Loss of Income from the breach
- ▶ Customer or donor notification (state laws require notification)
- ▶ Credit monitoring (as required by law)
- ▶ Regulatory fines & penalties
- ▶ Public relations expenses
- ▶ Third Party Liability for causing a breach of someone else (Customer, Donor, Employee, Vendor, Bank, etc.)

Trust & Financial Support

- ▶ As a non-profit, building trust is a key part of what you do. It's how you gain the financial support you need to fund your organization's important work and carry out your mission.
- ▶ In the event of a breach, having an insurance program in place to properly notify and monitor those impacted is vital to a non-profit organization's future.

Questions?

Thank you for your time!

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Steve DeRegis

Steve handles many of Haylor, Freyer & Coon's larger complex accounts. His accounts are both domestic and internationally based and they include privately held and publicly traded companies. His knowledge of insurance products is wide ranging from guaranteed cost options and international products to the alternative marketplace, including captives and self-insurance.

Steve takes a "consultative approach" with his clients by making sure his customers are properly protected as well as educated with regard to all of the options available to them in the insurance marketplace. His philosophy is not to just sell a customer more insurance but to find the most cost-effective options to handle a company's risk management needs. This may be accomplished by transferring a customer's liabilities to other responsible parties through contracts and/or agreements, by taking steps from a safety standpoint to mitigate exposure to loss, or by implementing management practices that provide for checks and balances to reduce a certain risk. His goal for a customer's insurance program is to have a comprehensive program that is aggressively priced as well as making sure his clients are proactive from a risk management perspective. This will ultimately protect the company's assets and lessen their overall insurance costs.

Steve is an owner, a member of Haylor's Board of Directors, and the unit leader in charge of the Commercial Business Unit. He has over 30 years of experience in the Insurance Industry. He was also a member of Syracuse's Common Council for eight years and played a major role in the successful redevelopment of a historic area in the City of Syracuse.

