Cybersecurity:
What Towns Need to Know

November 18, 2021

wingman Insurance

SINCLAIR RISK & FINANCIAL MANAGEMENT
More Than Insurance

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Agenda

- **Introduction**
  - Joe Pinto, Sinclair Risk & Financial Management
- **Public Entity Cyber Overview**
  - Brad Schrum, Wingman Insurance
- **Cyber Legal Environment: Regulation, Legal Exposure and Compliance**
  - Sherwin Yoder, Carmody Torrance Sandak Hennesy, LLP
- **Cyber Insurance Market Overview**
  - John Tillistrand, Sinclair Risk & Financial Management
- **Q & A**

Public Entity Cyber Overview

Brad Schrum ARM

Corvus/Wingman Insurance

11/18/2021

Introduction To Wingman

- Been in business since 2006
- Acquired by Corvus Insurance August 2021
- MGA/Insuretech firm
- Work with Agents/Brokers- Do not sell direct
- Experts in Cyber
- Admitted Carrier A XV Axis Insurance Company

The Cyber Market For PE’s

- Appetite for PE Business Has Changed very rapidly
- Ransomware and Social Engineering Claims have been enormous
- Lack of basic IT Security related to MFA
- Pricing and Deductibles have risen significantly
- Carriers interested in this business has fallen dramatically

Cyber Solutions For PE's

NETDILIGENCE® CYBER CLAIMS STUDY
2021 RANSOMWARE SPOTLIGHT REPORT

Business Sector

Organizations in every sector of the economy have been victimized by ransomware attacks. The table below, based upon data from 2015-2019, tells the story. The greatest number of claims occurred in Healthcare, followed by Professional Services. Highest average costs occurred in Manufacturing, followed by Entertainment.

Average Costs by Sector

	Claims	Ransom Amount	Crisis Services	Total Incident Cost
Healthcare	312	26K	35K	107K
Professional Services	200	43K	50K	88K
Manufacturing	65	305K	47K	490K
Retail	50	82K	48K	130K
Nonprofit	42	82K	105K	105K
Technology	31	142K	94K	221K
Financial Services	31	27K	48K	62K
Education	29	219K	83K	202K
Public Entity	28	153K	114K	140K
Transportation	21	62K	67K	138K
Energy	6	33K	70K	57K
Hospitality	5	23K	41K	52K
Telecommunications	5	7K	86K	96K
Restaurant	3	n/a	45K	143K
Entertainment	2	152K	84K	480K
Media	2	1K	39K	40K
Other	83	98K	74K	156K

*sorted by the number of claims

Table 4

We Are Writing PE Business

YES

Requirements:

- Interested in PE's $1,000,000-$50,000,000 revenue
- Must Have Appropriate Cyber Security Controls In Place
- Minimum Deductible of $50,000
- Completion of Application
- Limited to No Prior Cyber Losses
- Pricing Is Reasonable

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Managing Town Cybersecurity Legal Risks

Sherwin Yoder

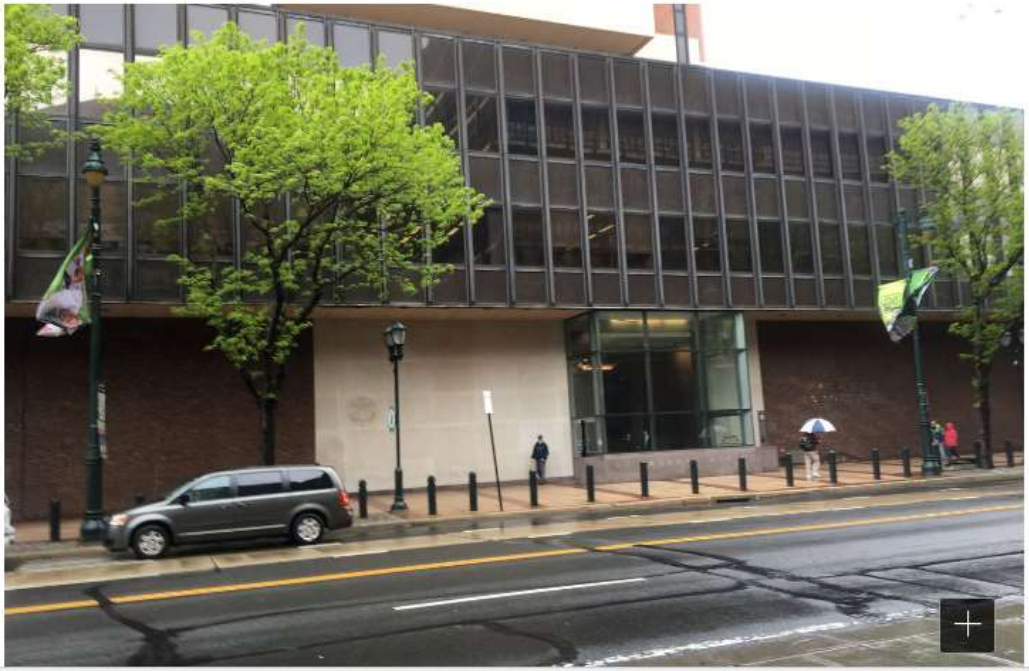
Connecticut Conference of Small Towns, November 18, 2021

