



**Agency Risk Management  
Webinar:  
Ready, Set, Cyber!  
Coverages, Claims and Carrier Contracts**

**June 19, 2-3 p.m. Eastern**



# Administrative Details

- Attendees are in listen only mode.
- Questions? Please use the GoToWebinar questions feature in the upper right and we will do our best to respond.
- For panelist questions after the webinar:
  - Shawn Ram, Head of Insurance, Coalition- [shawn@coalitioninc.com](mailto:shawn@coalitioninc.com)
  - Catherine Lyle, Claims Lead, Coalition- [catherine@CoalitionInc.com](mailto:catherine@CoalitionInc.com)
  - Eric Lipton, Senior Counsel, Big "I" Office of General Counsel- [eric.lipton@iiaba.net](mailto:eric.lipton@iiaba.net)
  - Carla McGee, Big "I" Advantage, Cyber Insurance Program Manager- [carla.mcgee@iiaba.net](mailto:carla.mcgee@iiaba.net)
- The slides and audio will be available on E&O Happens soon.
- No CE or Loss Control/Risk Management Credit available for listening to today's discussion

# Our Panelists:

- **Catherine Lyle-** Catherine calls her self a recovering attorney and has been with Coalition for almost two years now. Prior to being at Coalition, Catherine was with Swiss Re within various departments, most recently the head of cyber claims for North America. Prior to that Catherine was an attorney within General Electric and an Assistant Attorney General for the State of Massachusetts.
- **Shawn Ram-**Shawn is currently Head of Insurance at Coalition. Prior to joining Coalition, Shawn served as Managing Director and National Technology Practice Leader of Aon. In addition, Shawn was the Executive Managing Director and Western Regional Manager for Crystal & Company. Shawn was named one of Business Insurance magazine's 2013 '40 under 40 Broker Leaders' and has been a finalist for Power Broker of Risk & Insurance Magazine.

# Our Panelists:

- **Eric Lipton**- is a senior counsel in the Big “I” Office of the General Counsel. Eric has more than a decade of corporate contract, advising and litigation experience in the insurance, financial and technology sectors, including data security and breach response matters. Eric also holds a CIPP/US certification from the International Association of Privacy Professionals.
- **Carla McGee**-Carla McGee is the Cyber Insurance Program Manager with Big “I” Markets. Carla has focused on insurance agency Professional Liability and Cyber Liability for 11 years prior to joining Big “I” Markets. She holds a Commercial ACSR designation as well as a Registered Professional Liability Underwriter designation and working towards CPCU.



