Cybersecurity and Business

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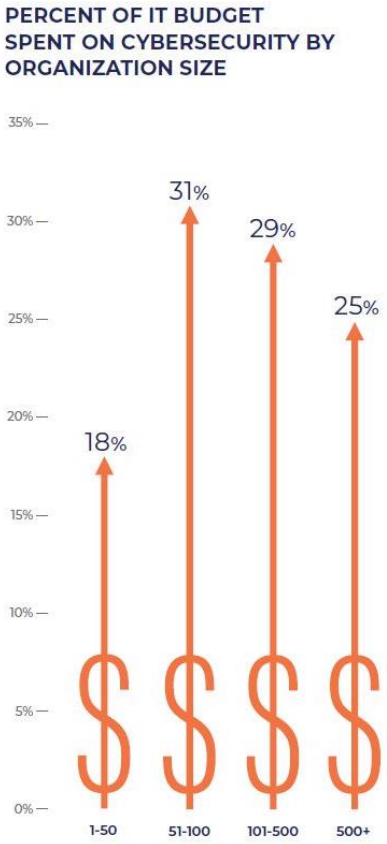
A Look at the Numbers

- Most breaches come from external attacks (80%).
- Attacks motivated by money
- Hardest hit industries: education, government, healthcare, construction, manufacturing
- Small businesses are not immune.

A Look at the Numbers

- 75% of critical infrastructure small and midsized businesses experienced at least one breach in company history.
- Average cost and time to resolve: $170,000 and 7.5 months
- Increase in attacks is leading businesses to take action such as outsourcing cybersecurity.
- Increase staff training, new policies and procedures
- Industry experts recommended to dedicate 10-15% of their IT budget toward cybersecurity depending on needs and risk tolerance; on average most businesses are spending as much if not more.



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Common Actions

- Multi-factor authentication (MFA), training for staff, policies and procedures, risk assessments, insurance, and software updates
- Utilizing guidance by the Department of Homeland Security Cybersecurity and Infrastructure Security Agency
- Increased spending

COVID and Changing Workplace

- Working at home
- New government programs (PPP, UI Fraud)
- People are the weakest link; COVID made us weaker

Ransomware Attacks on the Rise

- 2018-2019 attacks grew 500%
- It’s not just fear of a breach but the importance of the data.
- Ransomware is impacting the cybersecurity insurance market.
  - Dynamic and developing quickly; still relatively young market compared to other property and casualty coverages; moving toward stability
  - First policy written in the 90s, mid-2000s policies written to protect the entity itself