Thursday, June 13, 2019 | Today's Paper

The Philadelphia Inquirer

$67M federal jury verdict: Bucks County 'willfully' violated criminal-records act

by Julie Shaw, Updated: May 28, 2019



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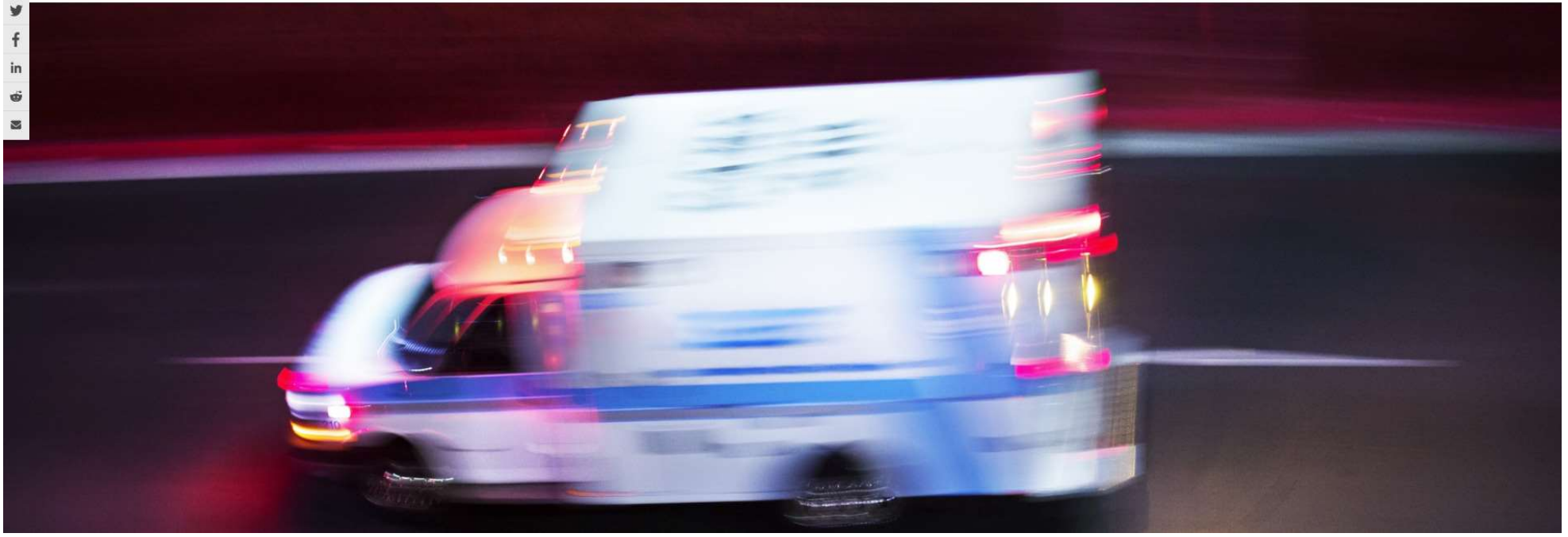
TECHNOLOGY