# Catherine Lyle, Claims lead, Coalition

# Our collective mission

**Solve** cyber risk



# State of the world



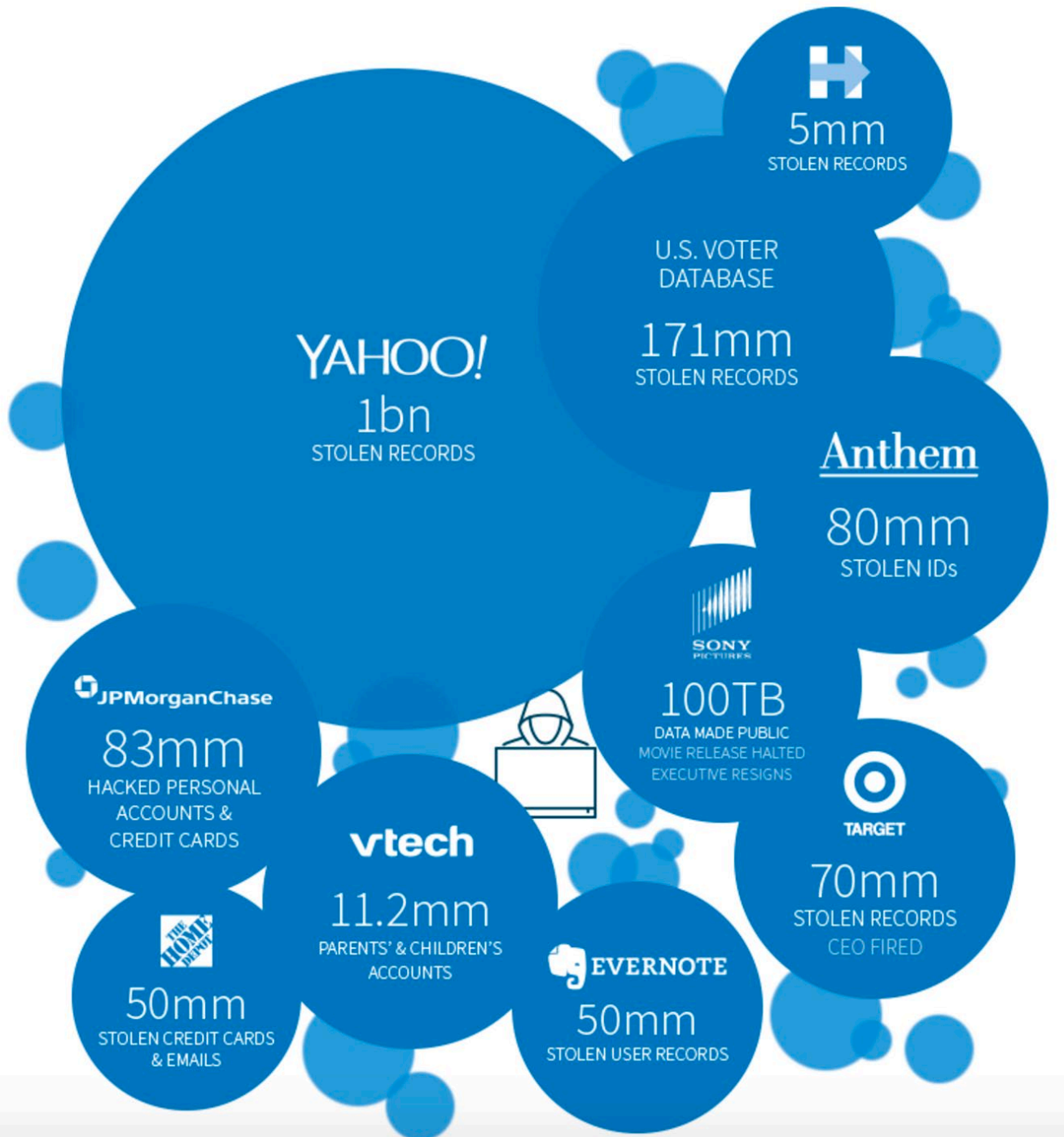
**Nothing** is secure



**No one** can defend themselves



Technology often **fails**



2/3

SMBs have suffered cyber attack in last 12 months.

90%

Percentage of small business owners that believe they are not at risk of a data breach

60%

Percent of small businesses that experience an attack go under within 6 months.



# SMB – The Breach

70% Percentage of attacks that target small businesses

70% Percentage of breaches undetected internally

205 days Average time to detect a breach

# SMB –The Why

\$ Majority lack the time, resources and know how to implement security measures

1-in-5 Even with security, 1 in 5 SMBs fall victim to cyber attack

Humans Driven by customer service and click culture

# SMB – The How

## Email

94% percentage of malware delivered by email and due to underlying email intrusion

## RDP

85% of ransomware with root cause from Remote Desktop Protocol (RDP)

## Malware

80% of SMBs state that malware was not detected by antivirus/endpoint devices

# The Reality- Insurance Broker

## Breach

Bad actor within broker's email system. Bad actor sent out 2000 emails asking all to click on link. The Broker did not know that the email was sent. One email was sent to Coalition. Coalition called broker to advise of event.

## Impact

Mail rules changed

Exfiltration of contact list

2000 emails sent

Exfiltration of all emails

## Cost

Attorney's fees

Notification letters

Data mining

Call center

Credit monitoring

3<sup>rd</sup> party



# The Reality- Medical Practice

## Ransomware

Billing department unable to access certain systems and reported being locked out. By mid day, claim reported with 13 servers being encrypted and practice unable to see patients.