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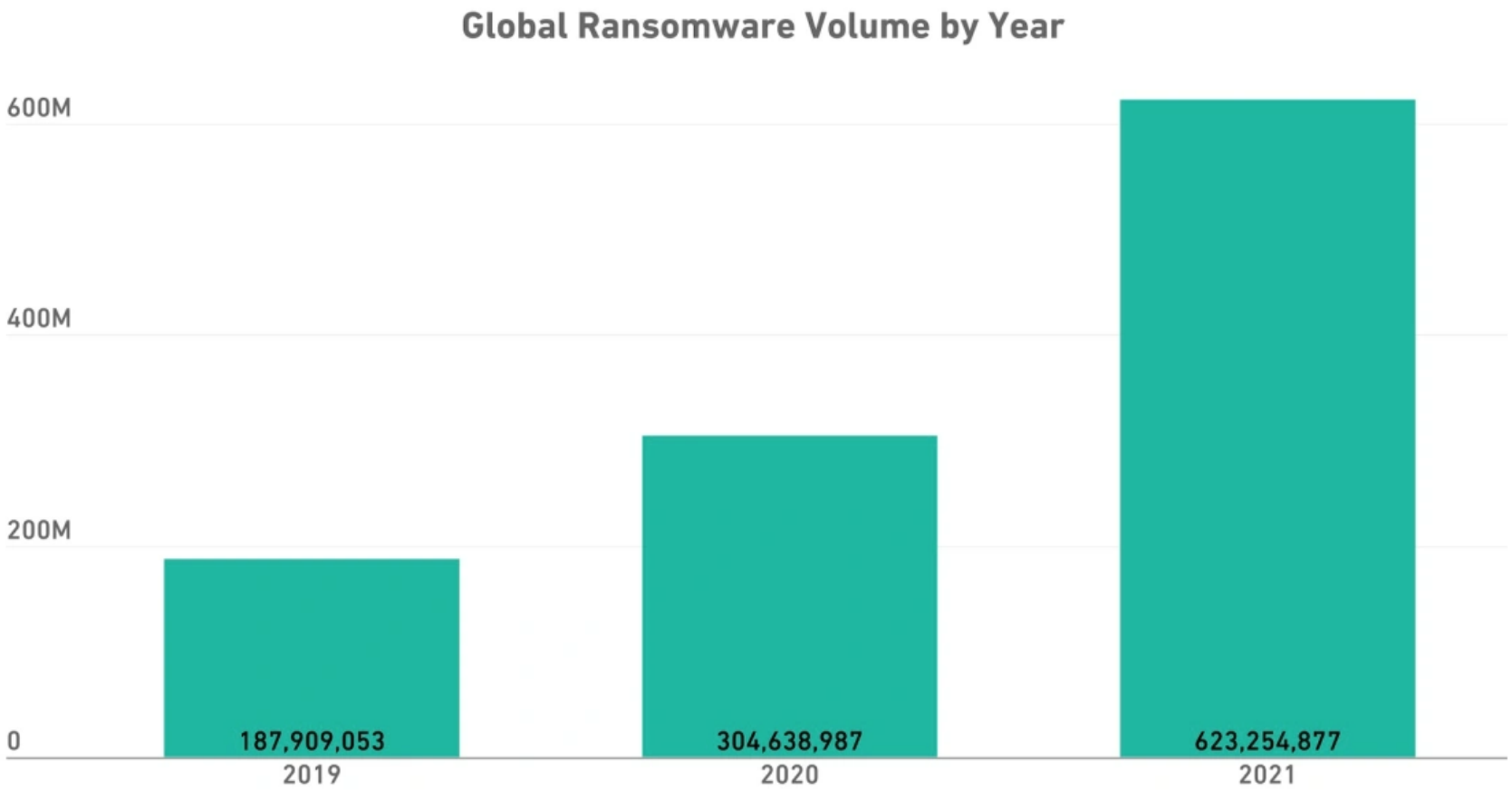

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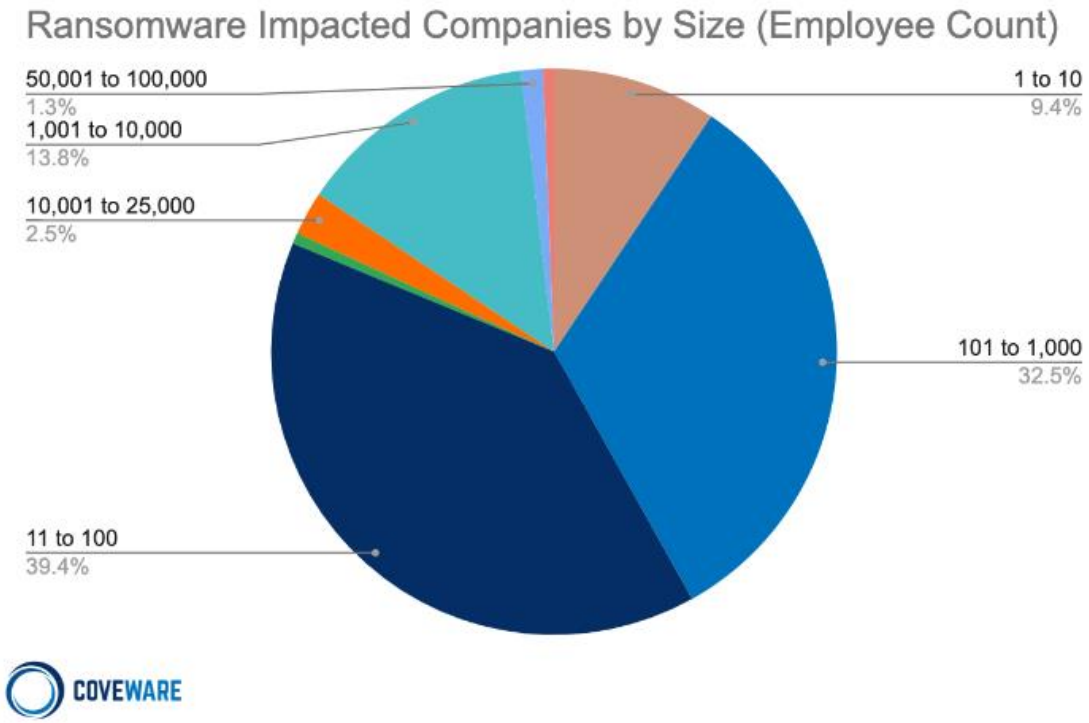

