# NIP Group Launches Cost-Effective Cyber Security Coverage

1/18/2022

# TODAY'S AGENDA

**Moderator**

**John Bertoli**
SVP,
Marketing

**Guest Speakers**

**Donna Callahan**
AVP,
Marketing Development Manager

**Michael Tischler**
Market Development &
Education Specialist

1. About NIP Group
2. First Party Liability Coverages
3. Third Party Liability Coverages
4. Cyber Claim Scenarios
5. Cyber Suite Value Added Services
6. Q&A

HSB

NIP group

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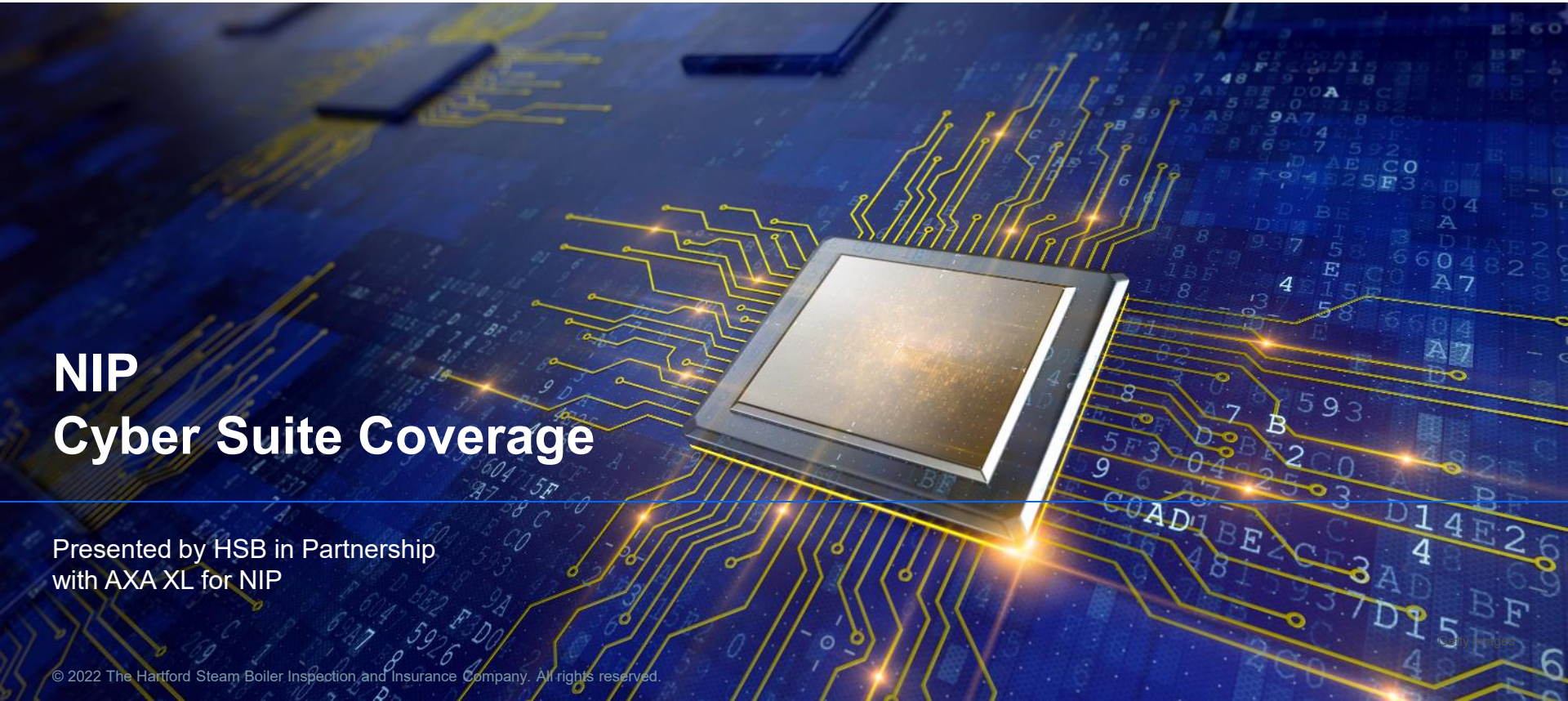
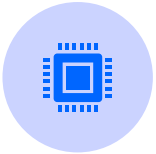


# NIP
# Cyber Suite Coverage

Presented by HSB in Partnership
with AXA XL for NIP

# Session Agenda



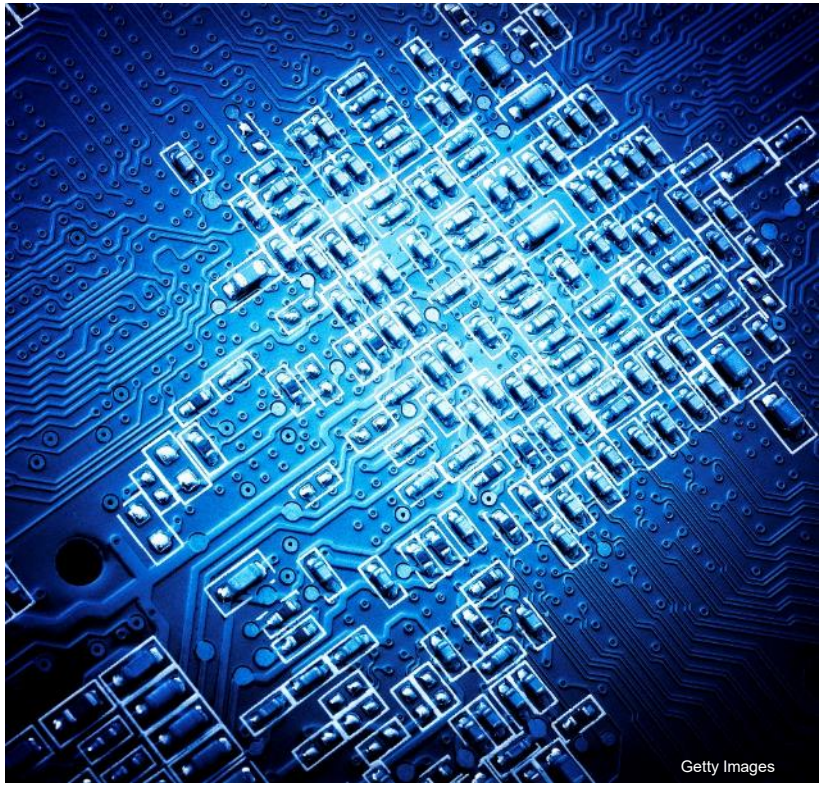
Recognize the variety of ways small businesses can fall victim to a cyber attack

Understand how Cyber Suite Coverage can assist small business owners recovery from a cyber attack

Be comfortable discussing Cyber Suite Coverage with NIP customers

# Data is a Commodity

- Normal part of workflow in today's world of technology
- This data may include information about employees, members, customers, and business operations
- This data has value to the business organizations and to others including cyber criminals and in some cases competitors



