



# Cyber Insurance

## The basics and beyond

OWASP  
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# Yvette Connor – Chief Risk Officer



**Yvette Connor**  
Chief Risk Officer

Yvette Connor is the Chief Risk Officer (CRO) at Focal Point Data Risk and head of the Enterprise Risk Consulting practice. At Focal Point, she also leads the company's ground-breaking Cyber Balance Sheet initiative, including its widely read annual report. Ms. Connor has more than 20 years of experience building, implementing, and testing enterprise risk frameworks. She is a thought leader on emerging risk and efficient ways to effectively manage and link enterprise risk frameworks with regulatory, InfoSec, compliance, and audit platforms. Ms. Connor focuses on identifying opportunities for value creation, including building decision-driven models informed by risk awareness and organizational behavior.

Prior to joining Focal Point, Yvette Connor was a Managing Director with Alvarez & Marsal Insurance and Risk Advisory Services in Chicago, where she focused on global enterprise risk management engagements and developed an approach for enterprise-wide cybersecurity risk valuation.

Ms. Connor's research is focused on ways companies identify risk priorities broadly throughout an organization or more narrowly, by going deeper into a specific risk topic. Her master's thesis, "Does Risk Management Matter to Shareholders," describes a methodology to financially assess the impacts of "sophisticated" risk management on both profitability and growth.

Prior to A&M, Ms. Connor served as the Director of Client Engagement for Marsh, Inc. where she led a proprietary global servicing model designed to define clients' business needs and risk priorities, design optimal risk management responses, and deliver value-add solutions (Marsh 3D). Prior to joining Marsh in 2010, Ms. Connor was the Director of Risk Management at Vulcan Inc., a privately held company, with a diverse portfolio of over 200 operating companies.

Ms. Connor earned a Master of Science degree in risk management at NYU and an MBA in finance at University of California, Davis., graduating Beta Gamma Sigma (highest honors). In 2013, *Business Insurance* magazine named Ms. Connor as one of the "Women to Watch" in Risk Management and Insurance, confirming her talents as a leader and innovator for risk management excellence. In 2008, *Treasury and Risk* magazine named her as one of the up and coming key leaders in treasury risk, as part of their "40 under 40 list."

Ms. Connor is a frequent speaker at industry events and conferences, and will be a featured presenter at RSA Conference 2018.

# Judy Selby

- ▶ Judy Selby is the principal of Judy Selby Consulting LLC. She provides strategic advice to companies and corporate boards concerning insurance, cyber security, and regulatory/legal compliance. She also helps companies select appropriate insurance coverage for today's complex cyber threats and serves as an expert witness in insurance coverage disputes.
- ▶ Prior to her move to consulting, Judy practiced law for almost 25 years, handling large litigations and international arbitrations. She founded her former law firm's eDiscovery and technology practice as well as its information governance team, assisting clients to efficiently manage massive and complex data sets in today's challenging litigation and regulatory environments. Judy has spoken around the world about cutting edge cyber, privacy, insurance, and litigation issues, translating complex technical, legal and compliance issues into understandable terms.
- ▶ She has been quoted in leading publications, including the Wall Street Journal, Fortune, and Forbes, and authored the eBooks "Demystifying Cyber Insurance: 5 Steps to the Right Coverage" and "Big Data for Business Leaders: What Today's Decision Makers Need to Know." Judy completed courses in Finance with Harvard Business School HBX, Big Data, Crisis Management/Business Continuity, Cyber Security and the Internet of Things (IoT) with the Massachusetts Institute of Technology (MIT), Professional Education, Cloud Computing with the IEEE, and EU GDPR Data Protection Officer Training with Advisera.

# Cyber Insurance Uptake & Claims

MATURING MARKET &  
COVERAGES

# Cyber insurance market

- ▶ 2017 cyber insurance data from Best:
  - ▶ Chubb INA was the top cyber insurer in 2017, followed by AIG
  - ▶ US direct premiums by US P&C insurers rose 32% to \$1.8bn
  - ▶ Policies in force increased 24% to 26mn
  - ▶ Cyber claims increased from 5,955 to 9,017
- ▶ According to 2017 AIG claims data, the top five cyber attacks were:
  1. Ransomware - 26%
  2. Data breach by hackers - 12%
  3. Other security failures/unauthorized access - 11%
  4. Impersonation fraud - 9%
  5. Other virus/malware infections - 8%

# Cyber Insurance

## COVERAGE BASICS

# Cyber Insurance Basics

- ▶ Privacy and Network Security coverage
  - ▶ First party exposures
    - ▶ Breach coach
    - ▶ Forensic expert
    - ▶ Notification provider
    - ▶ Public relations specialists
    - ▶ Data remediation and restoration
  - ▶ Third party exposures
    - ▶ Lawsuits
    - ▶ Regulatory investigations and fines

# Additional Coverages

- ▶ Business interruption
- ▶ Contingent business interruption
- ▶ Social engineering
- ▶ Cyber extortion
- ▶ Senior executive losses



# Market Challenges

- ▶ No standard forms or policy language
- ▶ Comparison among different insurer forms is difficult
- ▶ Lack of understanding of cyber risk
- ▶ Broker sophistication
- ▶ Evolving and emerging risks

# The Application Process

A CRITICAL STEP FOR THE  
INSURED

# The Application Process

- ▶ Volumes & types of data
- ▶ Written, attorney-approved policies & procedures
- ▶ Existing network security programs (firewalls, antivirus software, etc.)
- ▶ Cyber security personnel
- ▶ History of cyber events
- ▶ Awareness of facts & circumstances that reasonably could give rise to a claim
- ▶ Practices around encryption, passwords, patching, access controls
- ▶ Third party audits
- ▶ Employee hiring & termination practices
- ▶ Third party service providers
- ▶ Backup procedures
- ▶ Physical security controls
- ▶ Prior policy cancellation or declination

# Coverage Pitfalls

AVOID MISSTEPS THAT CAN  
JEOPARDIZE COVERAGE

# Coverage Pitfalls

- ▶ Claimed cyber practices and procedures & other representations
- ▶ Exclusion for failure to follow minimum required practices
- ▶ Notice condition
- ▶ Prior written consent requirements
- ▶ Panel professions
- ▶ Other insurance provision
- ▶ Liability assumed under contract exclusion
- ▶ Rogue/malicious employees
- ▶ Imputation of intent
- ▶ Pre-existing cyber conditions
- ▶ Choice of law

# General Data Protection Regulation

NEW CHALLENGES FOR  
INSUREDS AND INSURERS

# Coverage for GDPR Exposures

- ▶ 3 types of personal data breach under the regulation
  - ▶ Confidentiality
  - ▶ Availability
  - ▶ Integrity
- ▶ Collection, use, storage, and disposal of personal data
- ▶ Policies and other documentation
- ▶ Data Protection Officer
- ▶ Fines and penalties
- ▶ Management liability

# Securing Appropriate Coverage

5 CRITICAL STEPS



# 5 Steps to Getting & Keeping the Right Cyber Insurance Coverage

- ▶ Know your cyber risks
- ▶ Review your existing insurance program
- ▶ Carefully respond to application questions
- ▶ Match cyber insurance coverage to cyber risk profile
- ▶ Understand and operationalize policy requirements and obligations



Questions?

# Follow up

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