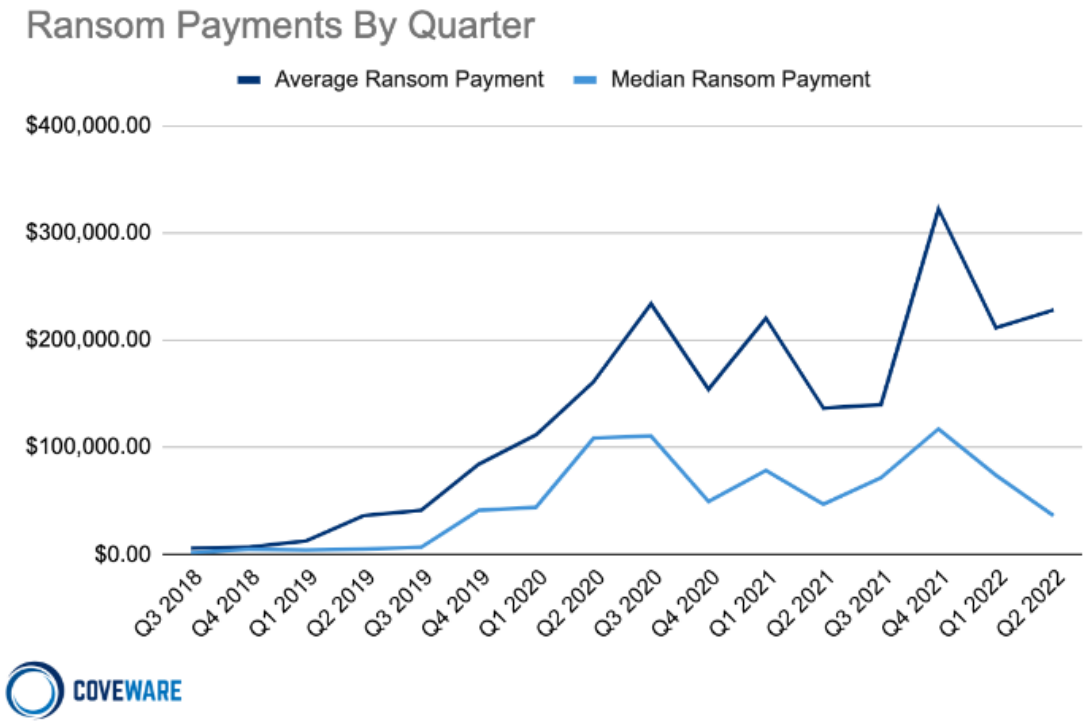

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The Uphill Battle Facing Businesses and Insurance

- Ransomware
  - Double and Triple Extortion
  - Ransomware as a Service (RaaS)
  - Think you're not a target? You're wrong.
- Business Email Compromise
- Most criminal activity is overseas, difficult to find and prosecute.
- FBI Criminal Crime Complaint Center - 2014 - 2019 Business losses jumped from $60m to $1.8b

The Cyber Liability Insurance Effect

- Cyber Liability loss ratios soared from 47% in 2019 to 73% in 2020
- Rates are rising, coverage is falling
  - A $5m policy is now a $1-$3m policy IF they will insure at all
- Insurers are demanding high-cost, disruptive (but required) solution

Recommendations

- Build the talent pipeline for cyber security workforce.
- Cybersecurity safe harbor statutes (Ohio, Utah, Connecticut)
- Avoid overly prescriptive regulations that create a patchwork of laws; focus on broad consensus on approaches at the federal level, public-private partnerships such as information sharing with government agencies, and an environment that allows the private sector to innovate.
- Increase support for law enforcement of criminals.

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