# Small Businesses Need Cyber Insurance

# Small Businesses Need Cyber Insurance

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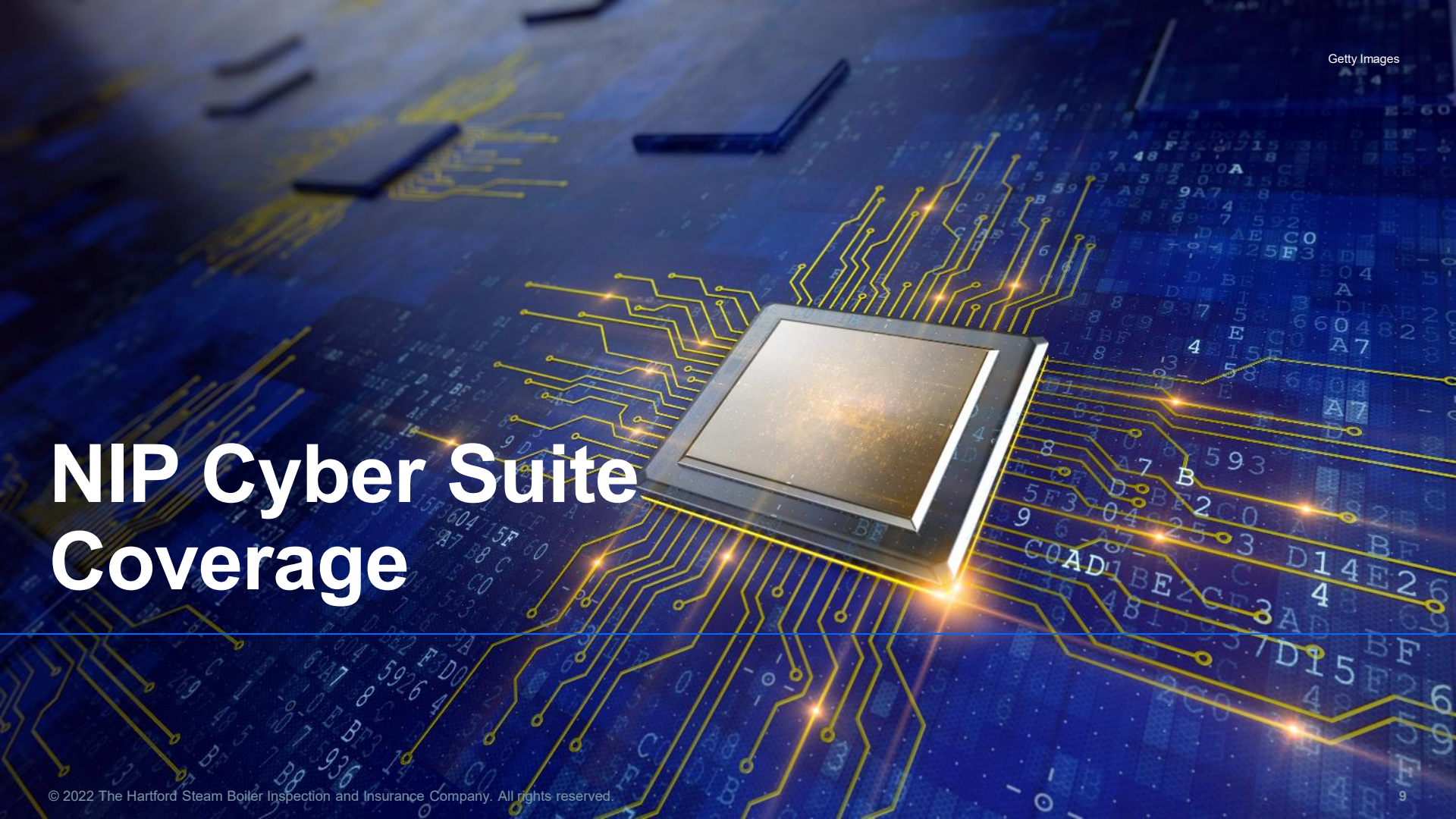
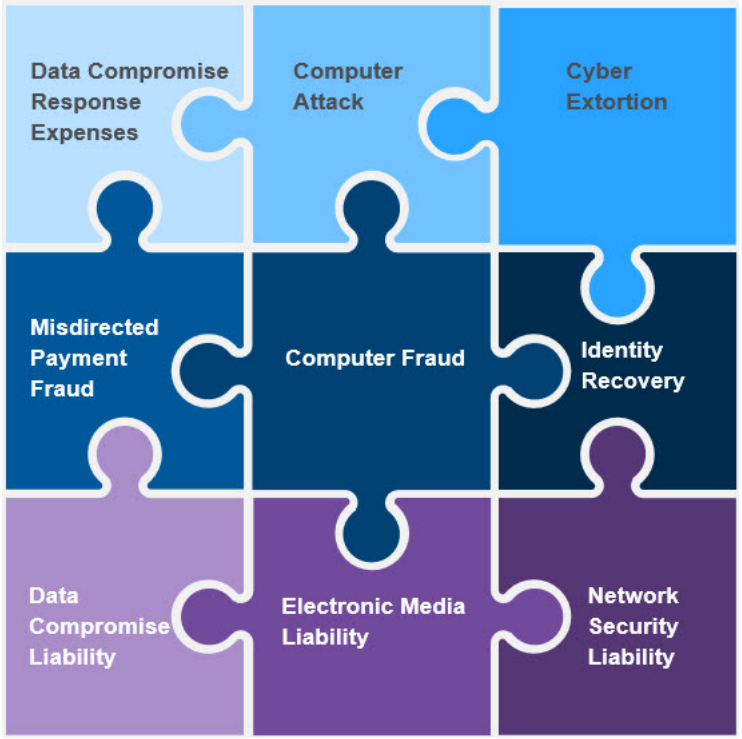
# Do You Have Clients That . . .


- Maintain personally identifying information on employees and/or customers
- Rely on computers and other electronic devices
- Have remote workers
- Utilize the internet
- Expect their business to run efficiently and smoothly
- Have inadequate IT security
- Lack expertise and funds to handle cyber crisis




# NIP Cyber Suite Coverage

# Cyber Suite Coverage



# Cyber Suite Coverage

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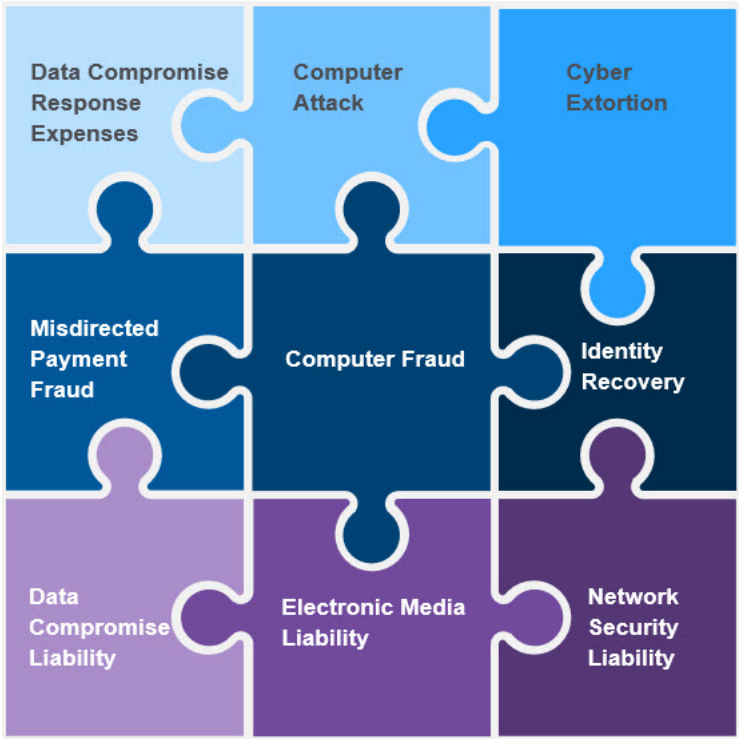
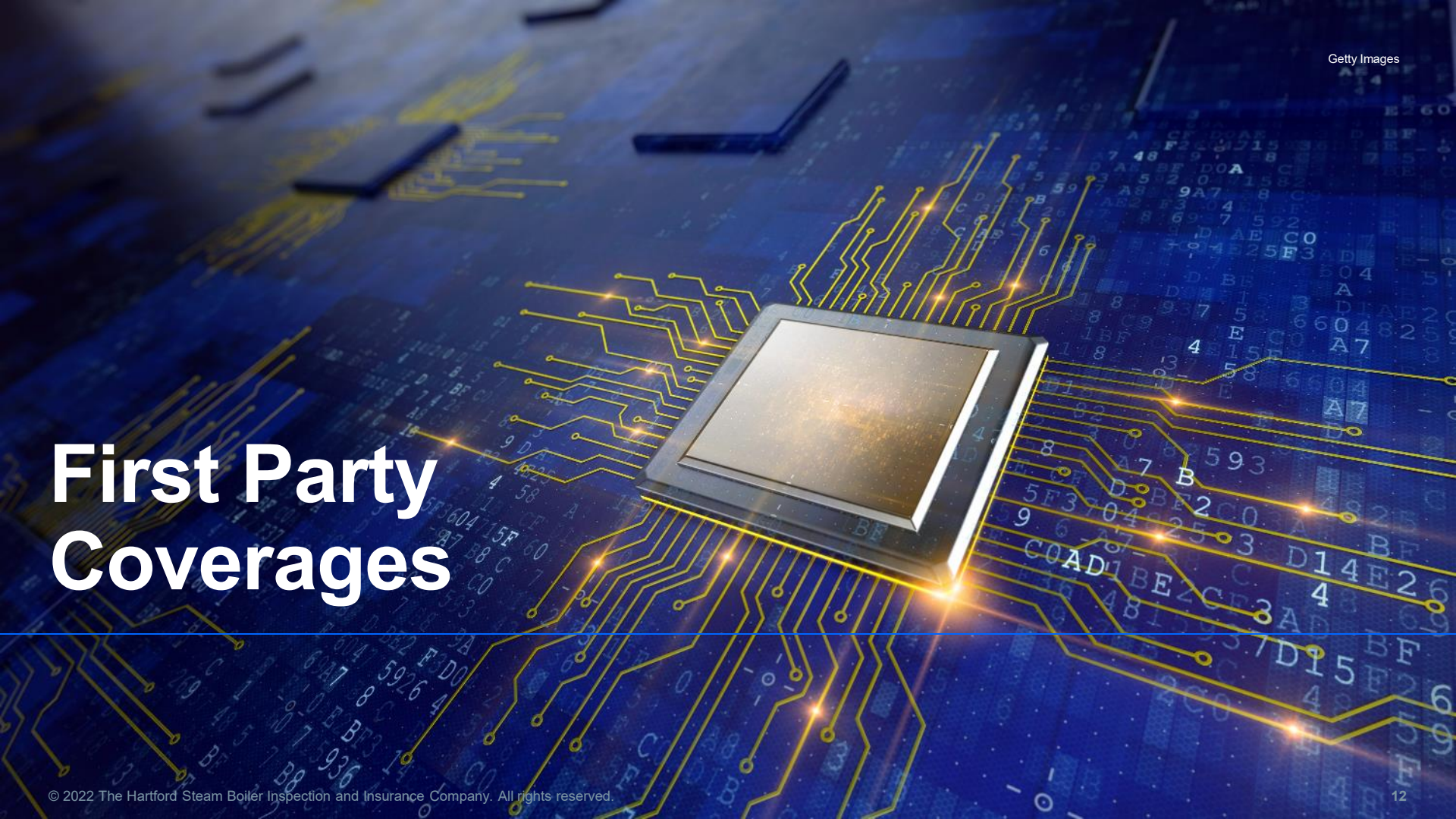
First Party

