



**FIFTHWALL**

S O L U T I O N S

CYBER INSURANCE SIMPLIFIED

# Cyber Insurance in the Age of Cyber Crime: What Every Business Should Know

FifthWallSolutions.com | Proprietary 2023

## Who we are

- Distributor of cyber insurance
- Direct contact with 40+ carriers
- Largest & Oldest (2016), 100% cyber focused
- 1,000+ agencies work with us

## Dustin Bolander

VP of Tech/Ops - FifthWall Solutions

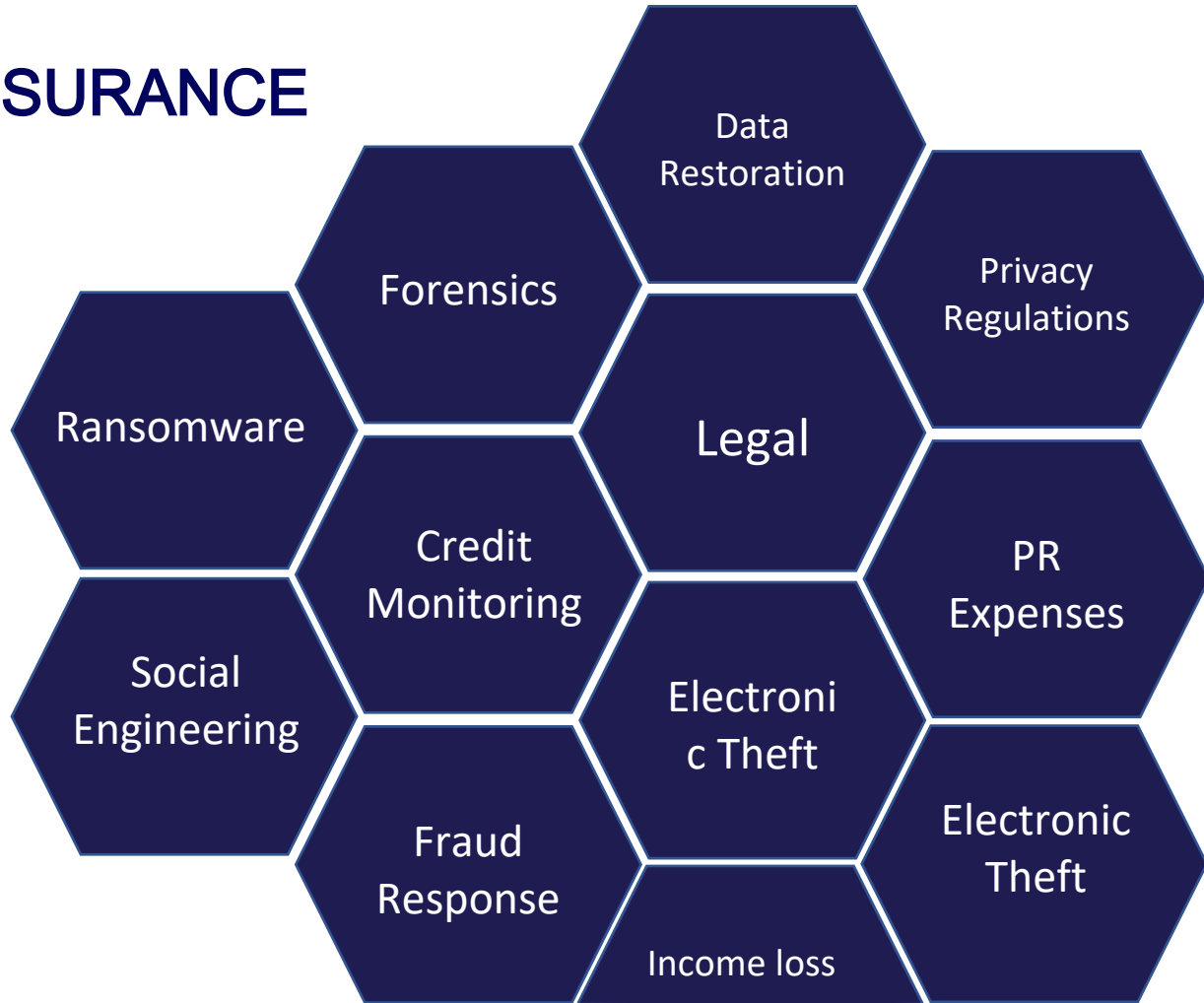


# KEY TAKEAWAYS

- What has happened to the cyber insurance marketplace over the past three years
- What requirements are pre-requisite to obtaining coverage
- Understanding first-party loss coverage vs. third-party liability loss
- How to avoid the most common cyber insurance claim denials
- Does having cyber insurance increase the likelihood of your company being attacked

# WHAT IS CYBER INSURANCE

- It's Comprehensive
- It includes coverage for IR
- It includes critical crime coverages. (e.g. Ransomware)
- It's NOT compliance focused
- It's not attached to other lines of coverage (endorsements)



# HOW DID WE GET HERE?

2015 - 2018

- Cyber insurance was low cost with very little underwriting.

- **Adoption was low** (around 10%) but the process was very simple and easy

2019

- Claims started rising significantly!

- Awareness and defenses are still low.

- Ransomware was hot on the scene - carriers were **NOT** prepared

2020

- Incidents still rising, and the pandemic forced work from home shift.

- Demand for cyber insurance skyrocketed and carriers are losing money rapidly.

- **Underwriting actually starts getting serious**

2022 and beyond

- Incident volume is slowing down

- More minimum standards required for cybersecurity controls

- **New focus on continuous underwriting**

# OPRAH SAID IT



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## Cyber Insurers Raise Rates Amid a Surge in Costly Hacks