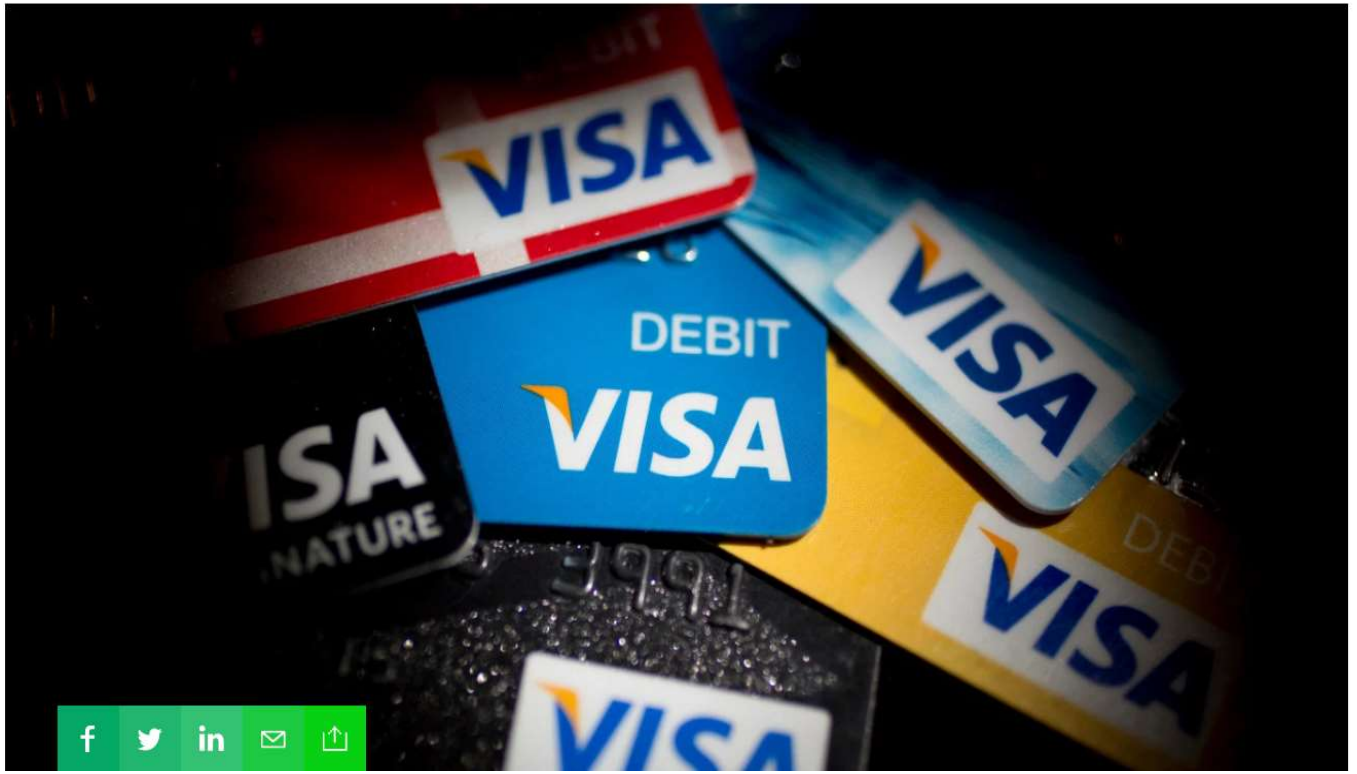
DHS: Teenager's malware disrupted 911 call centers in 12 states



Hackers have planted credit card stealing malware on local government payment sites