## Impact

Business interruption 2 weeks

OCR review

Ransom payment

## Cost

Attorney's fees

Notification

Forensics

Call center

Ransom payment

BI

# The Reality- Restaurant Group

## Credit Card Scraping

Restaurant group received call from FBI. Data from the insured's system was flowing out to a well known financial hacker. FBI had been tracking.

## Impact

10 servers

Multiple restaurants

Exfiltration CC

## Cost

Breach coach

Notification individuals

Forensics

BI

Notification credit card

Experts

Call center

Litigation counsel

Class action

# Free Advice?

## 2FA

Implement 2FA for all email and systems.

## RDP

Remove Remote Desktop Protocol (RDP) or secure use of RDP with VPN

## User Training

Two step authentication. Click training. Phishing identification.

Solving cyber risk doesn't mean  
...solving cyber security failure





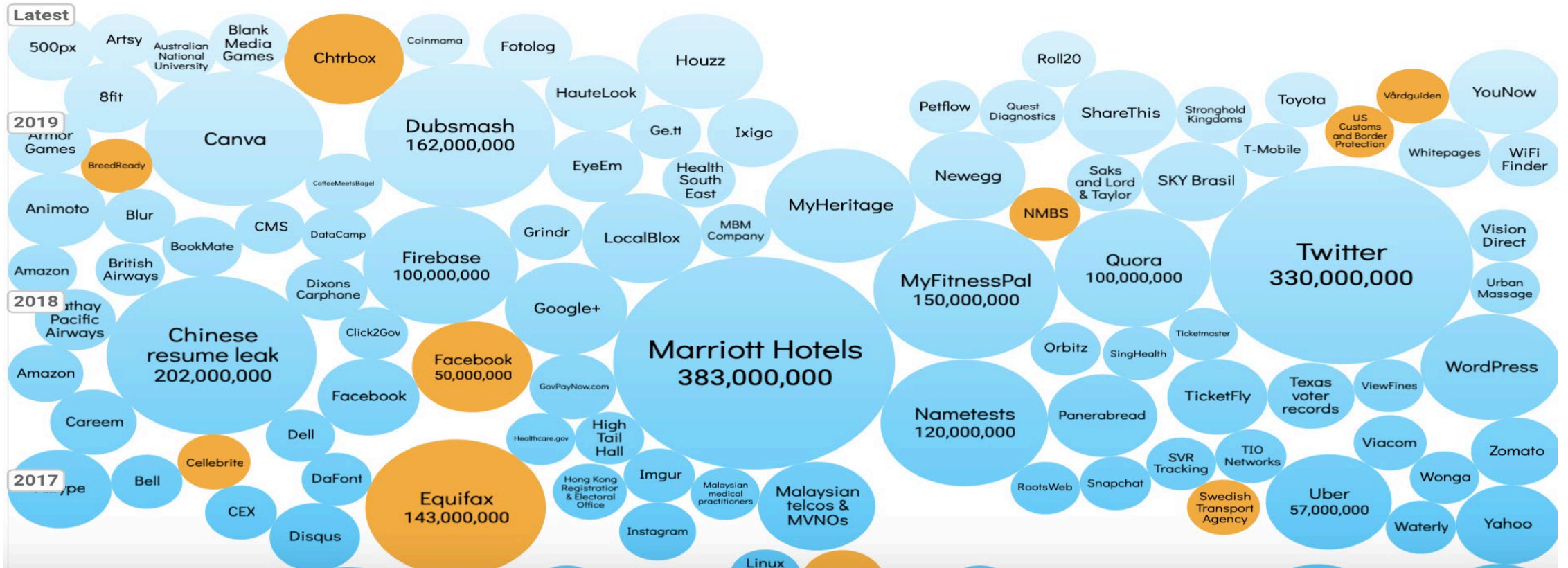
# Shawn Ram, Cyber Underwriter, Coalition



# Cyber Exposures are diverse

- Data Breach
- *Soft* Intellectual Property: Trademark, Copyright, Plagiarism, Defamation...etc.
- Downtime and Income protection
- Bodily Injury / Property Damage

# Data Breach



# Media Liability

## Houston School District Ordered To Pay \$9.2 Million In Copyright Infringement Case

Following the verdict, the school district issued a statement noting that all of its employees would participate in online copyright training each year.