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### Travelers Wants Out of Contract With Insured That Allegedly Misrepresented MFA Use

By Chad Henneman | July 12, 2022

**CLAIM DENIED**

SIGN IN

## PC store told it can't claim full cyber-crime insurance after social-engineering attack

Two different kinds of fraud, says judge while throwing out lawsuit against insurer

Tue 16 Aug 2022 16:43 UTC

Brandon Vigliarolo

4

CSO

A Minnesota computer store suing its crime insurance provider has had its case dismissed, with the courts saying it was a clear instance of social engineering, a crime for which the insurer was only liable to cover a fraction of total losses.

SJ Computers alleged in a [November lawsuit](#) [PDF] that Travelers Casualty and Surety Co. owed it far more than paid on a claim for nearly \$600,000 in losses due to a successful [business email compromise](#) (BEC) attack.

According to its website, SJ Computers is a Microsoft Authorized Refurbisher, reselling Dell, HP, Lenovo and Acer products, as well as providing tech services including software installs and upgrades.

Travelers, which filed a motion to dismiss, said SJ's policy clearly delineated between computer fraud and social engineering fraud. The motion was [granted](#) [PDF] with prejudice last Friday.

In the dismissal order, the US District Court for Minnesota found that the two policy agreements are mutually exclusive, as well as finding SJ's claim fell squarely into its social engineering fraud agreement with Travelers, which has a cap of \$100,000.

When SJ filed its claim with Travelers, the court noted, it did so only under the social engineering fraud agreement. After realizing the policy limit on computer fraud was 10 times higher, "SJ Computers then made a series of

