



CYBER LIABILITY – HERE TO STAY

CALEN FOSTER

SENIOR VICE PRESIDENT OF PROGRAMS AND BUSINESS DEVELOPMENT

PEARL INSURANCE

HISTORY OF CYBER INSURANCE

THEN

- First policy written in 1997
 - Long applications
 - High premiums
 - Limited coverage
 - Limited capacity
 - Long sales cycle

NOW

- Fastest growing line of insurance
- Almost 12 Billion
- Projected to be \$33B by 2027
 - Streamlined Applications
 - Technology Driven

WHO IS AT RISK – EVERYONE!

- In 2021 our company saw:
 - 173% increase in claims frequency for cyber liability
 - Included 300% in reported ransomware claims

SCARY STATISTICS-SMALL BUSINESS

- More than 70% of attacks target small businesses
- Business with less than \$25M in revenues have seen a 58% YOY increase in the average cost of claims
- 60% of small businesses close their doors within 6 months of a breach

COST OF A BREACH

- Incident response and recovery
- Lost Business
- Breach Notification
- Downtime
- Reputation Damage

LEADING CAUSES OF LOSS

- Phishing- form of social engineering designed to retrieve data from unsuspecting users through the impersonation of reputable websites and authorities
- Ransomware – Designed to deny a user or organization access to files on their computer

FTF- FUNDS TRANSFER FRAUD THE NUMBER 1

- Common and relatively simple
 - Perpetuated through phishing, email spoofing or business e-mail compromise
- FBI reported BEC as the highest ranking cybercrime in 2021 in terms of losses
 - Fake invoicing
 - CEO impersonation
 - Attorney impersonation

BEC = Business Email Compromise

HOW TO PROTECT YOUR DATA

- **Wire fraud**

- Calling the recipient of the wire transfer to verify the transaction details. (Note: Use a known-good phone number, not one in the email)
- Verifying the transaction with another executive at the company either verbally or in writing (preferred)
- Setting up internal controls within your financial institution. One administrator or user enters or creates a payment (ACH batch, wire transfer), and a second administrator or user is then required to review the payment and approve/release the transaction

EXPOSURES FOR DESIGN PROFESSIONALS

- Professional Services are the #1 most targeted business sector representing 67% of all attacks
- Breach of intellectual property — If highly sensitive blueprints or strategies are stolen in a cyberattack, it could lead to irreparable harm to a company's reputation or lawsuits — a 2019 survey found that 81% of consumers stop engaging with a brand online after a data breach.
- Potential lawsuits — clients with highly sensitive data will not appreciate the loss of private information, to say the least, and could end up suing.
- Loss of competitive advantage — Having bid strategies leaked to competitors could put an end to any edge a business may have had.
- Deadlines missed — Even if a company manages to recover from a cyberattack, it'll undoubtedly cause delays to the all-important project delivery date, potentially costing millions as well as future work loss.

TOOLS TO MITIGATE

- Insurance is one risk management strategy
 - Cyber insurance coverage can ease the costs of remediation following a cybersecurity incident, including payment for legal assistance, investigators, crisis communicators, and customer credits or refunds.
- Does not replace a robust Prevention strategy

Active Protection

Monitoring and alerting to identify and prevent risk before it escalates

Active Insurance

Active Risk Assessment

Underwriting, quoting, renewals, and digital risk scores powered by real-time data

Active Response

In-house resources that accelerate response and coverage if an incident occurs



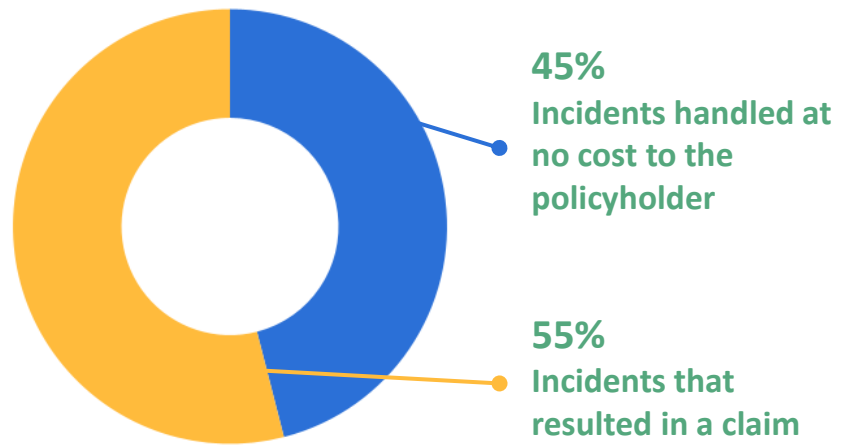
ACTIVE INSURANCE OFFERS BETTER PROTECTION