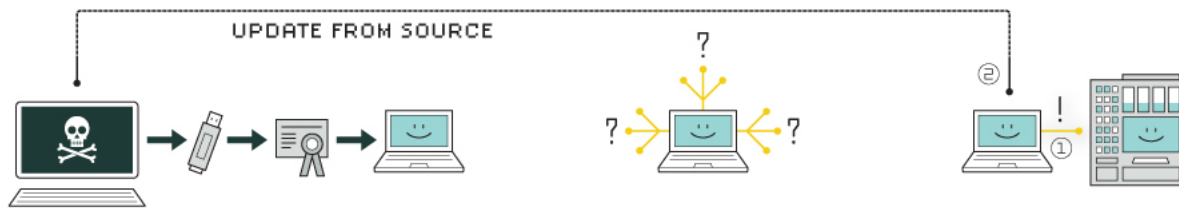
***Oberlin Helped Students Defame a Bakery, a Jury Says. The Punishment: \$33 Million.***

**Website spoofing Journal de Montréal ordered to pay \$23,500 for trademark infringement**

**Chemistry Papers Are Retracted Mostly Due To Plagiarism, Data Manipulation**

# Kinetic Cyber Attacks

## HOW STUXNET WORKED



### 1. infection

Stuxnet enters a system via a USB stick and proceeds to infect all machines running Microsoft Windows. By brandishing a digital certificate that seems to show that it comes from a reliable company, the worm is able to evade automated-detection systems.

### 2. search

Stuxnet then checks whether a given machine is part of the targeted industrial control system made by Siemens. Such systems are deployed in Iran to run high-speed centrifuges that help to enrich nuclear fuel.

### 3. update

If the system isn't a target, Stuxnet does nothing; if it is, the worm attempts to access the Internet and download a more recent version of itself.



### 4. compromise

The worm then compromises the target system's logic controllers, exploiting "zero day" vulnerabilities—software weaknesses that haven't been identified by security experts.

### 5. control

In the beginning, Stuxnet spies on the operations of the targeted system. Then it uses the information it has gathered to take control of the centrifuges, making them spin themselves to failure.

### 6. deceive and destroy

Meanwhile, it provides false feedback to outside controllers, ensuring that they won't know what's going wrong until it's too late to do anything about it.



CHIAPPETTE Inf'l Herald Tribune



Coalition®

# Business Interruption

## Amazon Web Services Previous Incidents Detected

Date	Started	Ended	Duration
June 14 2019	02:50	03:51	01:01:33
June 06 2019	14:20	15:04	00:44:43
May 03 2019	20:00	20:17	00:17:38
May 03 2019	13:40	14:25	00:45:32
April 25 2019	13:10	14:59	01:49:00
April 04 2019	16:20	16:35	00:15:42
April 04 2019	08:20	08:27	00:07:34
March 28 2019	06:00	06:08	00:08:35
March 27 2019	14:30	15:14	00:43:44
March 27 2019	12:55	13:34	00:39:54
March 22 2019	09:40	09:53	00:12:58
March 07 2019	11:40	11:56	00:16:06
February 26 2019	06:00	06:01	00:01:19
February 23 2019	12:30	12:47	00:17:11
February 03 2019	07:45	07:45	00:00:32
January 29 2019	04:25	04:25	00:00:47
December 20 2018	10:00	10:59	00:59:03

**Amazon AWS S3 outage is breaking things for a lot of websites and apps**

Darrell Etherington @etherington / 2 years



Eric Lipton  
Senior Counsel  
Big "I" Office of General Counsel

# Cybersecurity Legal Environment

- Data security laws are on the rise across the U.S.
  - Patchwork of state laws (NY, CA, some based on NAIC model law like SC)
  - Potential for federal legislation beyond Gramm-Leach-Bliley Act
- New York has enacted one of the most onerous laws, which includes requirements for third-party service providers (TPSPs) that became effective on March 1, 2019.
  - 23 NYCRR 500.11 requires covered entities under the NY regulations to conduct risk assessment of TPSPs and establish minimum cybersecurity practices for its TPSPs regardless of the service provider's location.