# CYBER INSURANCE IS KNEE JERK





# WHAT IS A HARD MARKET?



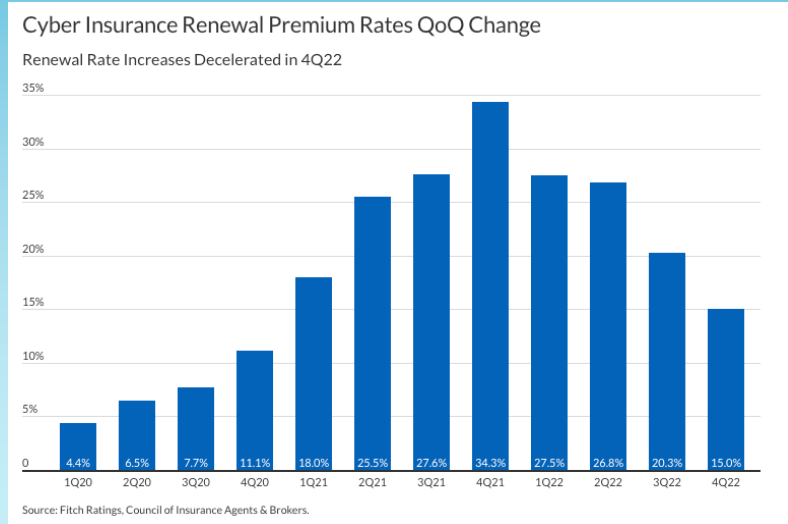
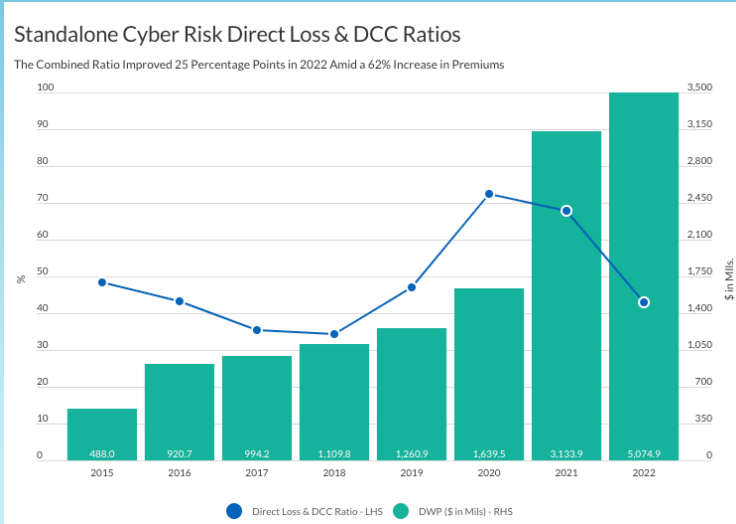
# BUT THERE IS HOPE!



FITCH WIRE

## US Cyber Insurers See Favorable Premium Growth, Results in 2023

Thu 13 Apr, 2023 - 3:05 PM ET



# ASSUME BREACH

When not if – you need coverage

“Nobody is stopping the most elite attacks” ...**but we can raise the bar / minimize the blast radius against the majority of attacks, especially financially motivated ones**

Forensics, legal, etc to *legally* protect your business.

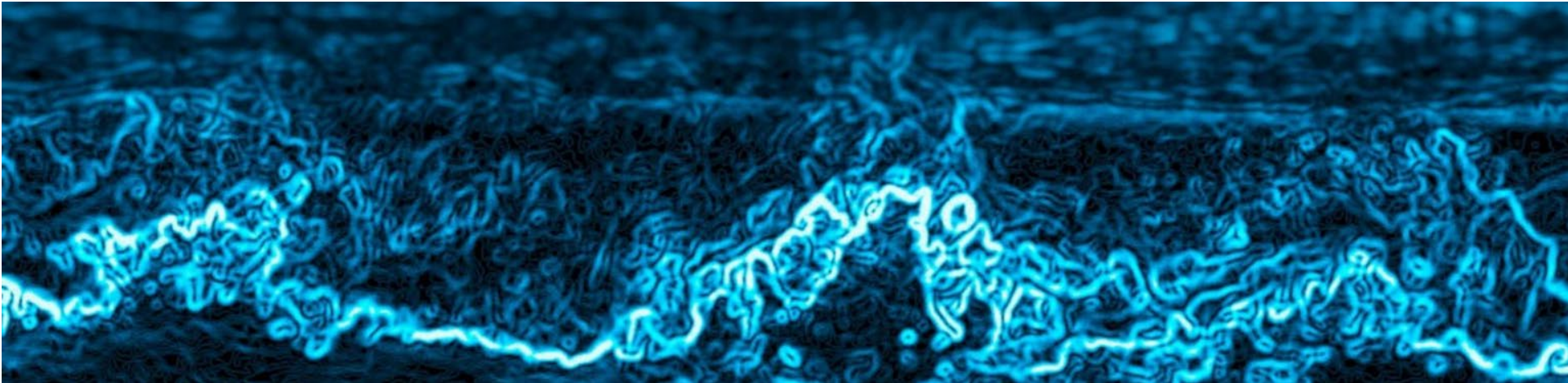
Technical aspect is a small portion.