Third Party



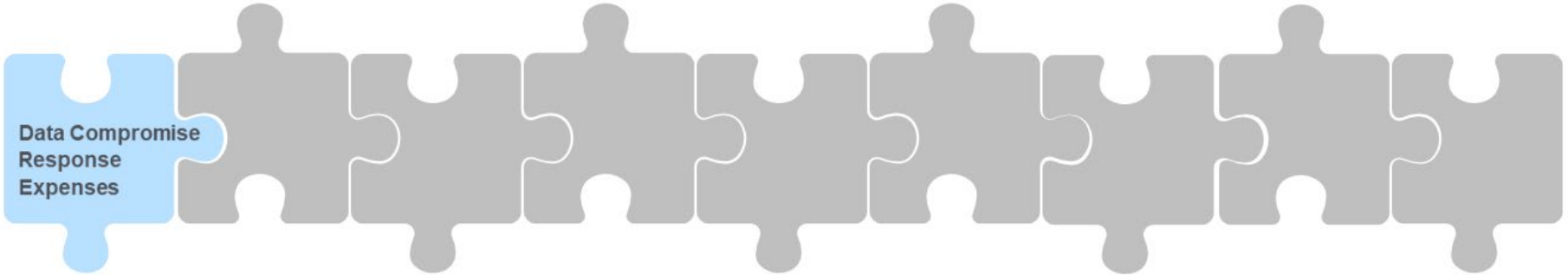



# First Party Coverages

# First Party Coverages

First Party

# Data Compromise Response Expenses




Coverage is triggered by:

The insured's discovery that personal information in their care, custody or control, has been:

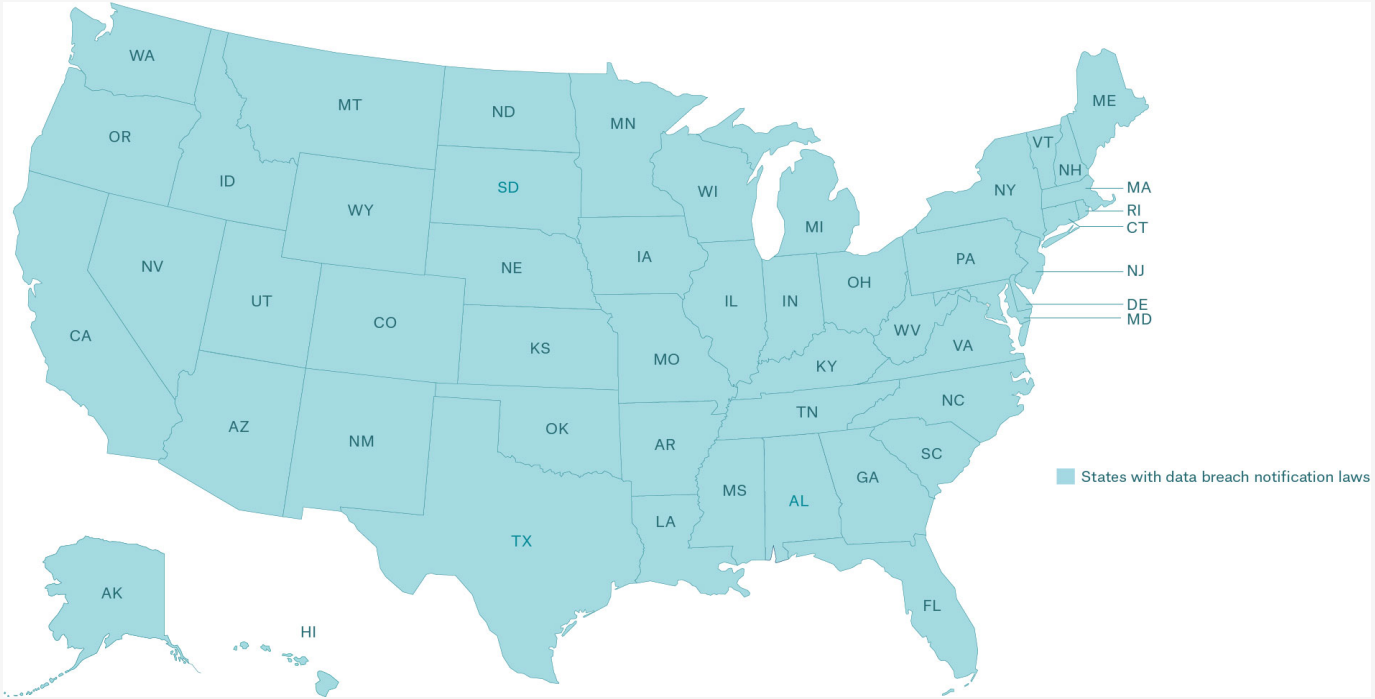
- Lost
- Stolen
- Inadvertently published

How is data breached:

- Electronically
- Physically
- Procedurally

# Data Compromise Response Expenses

## All states and U.S. territories have Data Breach Notification laws in place



# Data Breach Response Expenses Coverage

1. Forensic IT Review
2. Legal Review
3. Notification Expenses
4. Services to Affected Individuals
5. Public Relations/Crisis Management
6. Regulatory Fines and Penalties
7. PCI Fines and Penalties

# Data Breach Response Expenses Coverage

## 1. Forensic IT Review

Assess nature and extent of the personal data compromise

Assess number of affected individuals

# Data Breach Response Expenses Coverage

## 2. Legal Review

Review of data compromise regulatory laws

Plan to comply with the data breach notification laws

# Data Breach Response Expenses Coverage

## 3. Notification to Affected Individuals

Covers costs for creating wording, printing, and mailing of notices

# Data Breach Response Expenses Coverage

## 4. Services to Affected Individuals

Informational materials

Help Line

Credit Monitoring

ID Case Management

# Data Breach Response Expenses Coverage

## 5. Public Relations

Review and response services

Includes costs to implement public relations recommendations, including advertising and special promotions

# Data Breach Response Expenses Coverage

## 6. Regulatory Fines and Penalties


Coverage for regulatory fines or penalties imposed on the insured as a result of a data breach

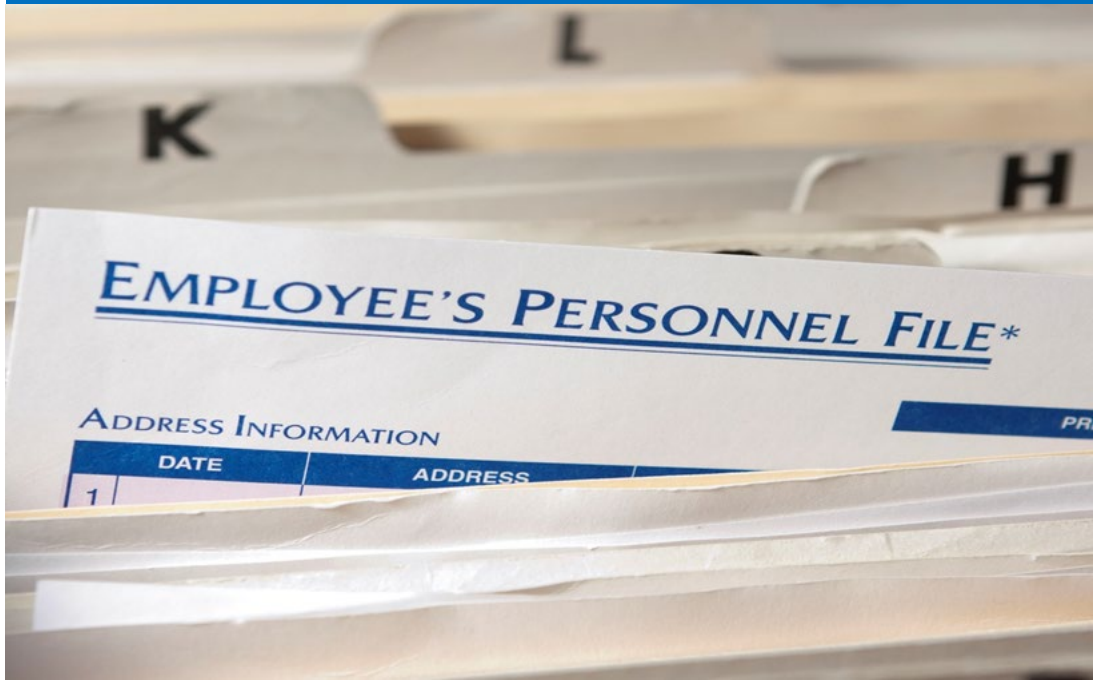
# Data Breach Response Expenses Coverage