# Emerging Trend in Carrier Contracts

- Due to recent regulation, carriers are starting to amend agency appointment contracts with updated data security provisions or addenda.
- Most contracts, at a minimum, require a comprehensive data security program and notice and cooperation in connection with any breach.
- Several have required **\$1 million of cyber liability insurance coverage, in addition to E&O coverage.**
- Some even include specific requirements like multi-factor authentication, encryption of data at rest and automated audit trails.

# Key Considerations

- Avoid provisions that impose requirements that are not mutual.
- Avoid taking on responsibilities that are more stringent than the requirements of applicable law.
- Ensure that you comply with any obligations you do accept.
- Consider obtaining cyber insurance with experts who can strengthen your data security program and incident response plan.
- Contact the Big “I” Office of General Counsel with general questions and/or consult your own legal and technical advisors.

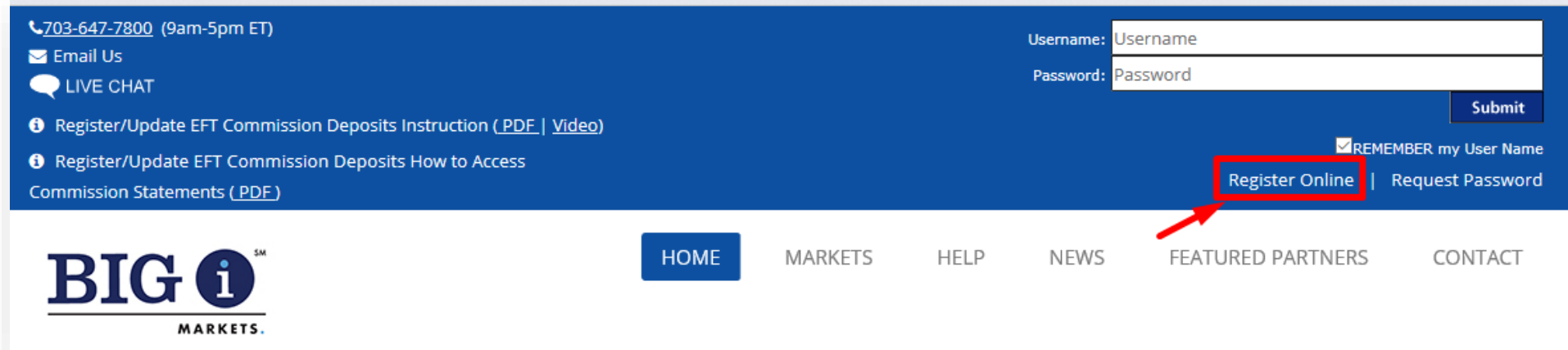
# Sample Baseline Provision

- The parties agree to comply with the Gramm-Leach-Bliley Act and any other applicable state or federal law protecting non-public consumer or customer personally identifiable information. Each party represents and warrants that it has implemented and maintains an adequate information security program containing safeguards designed to prevent the unauthorized dissemination of non-public personal information that complies with all applicable laws and regulations. Each party further agrees to provide prompt notice to and cooperate with the other in the event there is a confirmed breach involving non-public, personal information.