# IT STARTS WITH CYBER RESILIENCE

**Cyber Resilience** is a measure of your business ability to **continuously operate** and deliver on your intended outcome **despite adverse conditions**, stresses, attacks, or compromises.

**Cyber Resilience** exists when information security, business continuity, and organizational resilience are accomplished jointly.



# NIST Cybersecurity Framework

## Identify

Asset Management

Business Environment

Governance

Risk Assessment

Risk Management  
Strategy

## Protect

Access Control

Awareness & Training

Data Security

Info Protection/  
Processes/Procedures

Maintenance

Protective Technology

## Detect

Anomalies & Events

Continuous Security  
Monitoring

Detection Process

## Respond

Response Planning

Communications

Analysis

Mitigation

Improvements

Cyber Insurance

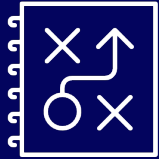
## Recover

Recovery Planning

Improvements

Communications

Cyber Insurance



## Scenarios to Consider

### **An employee inadvertently...**

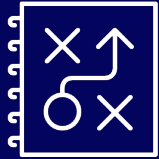
transmitted a virus to customers and suppliers. The company was sued for failing to contain the virus - losses totaled more than \$3,000,000.

### **An email that appeared to be from...**

a long-standing vendor relationship directed a company to update banking information for their account. The company paid over \$200,000 to the fraudster - no funds were recovered.

### **A hacker gained access to...**

the email account of an employee of a small accounting firm. The hacker used the email address to compromise several of the firm's client organizations - the firm was sued to the point of bankruptcy by their affected clients.



## Scenarios to Consider

### **Imagine if a hacker gained access to...**

the email account of a staff member with authority to direct other staff members, or communicate with client or partner.

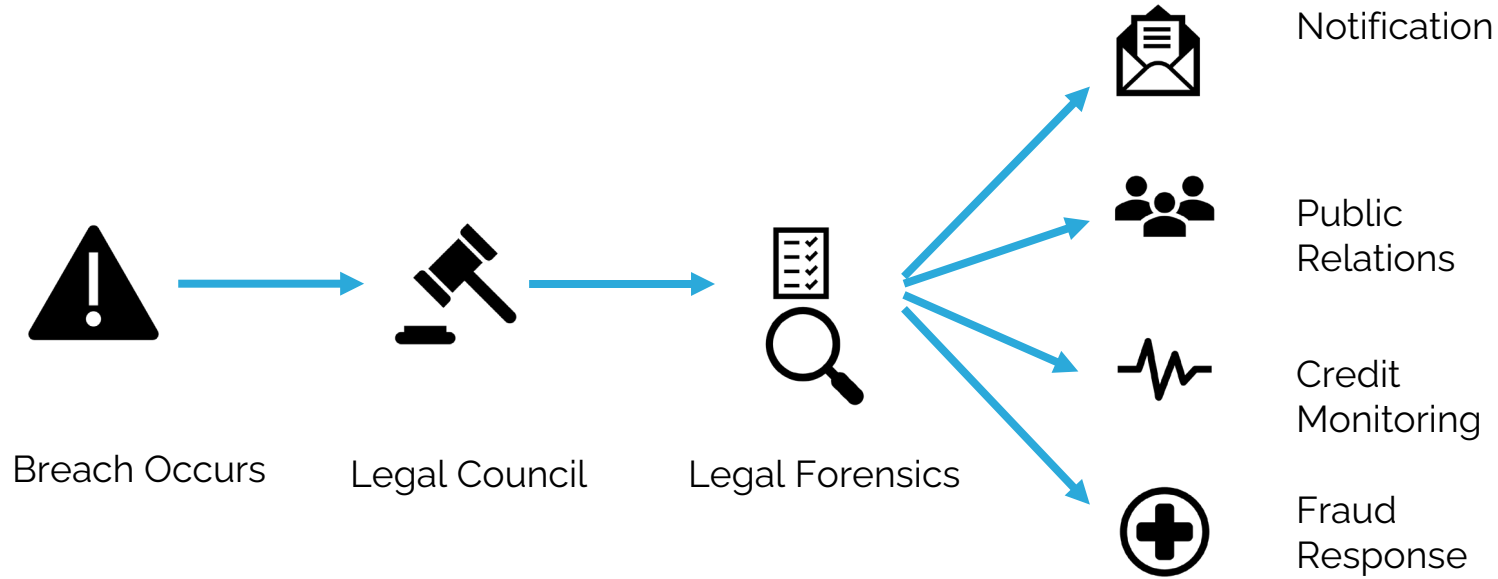
### **Imagine your reputational damage if...**