Zack Whittaker @zackwhittaker / 9 months ago

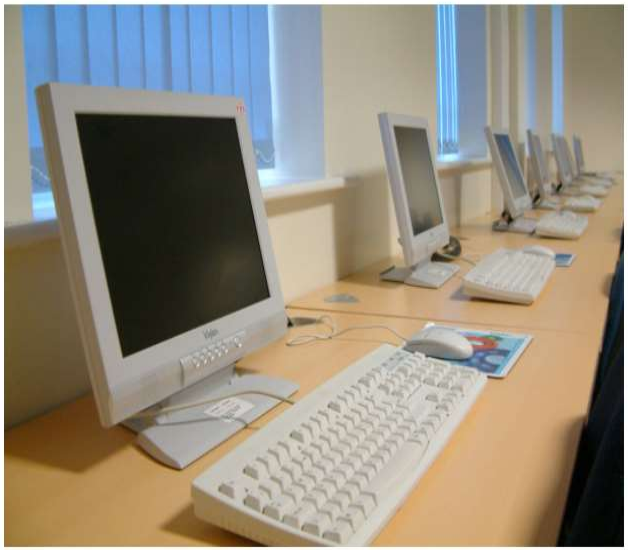
Comment



BUSINESS & ECONOMY

Software company will pay $30,000 in settlement over security flaws

By **Anne Wallace Allen**
May 28 2019 | one reader footnote



A software used by cities and towns has been found to have had flaws.

A small company that provides software for about 200 Vermont municipalities as well as the Vermont Tax Department will pay $30,000 as part of a settlement with the Vermont Attorney General's Office.

New England Municipal Resource Center, or NEMRC, creates and maintains the software that cities and towns use for managing functions such as utility bills, tax bills, land records, and dog licenses. The company was started by Ernie Saunders at his home in Fairfax in 1984, and Saunders still runs the company from

Business Briefs

Bennington College to use $1 million Mellon grant for hunger research

Colchester auto insurance software company plans expansion

Vermont, Cabot ads to share space at Boston's South Station

Vermont Creamery begins three-phase expansion

Burlington Telecom sale foes take appeal to Vermont Supreme Court

Montpelier public affairs firm ventures into cannabis industry services

Burlington officials celebrate 2030 Districts

Chamber prepares for its largest ever Taste of Vermont event in Washington

Popular Stories

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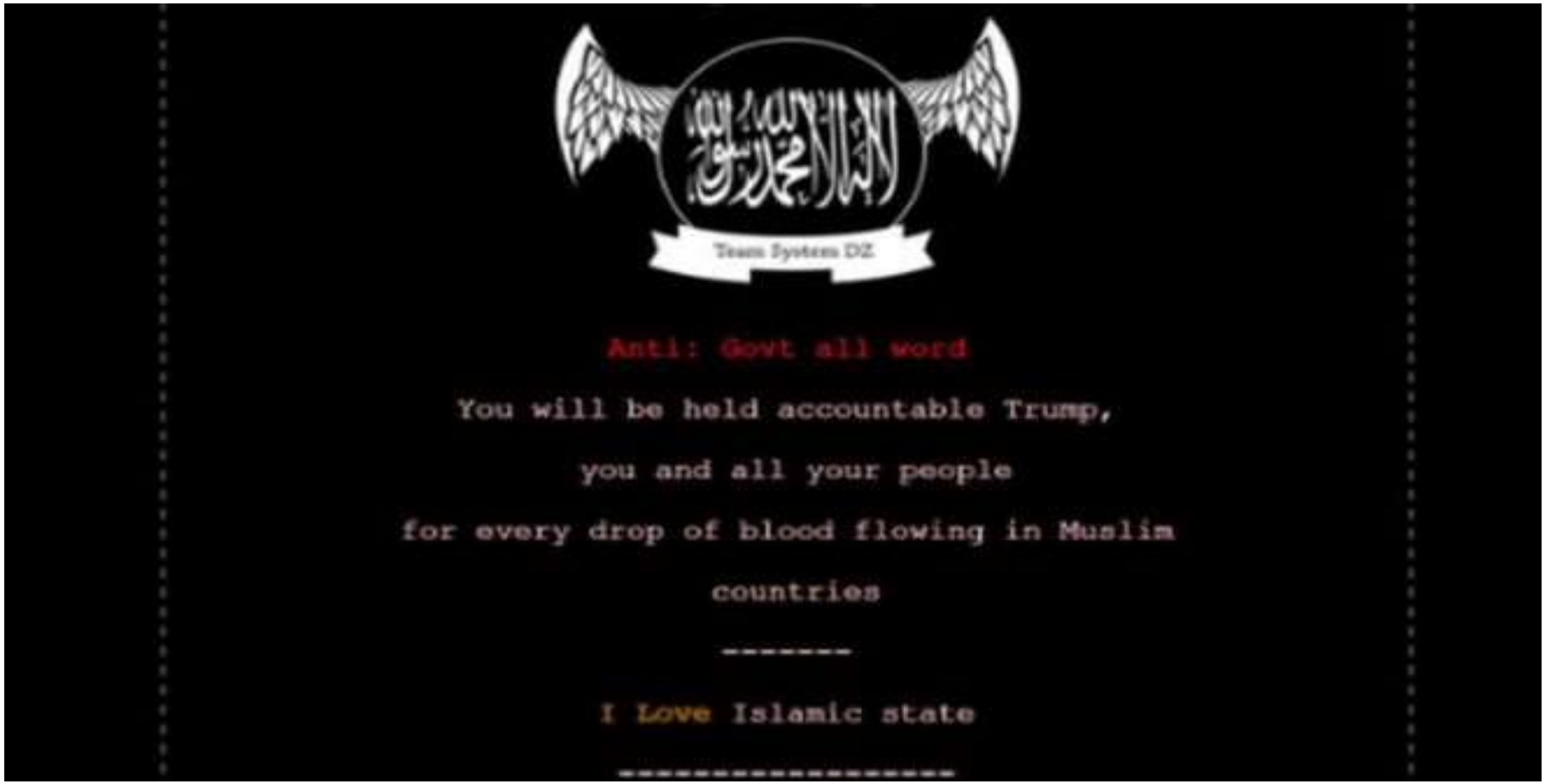
Cyber "Defacement" in Ohio