Carla McGee, RPLU, ACSR  
Cyber Insurance Program Manager  
Big I Advantage®



# Access Coalition Through Big “I” Markets www.bigimarkets.com

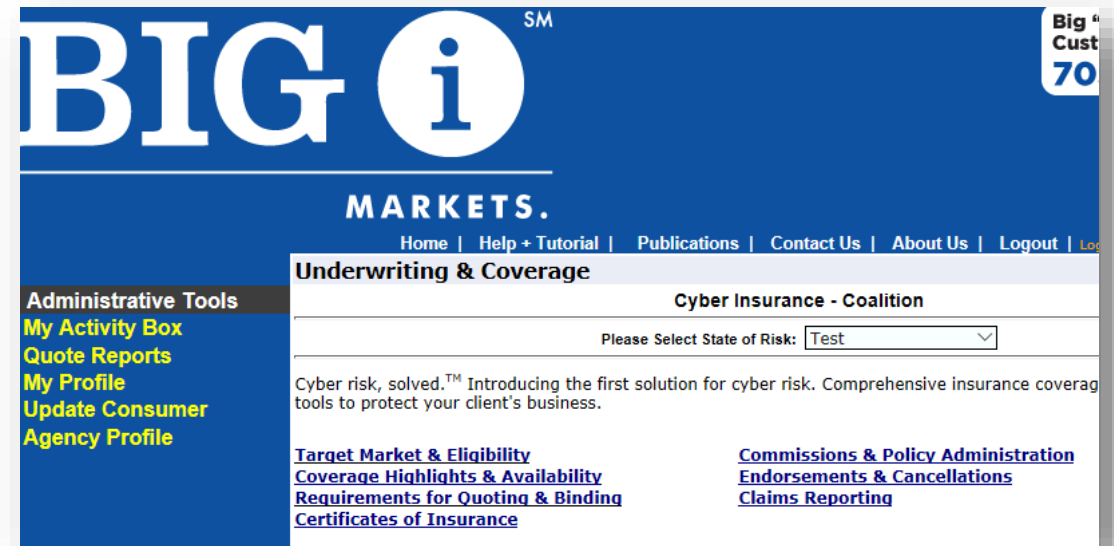


The screenshot shows the top navigation bar of the Big 'I' Markets website. On the left, there is contact information: a phone number (703-647-7800, 9am-5pm ET), an email link, and a live chat icon. In the center, there are links for 'Register/Update EFT Commission Deposits Instruction (.PDF | Video)' and 'Register/Update EFT Commission Deposits How to Access Commission Statements (.PDF)'. On the right, there is a login form with fields for 'Username' and 'Password', a 'Submit' button, and a 'REMEMBER my User Name' checkbox. Below the login form, there are links for 'Register Online' (highlighted with a red box and a red arrow) and 'Request Password'. The main navigation menu includes 'HOME', 'MARKETS', 'HELP', 'NEWS', 'FEATURED PARTNERS', and 'CONTACT'. The Big 'I' Markets logo is visible in the bottom left corner of the screenshot.

- Partnership with Coalition allows Big “I” agents registered with Big “I” Markets to access the quote platform directly.
- Big “I” members can obtain a quote for their agency through the dedicated Program Managers at their State Association.

# Starting the Coalition Quote Process

- After logging into [www.bigimarkets.com](http://www.bigimarkets.com), select **Cyber Insurance – Coalition** from the product menu.
- The Underwriting & Coverage page will advise:
  - Target Market & Eligibility
  - Coverage Highlights & Availability
  - Requirements for Quoting & Binding
  - Certificates
  - Commissions & Policy Administration
  - Endorsements, Renewals and Cancellations
  - Claim Reporting



# Surplus Lines Taxes, Fees & Document Requirements

- If quoting Surplus Lines, the Requirements For Quoting & Binding section will advise of applicable taxes, fees and required documents.

State	Tax	Stamping Fee	Policy Fee	Requirements
Test	3% on premium only	0%	\$100	Producer to sign <a href="#">Diligent Search Statement</a> and attach in Customer's Quote Detail.

- A \$100 policy fee is charged on Surplus Lines policies, in states where allowable, to offset the charge Big "I" Markets is assessed for the Surplus Lines Tax Filing.

# Agency Bill

- Invoice for NET premium minus commissions will be posted in Big “I” Markets the DAY AFTER coverage is bound.
- **Payment is due no more than 10 days after the effective date of coverage.**
- **Only electronic payments will be accepted via <https://iiaba.epaypolicy.com>.** A \$3 ACH fee or 3.25% Credit Card fee applies.
- If no payment is received within 15 days of the effective date, cancellation procedures will begin.