## 7. PCI Fines and Penalties

Payment Card Industry (PCI) fine or penalty imposed under a contract to which insured is a party

# Data Compromise Response Expenses Claim Scenario

## Loss Scenario




- Employee stole over 100 records from the business
- Information included personal information, including Social Security Numbers

Total Paid: $33,458

Legal Review: $4,125
IT Forensic Review: $875
Notification Costs: $12,914
Credit Monitoring Services: $16,544

# Data Compromise Response Expenses
# PCI Fines and Penalties

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## Loss Scenario

- Pet grooming business with point of sale credit card machines failed to secure their machines with a password
- The business experienced a data breach of more than 100 customer credit card numbers
- Failure to password protect the credit card machines led to a PCI fine

Total Paid: $5,000

# Data Compromise Response Expenses
# Regulatory Fines and Penalties

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## Loss Scenario

- A contractor maintained client hard copy files in his office
- Thieves stole countless boxes of client records
- State Attorney General levied $10,000 fine against the business

Total Paid: $10,000

# Computer Attack

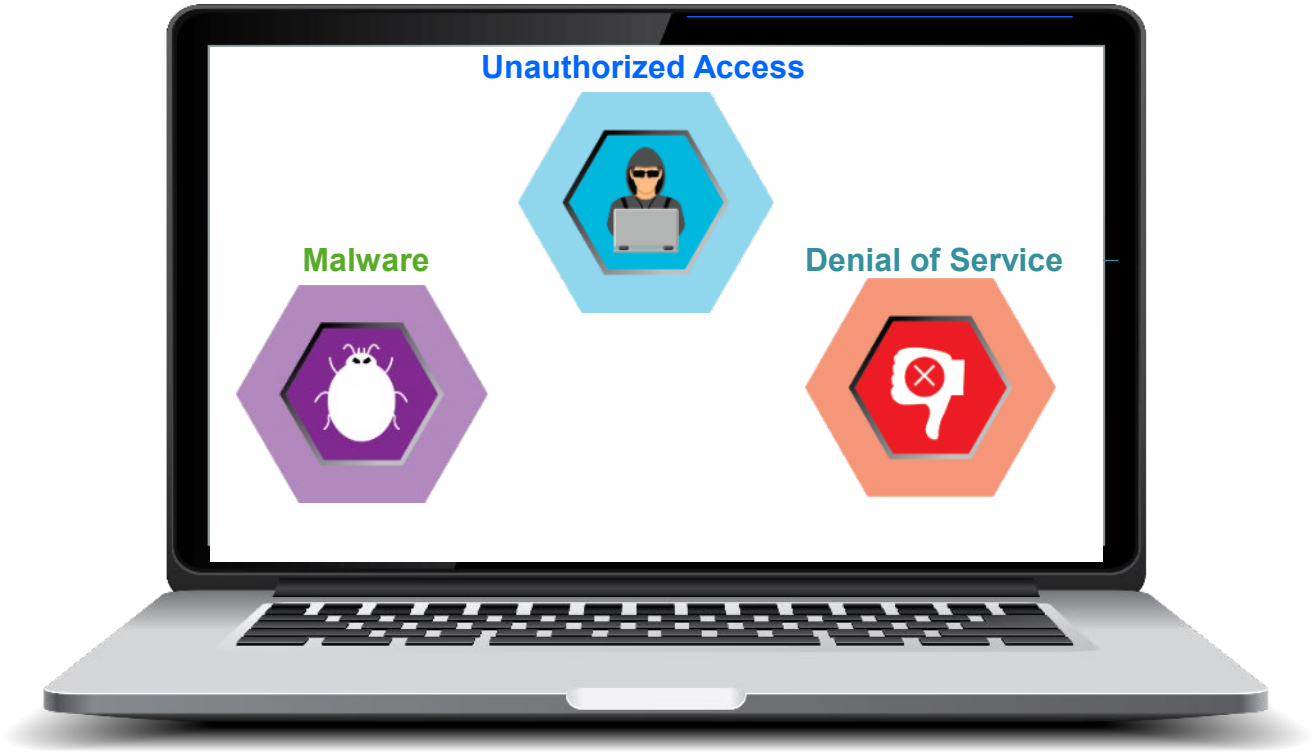

Coverage is trigged by:

- a computer attack that damages data or software and interrupts business operations, this includes a third party computer provider's systems

Coverage Components:

- Data Restoration
- Data Recreation
- System Restoration
- Loss of Business
- Extended Income Recovery
- Public Relations

# Computer Attack Trigger



# Computer Attack Coverages


1. Data Restoration
2. Data Recreation
3. System Restoration
4. Loss of Business
5. Extended Income Recovery
6. Public Relations

# Computer Attack

## 1. Data Restoration

Coverage for the cost of a professional firm hired by the insured to replace lost or corrupted data from electronic sources

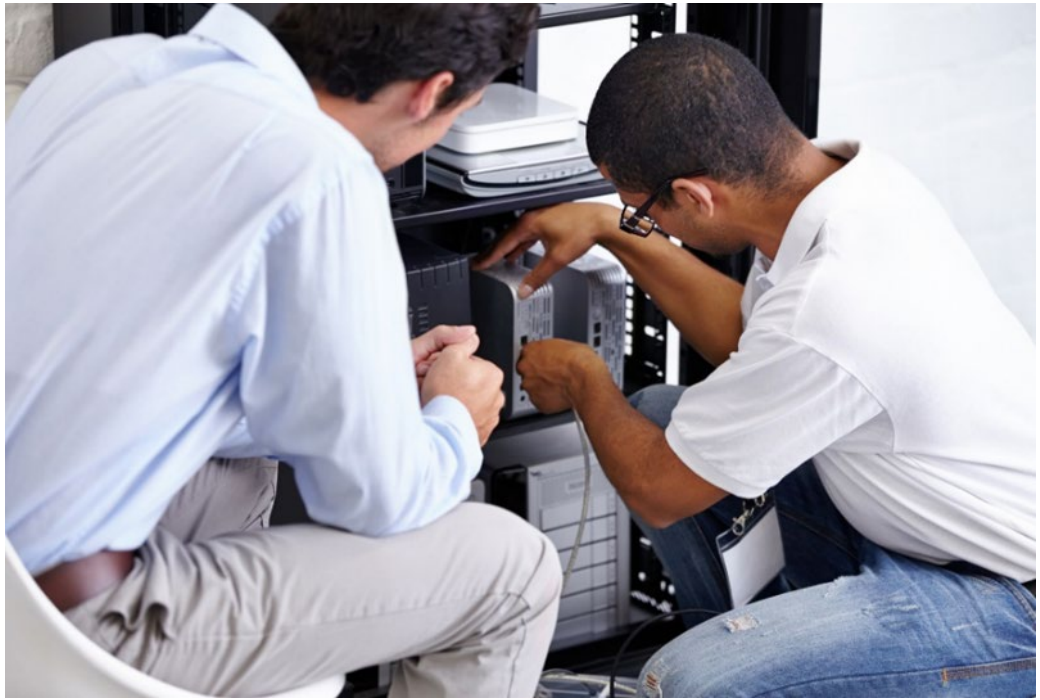
# Computer Attack

## 2. Data Recreation

Coverage for the cost of a professional firm to research, recreate and replace lost or corrupted data from *non*-electronic sources

# Computer Attack

## 3. System Restoration



Coverage for the cost of a professional firm hired by the insured to restore its computer system to its pre-attack level of functionality by replacing or reinstalling software, removing malicious code and correcting the configuration of the insured's computer system

# Computer Attack

## 4. Loss of Business


Coverage for business income lost and extra expenses incurred during the period of time when system and data recovery activities are taking place

# Computer Attack

## 5. Extended Income Recovery


Coverage for the business income that had still not recovered to historical levels after the period of recovery has completed