your connections to other partners or customers was exploited leading to their breach.

### **Imagine the disruption to your business...**

if all of your files and records disappeared suddenly and your systems used were inaccessible.

# CRISIS MANAGEMENT SERVICES







# Not All Cyber Insurance is created equal

## Recommended Limits.

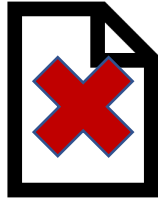
Aggregate Limit	\$1,000,000
1st and 3rd Party Liability	\$1,000,000
Fines and Penalties	\$1,000,000
Fraud Response Expense	\$1,000,000
Public Relations Expense	\$1,000,000
Forensic Expense	\$1,000,000
Legal Expense	\$1,000,000
Notification Expense	\$1,000,000
Credit Monitoring	\$1,000,000
Extortion Loss/Ransomware	\$1,000,000
Business Interruption and Recovery	\$1,000,000
Multimedia & IP Liability	\$1,000,000
Reputational Damage	\$1,000,000
Data Replacement and Recovery	\$1,000,000
Hardware Replacement/Bricking	\$250,000 - \$1,000,000
Dependent Network Interruption	\$100,000 - \$1,000,000
Cryptojacking	\$100,000 - \$250,000
Invoice Manipulation	\$100,000 - \$250,000
Electronic Theft	\$250,000
Social Engineering	\$250,000
Telecommunications Theft	\$250,000

Full Aggregate Limit

Consistently sub-limited

# NOT ALL CYBER INSURANCE IS CREATED EQUAL

## No Coverage / Endorsement Policy



- Added on to another line of coverage
- Limits are at or below \$100,000
- Probably never mentioned by their agent
- Low cost
- Not meant to pay claims
- Belongs in the garbage

## Stand-Alone

Aggregate Limit	\$1,000,000
Third-Party Liability	\$1,000,000
Privacy and Penalties	\$1,000,000
Fraud Response Expense	\$1,000,000
Public Relations Expense	\$1,000,000
Forensic Expense	\$1,000,000
Legal Expense	\$1,000,000
Medication Expense	\$1,000,000
Credit Monitoring	\$1,000,000
Extortion Loss/Reimbursement	\$1,000,000
Business Interruption and Recovery	\$1,000,000
Multi-media & IP Liability	\$1,000,000
Reputational Damage	\$1,000,000
Data Restoration and Recovery	\$1,000,000
Hardware Replacement/Recovery	\$250,000 - \$1,000,000
Dependent Network Interruption	\$100,000 - \$1,000,000
Cyberstalking	\$100,000 - \$250,000
Insider Manipulation	\$100,000 - \$250,000
Electronic Theft	\$250,000
Physical Engineering	\$250,000
Telecommunications Theft	\$250,000

- All coverage are present
- Full limits, start at \$1M
- Designed to pay claims
- This is an investment
- Most likely had a specific conversation with their agent

# 5 MUST-HAVE SECURITY CONTROLS

When these controls are in place, this will increase a company's chance of obtaining an adequate insurance policy with the best rates.