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CYBER RISK JUNE 14, 2017 / 5:22 AM / 2 YEARS AGO

U.S. muni market slowly starts paying heed to cyber risks

Hilary Russ 5 MIN READ

NEW YORK (Reuters) - A rise in cyber attacks on U.S. public sector targets so far has had little impact in the $3.8 trillion municipal debt market, with no issuer as yet hit by a downgrade or higher borrowing costs because of a cyber security threat.

That is beginning to change.

S&P Global has begun to quiz states, cities and towns about their cyber defenses, and some credit analysts are starting to factor cyber security when they look at bonds. Moody's Investors Service is also trying to figure out how to best evaluate cyber risk.

The shift follows a particularly steep rise in ransomware attacks, when criminals hold an entity's computer system hostage until a small ransom is paid.

The number of global ransomware detections rose 36 percent in 2016 from the year before, to 463,841, with the United States most heavily affected, according to cyber security firm Symantec Corp.

Such attacks, which have also hit companies and federal entities, have spared no kind of municipal issuer large or small, from police departments to school districts and transit

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Ransomware Scourge

2019 → 2020 = 62% Increase Worldwide (158% in North America)*

Average Payment 1st Half 2021 = $570,000 (Up 82% from 2020)**

More Organizations Paying = More Attacks and Higher Demands

*SonicWall 2021 CyberThreat Report
**Unit 42 Ransomware Threat Report 1H 2021 Update

Ransomware Scourge – the Victims

- **Critical infrastructure**
- **Local government**
- Healthcare
- **Supply chains and service providers**
- Manufacturers
- SMB's

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TRANSCRIPT

NATIONAL

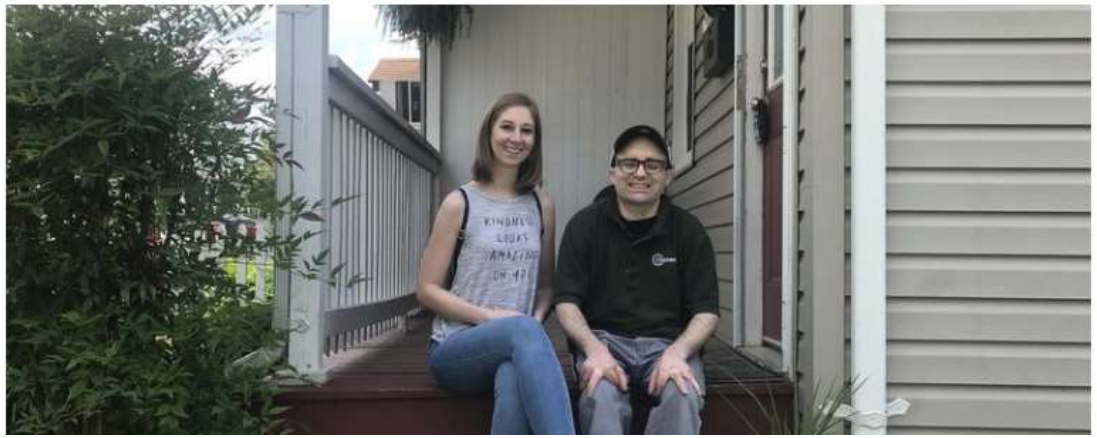
Ransomware Cyberattacks Knock Baltimore's City Services Offline