# Computer Attack

## 6. Public Relations


Coverage for the services of a professional public relations firm to assist the insured in communicating its response to the "computer attack" to the:

- media
- public and
- customers, clients or members

# Computer Attack

## Loss Scenario


- Computer attack at a dental laboratory
- Corrupted data and caused computer system to stop functioning
- Extra expense loss resulted
- Virus removed by IT vendor

Total Paid: $31,938

# Cyber Extortion


Coverage is triggered by:

- the insured's receipt of a cyber extortion threat

Covers the costs of:

- Negotiator and/or investigator
- Approved extortion payments

# Ransomware Continues To Escalate

# Cyber Extortion

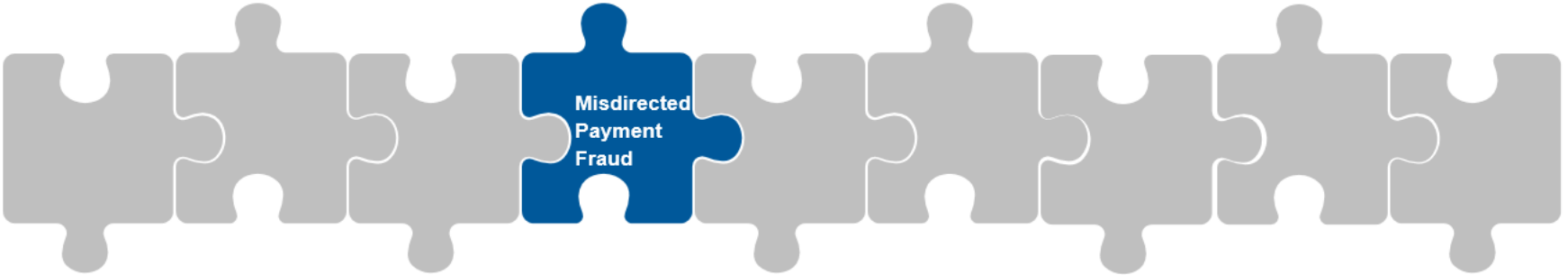
## Loss Scenario


- Ransomware virus
- Impacted entire network
- Bitcoin requested for decryption key

Total Paid: $10,130

Negotiator: $540
Ransom Payment: $2,000
System Restoration: $5,925
Data Restoration: $1,665

# Misdirected Payment Fraud




Coverage is triggered when:

the insured is the victim of a wrongful transfer event - an intentional and criminal deception of the insured or a financial institution with which the insured has an account. The deception must result in direct financial loss to an insured.

How does this happen:

- The deception must be perpetrated by a person who is not an employee using:
  - email
  - facsimile
  - telephone communications

  to induce the insured or the financial institution to send money or divert a payment.

# Misdirected Payment Fraud

## Loss Scenario


- Owner of a landscaping business tricked into providing account username and password to cyber criminal
- Cyber criminal pretended to be owner and contacted employee
- Employee instructed to wire funds to cyber criminal's bank

Total Paid: $9,000

# Computer Fraud


Coverage is triggered when:

there is unauthorized access to the insured's computer system that leads to the intentional, unauthorized and fraudulent entry of, or change to, data or instructions within the computer system. The fraudulent entry or change must result in direct financial loss to the insured.

How can it happen:

A fraudulent entry or change must be conducted by a person who is not an:
- employee
- executive
- independent contractor.

The fraudulent entry or change must cause money to be sent or diverted.

# Computer Fraud

## Loss Scenario


- Cyber criminal infiltrated construction company computer system and changed the banking instructions
- Cyber criminal was able to divert payroll funds

Total Paid: $16,500

# Identity Recovery


Coverage triggered when:

the insured discovers they are a victim of an identity theft, which is the fraudulent use of an insured's information.

How does it happen:

The criminal will use the insured's personally identifying information to:

- establish credit accounts
- secure loans
- enter into contracts
- commit crimes

# Identity Fraud

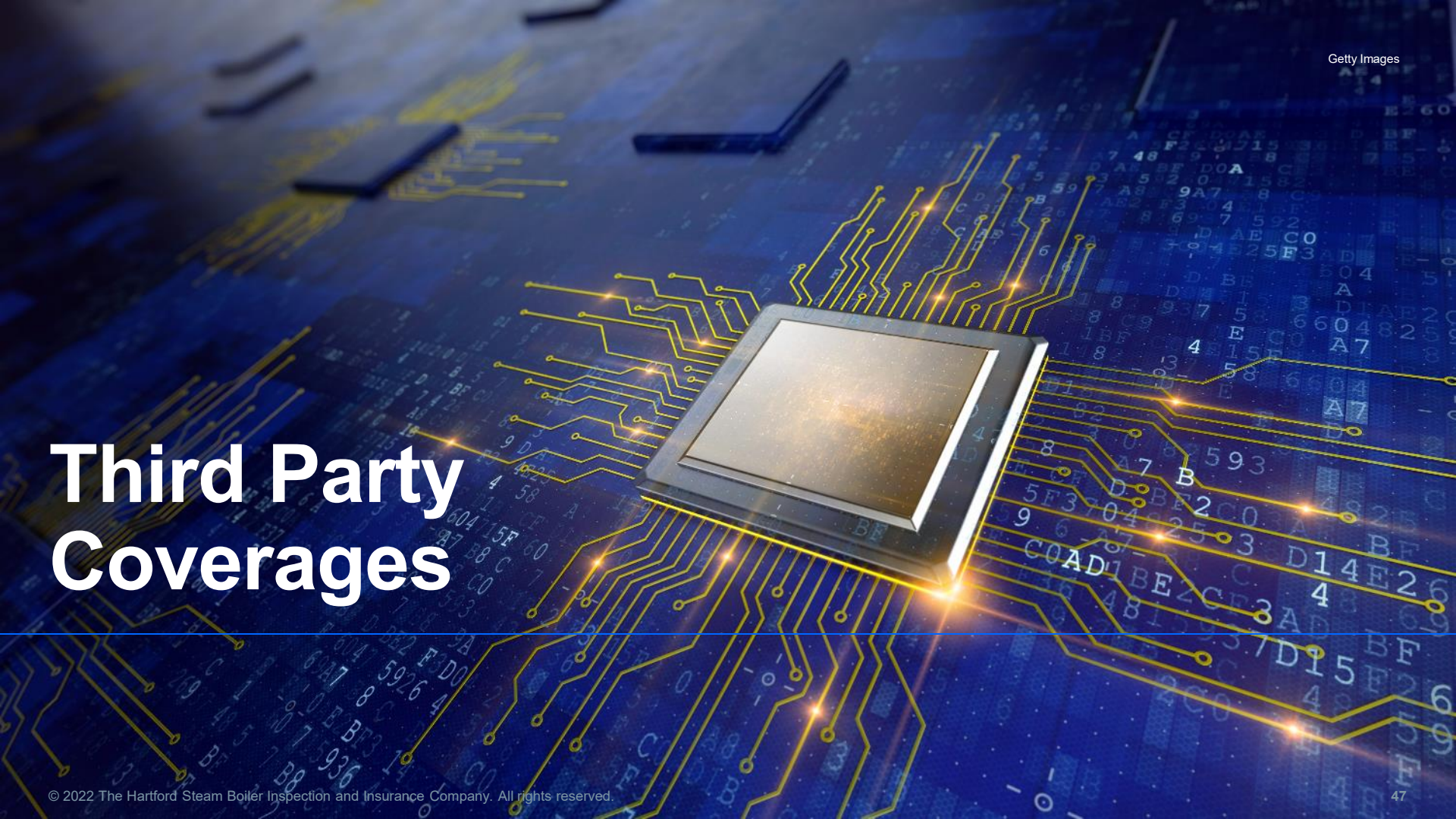
## Loss Scenario


- Greenhouse owner sued due to nonpayment
- Attorney and case manager assisted insured to resolve