Helping policyholders **PREVENT** risk



Coalition policyholders experience fewer claims compared to the overall market

Percent of incidents resolved at no cost to our insureds



ACTIVE RISK ASSESSMENT



Personalized digital risk profiles



Automated, intelligent underwriting engine



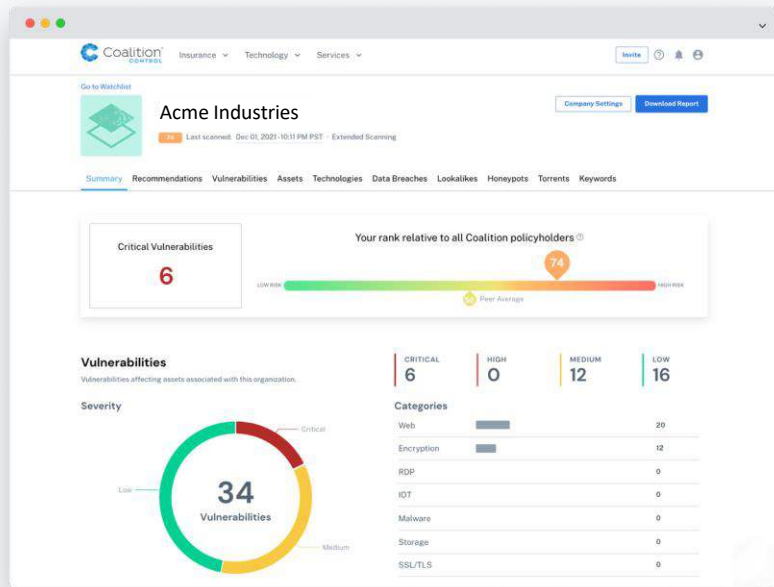
More accurate quotes and risk pricing

Coalition Cyber Risk Assessment



*Share digital risk insights and knowledge
with your clients*

Coalition Control



Empower organizations with the knowledge to track and manage their own digital risk

ACTIVE PROTECTION FOR POLICYHOLDERS



Continuous Attack Surface Monitoring



Automated notifications



Support and guidance

ACTIVE RESPONSE

More than claims, expertise and help you can trust

In-House Coalition Incident Response (CIR)

Responds quickly to solve issues and restart critical business operations

Industry knowledge and resources

Cyber expertise, exec risk pre-claims guidance to make informed decisions

Comprehensive coverage when you need it

Broad coverage backed by trusted reinsurance partners is there when you need it



75%

of stolen funds recovered
by CIR following funds
transfer fraud claims

Cyber liability insurance protects your firm from the effects of a malicious attack or data breach. It's a cost of doing business in today's world.

Secure these benefits with ASCE cyber coverage:

Request a no-obligation quote and secure your backup plan.

CYBER LIABILITY INSURANCE

- Pre-claim assistance
- Business interruption expenses (operating expenses, including payroll)
- Specialized breach response services
- Restoration expenses, including digital assets
- Contingent business interruption
- Cyber extortion payouts
- PCI fines and assessments (enforcing credit card data security)
- Crisis management and public relations
- Multi-media content liability (protects against third-party claims)
- Network and information security liability (failure to protect personally identifiable data)
- Funds transfer fraud
- ASCE's cyber protection includes access to comprehensive risk management resources to aid in identifying, assessing, and mitigating vulnerabilities in your firm. Even simple human error can become a point of entry for cybercriminals, so preventative measures are critically important in overall protection.

<https://asceinsurance.com/Business/CyberLiabilityInsurance>

CALEN FOSTER

Senior Vice President of Programs and Business Development

Pearl Insurance

<https://pearlinsurance.com/>

calen.foster@pearlinsurance.com

309-679-0374 (Central Time)



The background is a solid teal color with a subtle gradient. In the four corners, there are decorative white line-art elements resembling circuit traces or neural network connections. These lines are thin and end in small circles, creating a modern, tech-oriented aesthetic.

ANY AND ALL QUESTIONS