May 21, 2019 · 5:02 AM ET

Heard on Morning Edition

EMILY SULLIVAN

FROM WYPR



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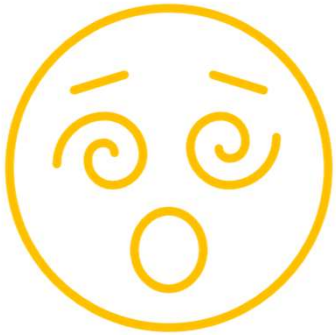
Ransomware Scourge – "Quadruple Extortion"

- Encryption
- Data Theft
- **Denial of Services**
- Harassment



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Ransomware Best Practices

- Get cybersecurity coverage
- Get a cybersecurity assessment
- Develop a Written Information Security Program (WISP)
- Develop IRP (Incident Response Plan) (part of your WISP!)
  - Defined roles and up-to-date contact info
  - Pre-approved outside partners
- Conduct drills on the IRP
- Expert-tested Backup and Disaster Recovery Plan

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Ransomware Best Practices

- **Invest in your people with awareness, training, anti-phishing campaigns, etc.**
- Tighten Acceptable Use and Password Policies
- Strengthen Vendor Management Policies and Contracts
- Segregate and encrypt your most sensitive data
- And, for the love of everything good and holy – please enable 2-Factor Authentication!
- Again, get cyber coverage

Cyber & Privacy Legislative Updates

Comprehensive Consumer Privacy Laws

- CA – CCPA January 2020 & CPRA January 2023
- VA – VCDPA January 2023
- CO – CPA July 2023
- CT, NY, MA – almost . . . next term?

Cyber & Privacy Legislative Updates

Connecticut – Effective October 1, 2021

- PA 21-119 (*for businesses*) Safe harbor incentive for adopting recognized cybersecurity framework
  - Immunity from punitive damages in data breach suits
- PA 21-59 Updating breach notification statute
  - Expanding “personal info”
  - Shortened notification deadline (60 days)

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Resources & References

- Connecticut Cybersecurity Resource Page https://portal.ct.gov/connecticut-cybersecurity-resource-page
- Federal Resources for Local Governments https://us-cert.cisa.gov/resources/sltt
- Example of other states' resources https://mrsc.org/Home/Explore-Topics/Public-Safety/Cybersecurity/Cybersecurity-Resources-for-Local-Governments.aspx

Thank you!

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Cyber Insurance Market Overview

John Tillistrand, Sinclair Risk & Financial Management

- SRFM – in business since 1972
- One of the largest independently owned agents in CT
- Offices in CT, MA, RI and FL
- A dedicated focus on Risk Management, Loss Control, Claims Management and Human Resource Management
- Industry segment expertise in Public Entity business
- Cyber Risk Management Program

Cyber Insurance Basics

- First introduced in 1997
- Global market estimated $7.3 Billion in 2020
- Two major coverage areas:
  - Cyber Liability – protection from liability arising out of a cyber incident or privacy law violations
  - First Party Cyber – Direct costs incurred by the client as a result of a cyber incident including legal expenses, IT forensics, data restoration, breach notification, and other direct costs
- No standardized coverage forms among carriers

Expertise is important

- Some agents are reluctant to sell cyber
- Lack of form standardization – expertise is critical
- Many carrier offerings are deficient
- The top carriers provide valuable resources:
  - Pre and Post-Breach planning guidance (WISP)
  - Forensic and Cyber Legal expertise
  - Breach hotlines, Breach coaching

We can help!

Q & A

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