Total Paid: $5,652

# First Party Coverages Review

First Party




# Third Party Coverages

# Third Party Liability Coverages

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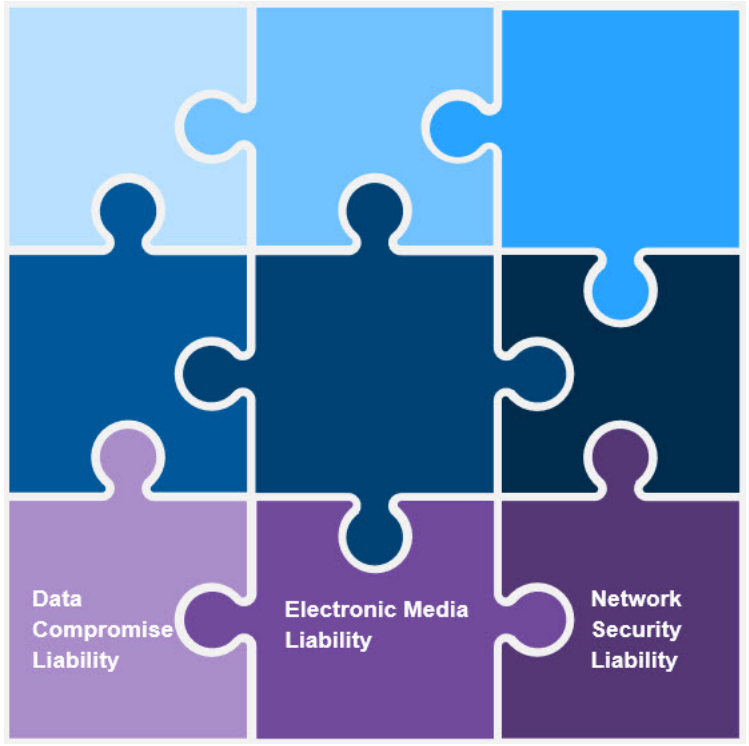
Third Party



# Cyber Suite Third Party Liability Coverages


Three separate Liability coverages:

- Pays defense, settlement, and judgement cost
- Duty to defend
- Defense within limits
- Claims made coverage
- Automatic 30 day Extended Reporting Period included
- Optional Supplemental Extended Reporting Period (SERP) for additional premium

# Data Compromise Liability


Coverage is triggered when:

the insured receives notice of suit related to a breach of personal information.

How does it happen:

- there has been a data breach
- affected individuals were notified of the breach
- affected individuals or regulatory entities file a complaint

# Data Compromise Liability

## Loss Scenario


- Landscaping office experienced data breach
- Provided appropriate notification and services to affected individuals
- Later receives demand letter from attorney representing an affected individual whose identity was stolen due to negligence

Total Paid: $12,500

# Electronic Media Liability


Coverage is triggered by:

the insured's receipt of notice of an electronic media Liability suit. The electronic media Liability suit can be a civil action, an alternate dispute resolution proceeding or a written demand for money.

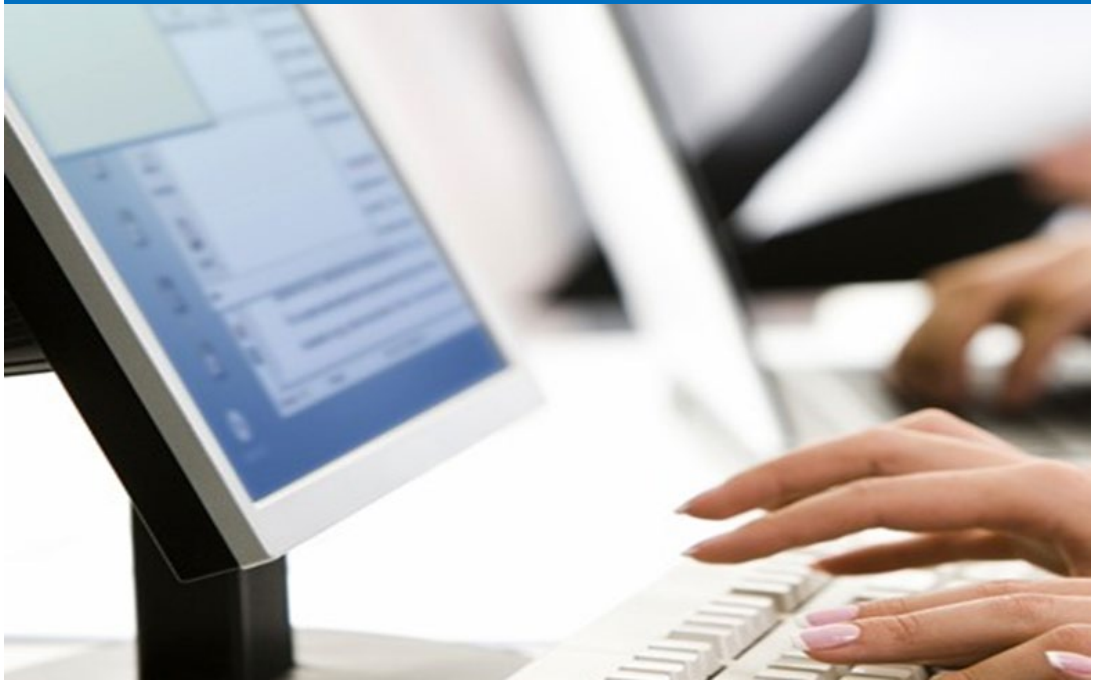
How does it happen:

The electronic Liability suit must be initiated by a third party who alleges that the display of information in electronic form by the insured on a website resulted in:

- the infringement of another's copyright, title, slogan, trademark, trade name, trade dress, service mark or service name
- defamation against a person or organization that is unintended
- a violation of a person's right of privacy

# Electronic Media Liability

## Loss Scenario



- Restaurant used celebrity picture on its website without permission
- Received letter from attorney representing celebrity demanding picture be taken down along with demand for monetary damages

Total Paid: $7,000

# Network Security Liability


Coverage is triggered by:

the insured's receipt of notice of a network security Liability suit. The network security Liability suit can be a civil action, an alternate dispute resolution proceeding or a written demand for money.

How does it happen:

The network security Liability suit must be initiated by a third party who alleges that a systems security failure on the part of the insured allowed one or more of the following to happen:

- the breach of third-party business information
- the unintended transmission of malware
- a denial of service attack

# Network Security Liability

## Loss Scenario


- Computer systems infected by a virus
- Virus emailed to customers
- An employee at one of the customers clicked on the link and released the virus into their computer system

Total Paid: $14,000

# Third Party Liability Coverages Review

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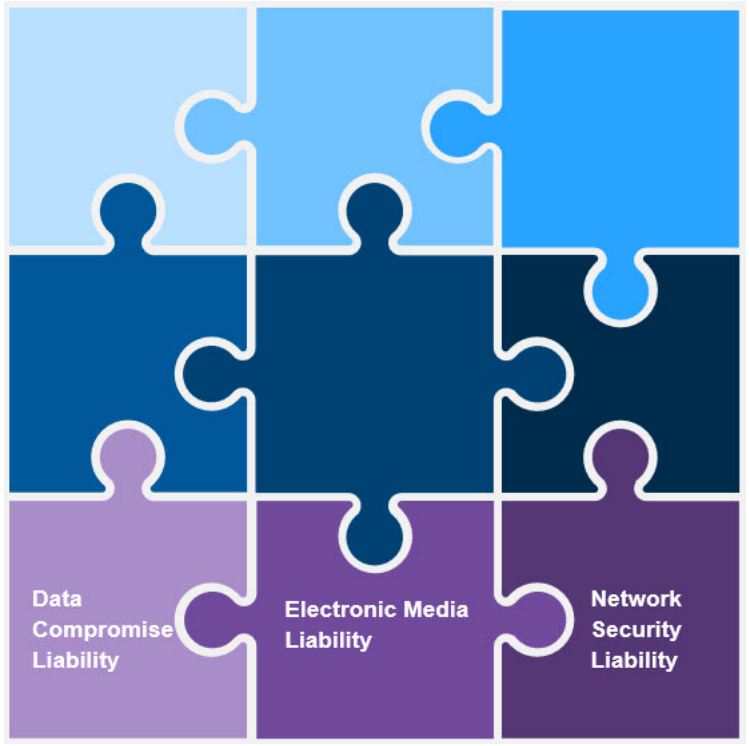
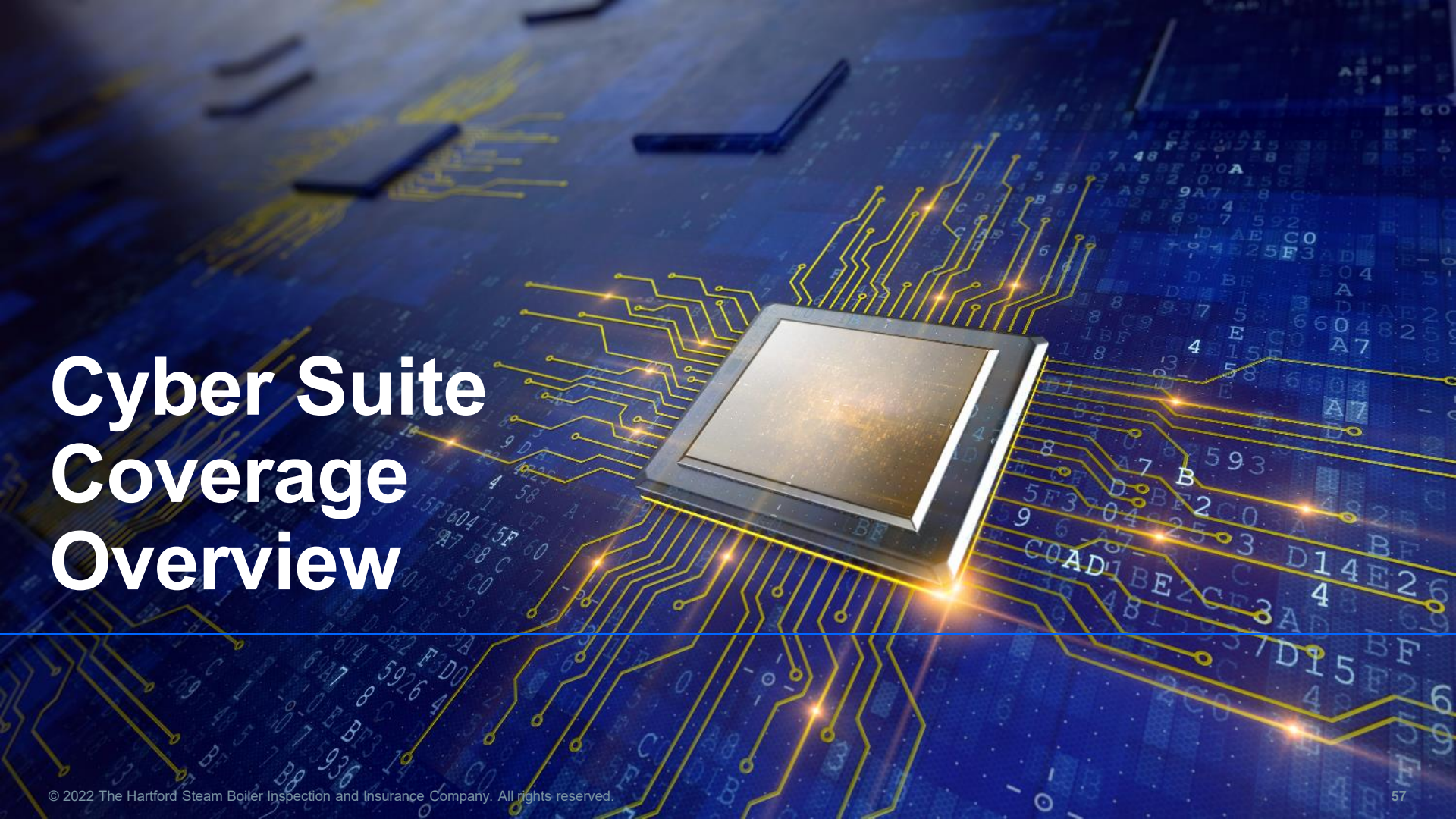
Third Party