1. Multi-Factor Authentication (MFA)
  - Remote access
2. Segregated Backups
3. Endpoint Detection and Response (EDR) and Next Gen Anti-Virus (NGAV)
4. Patching and Vulnerability Management
5. Cybersecurity Employee Training



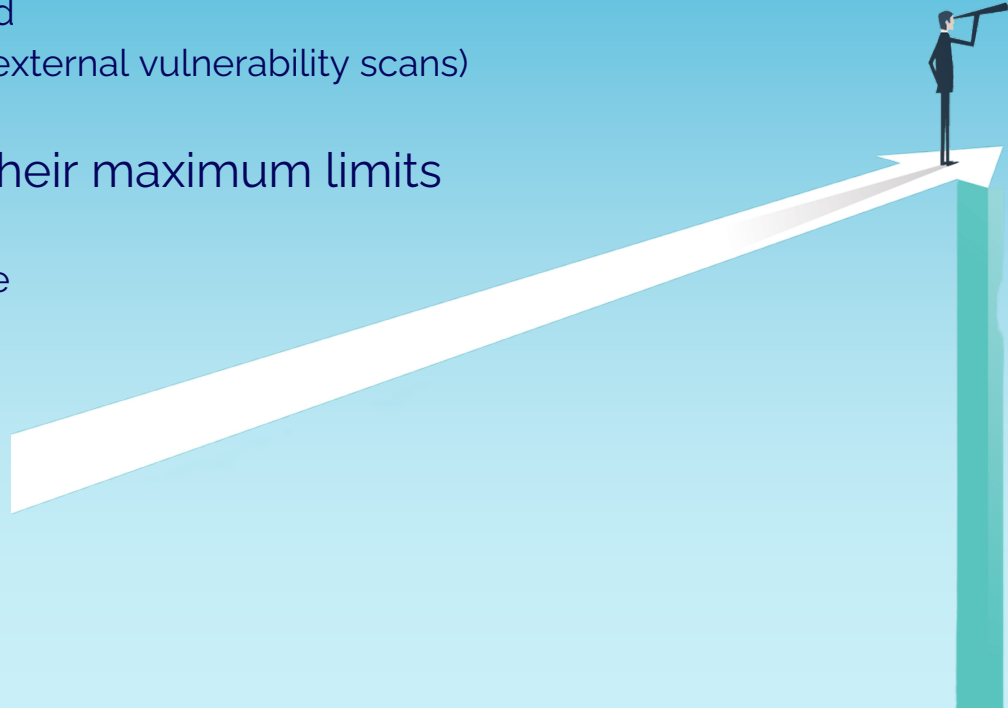
# WHAT YOU NEED TO KNOW

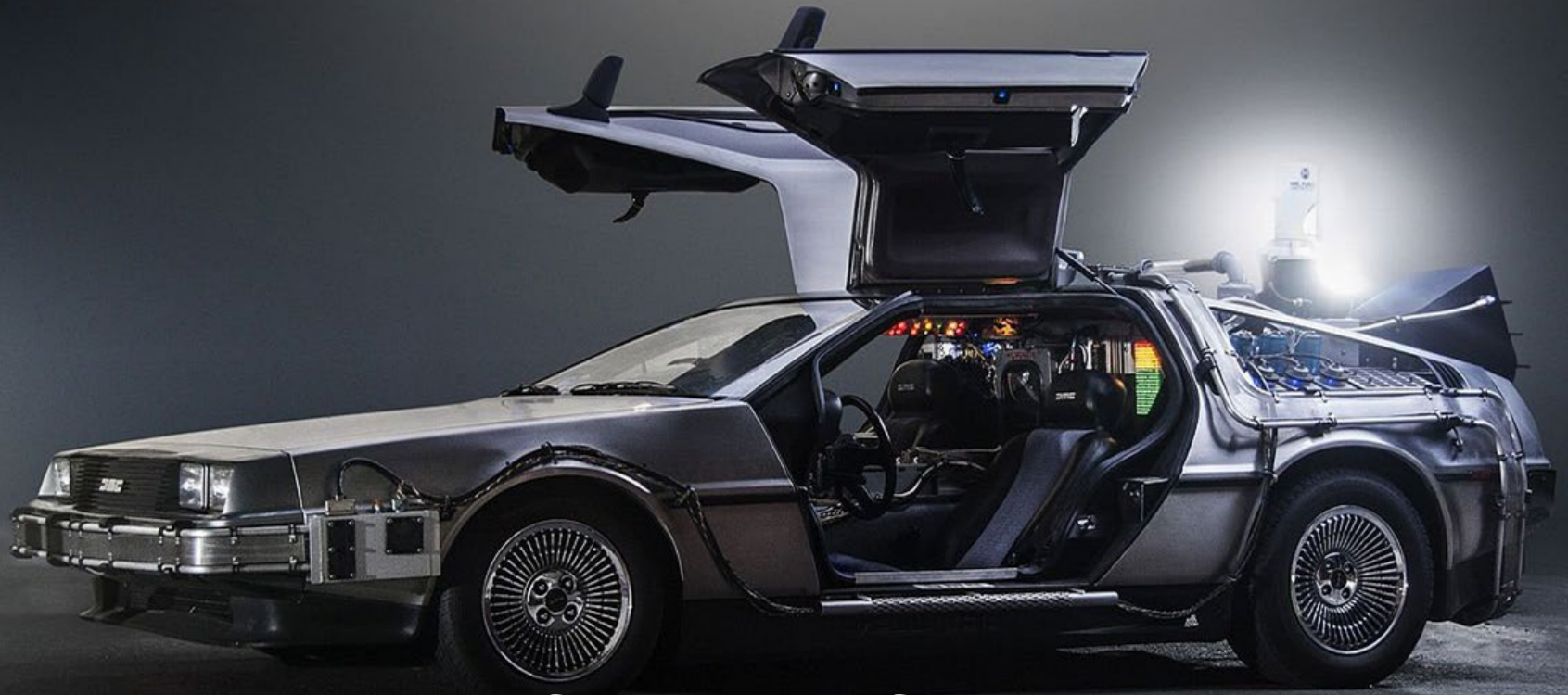
- READ YOUR POLICY!
- Get in front of client policies at least 60 days in advance
- Understand Sub-limits



# HERE'S WHAT THE FUTURE LOOKS LIKE

- Data is king
  - Expect everything to be measured
  - Right now this is REALLY messy (external vulnerability scans)
- Many carriers have reduced their maximum limits
  - Think \$3M total
  - Syndication may be the only route
- Carve-outs for Acts of War
  - Act of War vs. Terrorism





The future of cyber  
insurance

# KEY TAKEAWAYS

- ✓ Cyber attacks are **rising**; you must preemptively **plan** for a security event
- ✓ Cyber insurance is key to **controlling your recovery costs**
- ✓ Not all cyber policies are equal; make sure you **understand your coverage**
- ✓ Get involved 2-3 months in **advance of renewal**
- ✓ Insurance carriers are **raising their security expectations**
- ✓ Failure to meet core controls may lead to **denied coverage** or **claims**



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**THANK YOU FOR ATTENDING**

**Connect with a Cyber Expert.**

[fifthwallsolutions.com/contact](https://fifthwallsolutions.com/contact)

We'll ALWAYS review a policy for ANYONE for free.

We're here just plain and simple to answer your questions and provide you feedback and data when you need it.

Don't assume on cyber insurance. Find out exactly where your business stands.