# Cyber Suite Coverage Overview

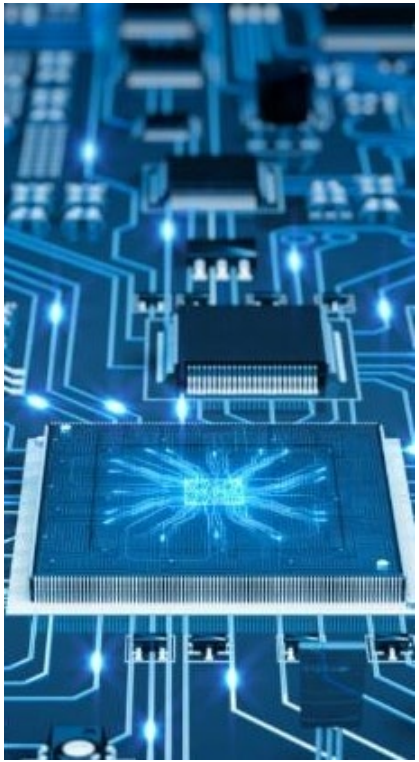


# AXA XL Cyber Suite Rates for NIP

| Cyber Suite Annual Aggregate Limit | Deductible* | Retail & Contractor Business |
|---|---|---|
| $50,000 | $1,000 | $329 |
| $100,000 | $1,000 | $394 |
| $250,000 | $2,500 | $878 |

*No deductible applies to Identity Recovery Coverage

# NIP Cyber Suite - Sublimits

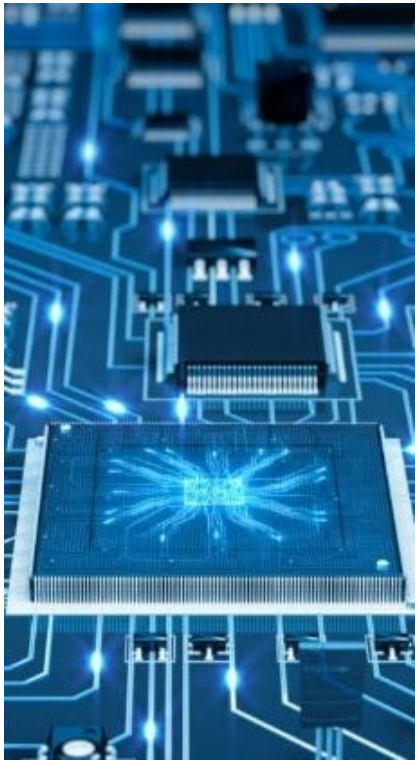


**50% of the First Party Annual Aggregate Limit**

- Forensic IT Review
- Legal Review
- Regulatory Fines and Penalties
- PCI Fines and Penalties
- Loss of Business

Identity Recovery: $25,000 limit per insured.

# NIP Cyber Suite - Sublimits



Cyber Extortion
Misdirected Payment Fraud
Computer Fraud

•$10,000 when $50k,$100K limit chosen
•$25,000 when $250K

Public Relations has a $5,000 sublimit

# Loss Prevention Tools: eRiskHub®

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# 10 Key Talking Points on NIP Cyber Suite Coverages

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| | |
|---|---|
| 1 | Cyber risk exposures don’t discriminate – they are universal for any type of business |
| 2 | All businesses maintain personal data on individuals (employees/clients/vendors) |
| 3 | All companies use computers and the internet |
| 4 | Businesses that breach personally identifying information are required to notify the affected individuals in all 50 states. Breach laws are based on where the affected individual resides |
| 5 | General Liability policies do not cover exposures covered by Cyber Suite |

# 10 Key Talking Points on NIP Cyber Suite Coverages

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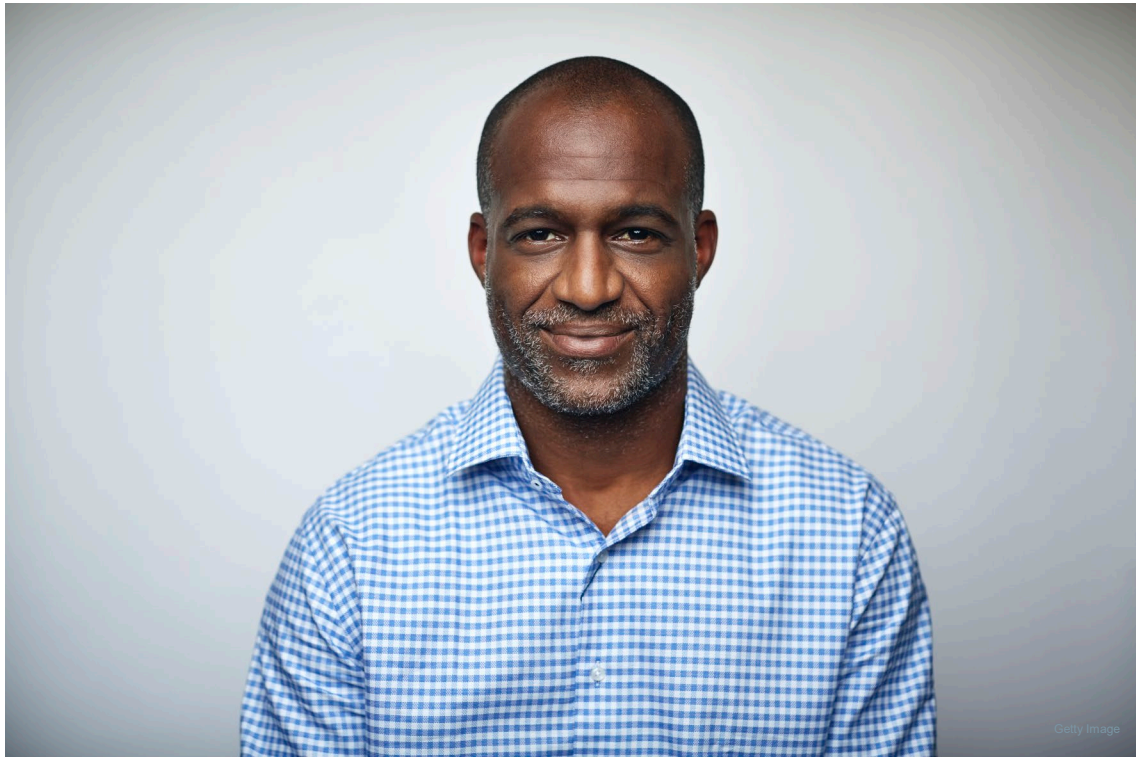
| | |
|---|---|
| 6 | A business that suffers a data breach needs to protect its reputation and credibility |
| 7 | Employees are a weak link in any business' cybersecurity |
| 8 | Even the best systems security won't prevent all breaches and attacks |
| 9 | Proper planning is essential – best practices include creating an incident response plan, conduct cybersecurity assessments, train employees, obtain meaningful cyber risk insurance |
| 10 | Look for comprehensive cyber insurance coverages that include both first and third party coverages |

# Jack’s Journey

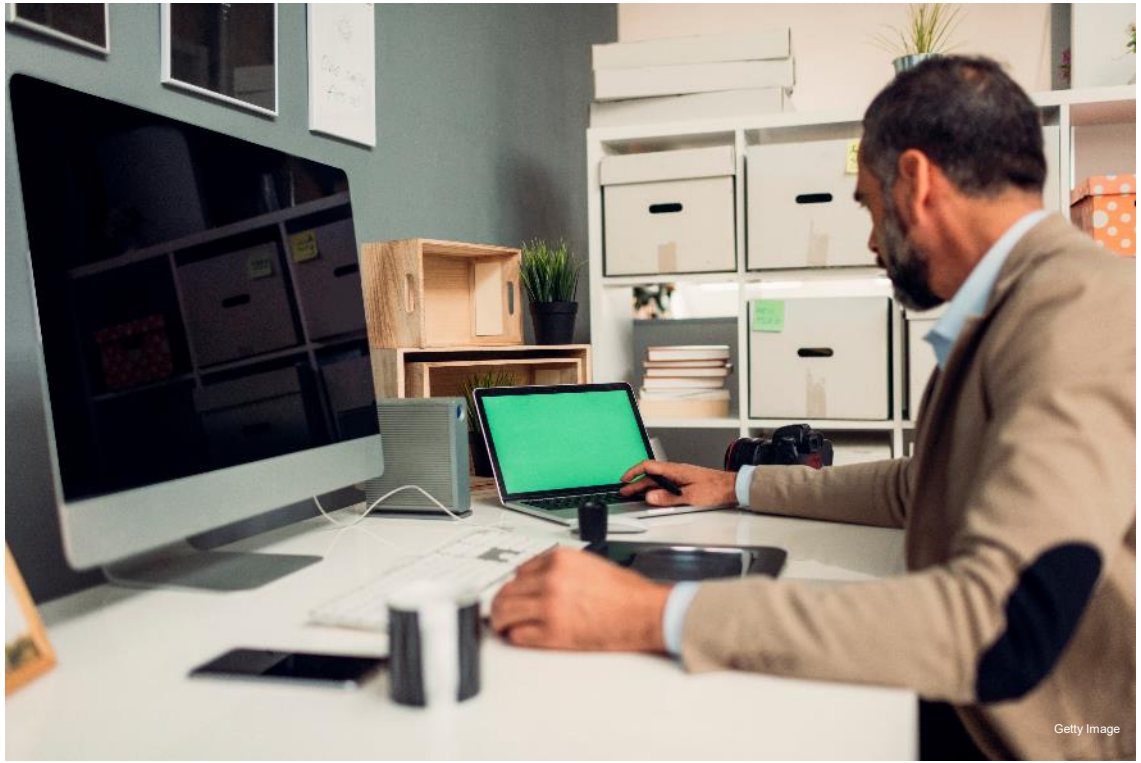


Jack is an NIP agent whose clients consider him a trusted advisor

# Jack's Journey
# Real Estate Agency


- Erratic computers
- Software and data were missing
- Business halted

# Jack's Journey
# IT Expert




- System had been accessed
- Software and data deleted
- Computer virus present

# Jack's Journey
# Real Estate Agency


- Data Restoration:  $4,500
- Data Recreation:  $2,000
- Systems Restoration:  $10,050
- Loss of Business: Not calculated yet
- Public Relations:  $4,300

Total Cost to date:  $20,850

# Jack's Journey
# Real Estate Agency


Attorney alleging an email sent by the real estate agency contained a virus and infected a former client's computer.

The former client suffered a variety of harm and incurred the cost of having the virus removed.

# Jack's Meeting – Acme Accounting

**Questions to ask:**

- What types of software and data is the firm using, creating and storing?
- Does every company device have anti-virus and malware software installed and is it regularly updated?
- How long could your business operate without your computer systems?
- What would happen if your system was hit with malicious software?
- What if you accidently passed that on to your customers? Could your business weather the financial implications of a third-party lawsuit?
- Are you equipped to handle all of these potential issues and risks on your own?

# Jack’s Journey


**It happened to him.**

**Next time he would be prepared!**

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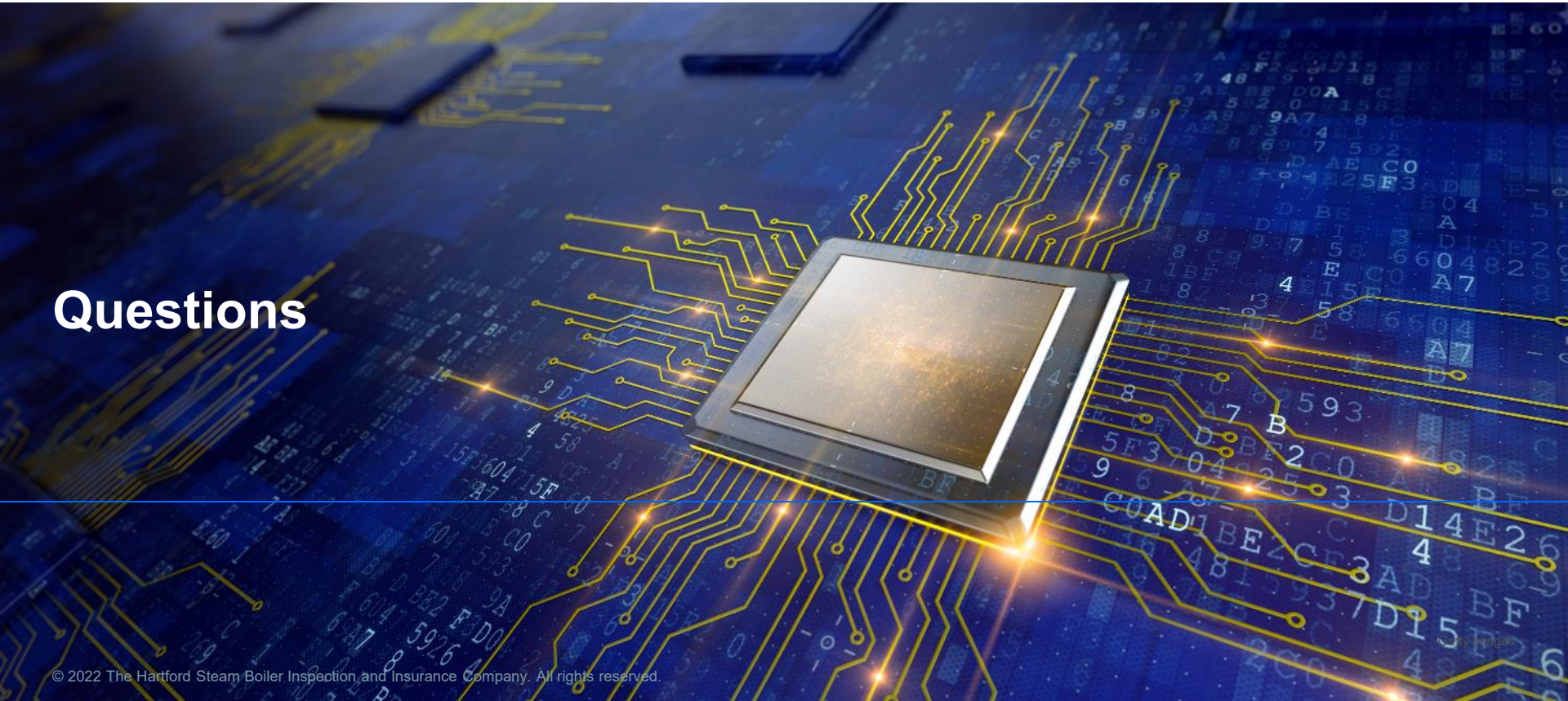
# Questions



# Q & A

## Moderator

**John Bertoli**
SVP,
Marketing

## Guest Speakers

**Donna Callahan**
AVP,
Marketing Development Manager

**Michael Tischler**
Market Development &
Education Specialist

Thank you for attending our

NIP Group Launches Cost-Effective

Cyber Security Coverage webinar!

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# Thank you



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