**PLEASE NOTE:** If the policy cancels for non-payment, your agency is responsible for any minimum earned premium incurred.



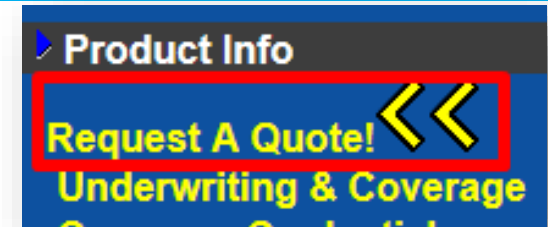
# Commissions

Commission levels vary based on total in-force written premium

<i>Total In-force Premium with Coalition</i>	<i>Commission</i>
\$0 - \$100,000	10%
\$100,000 - \$250,000	11.5%
\$250,000 - \$500,000	13%
\$500,000 and above	15%

# Request A Quote from Underwriting & Coverage page

- Select Request A Quote in the Product Info menu.
- Confirm the State of Risk and Primary Agency Contact.
- Then enter the customer's Name, Address and Requested Effective Date to create the account in Big "I" Markets.



**Quote Request Wizard**  
Consumer Information: Step 3

[Previous](#) [Cancel](#) [Save](#)

Please enter the contact information for the consumer. A name and address are required values. Press 'Next' to continue.

**Commercial**

Requested Effective Date (mm/dd/yyyy)

Applicant's Organization Name

Applicant's Physical Address

City, State & Zip Code  ,   -

Is the Applicant's Mailing Address the same as the Physical Address?  Yes  No

Applicant's Mailing Address

# Complete Quote Request Wizard

- Click Save. A popup will appear advising you are being re-directed to another website. Click “OK”.

**Quote Request Wizard**  
Consumer Information: Step 3

Please enter the contact information for the consumer. A name and address are required values. Press

**Commercial**

Requested Effective Date (mm/dd/yyyy)

Applicant's Organization Name

Applicant's Physical Address

City, State & Zip Code  ,  22314 -

Is the Applicant's Mailing Address the same as the Physical Address?  Yes  No

Applicant's Mailing Address

City, State & Zip Code  ,  22314 -

Applicant's Phone Number  -  -

Applicant's Fax Number  -  -

Applicant's Email Address

City, State & Zip Code  ,  22314 -

Applicant's Mailing Address the same as the Physical Address?  Yes  No

Applicant's Mailing Address

City, State & Zip Code  ,  22314 -

Applicant's Phone Number  -  -

Applicant's Fax Number  -  -

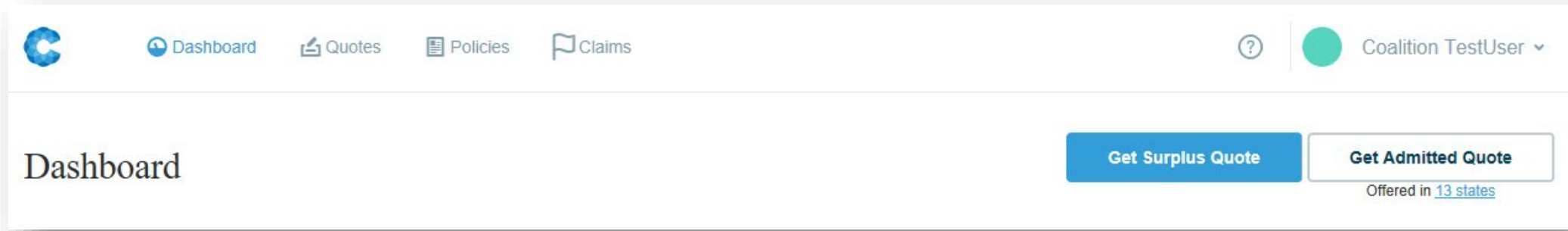
Applicant's Email Address

**This site says...**

You are about to be directed to a link that will enable you to receive a quote instantly. If you have any difficulties please email us at [bigmarkets@iiaba.net](mailto:bigmarkets@iiaba.net)

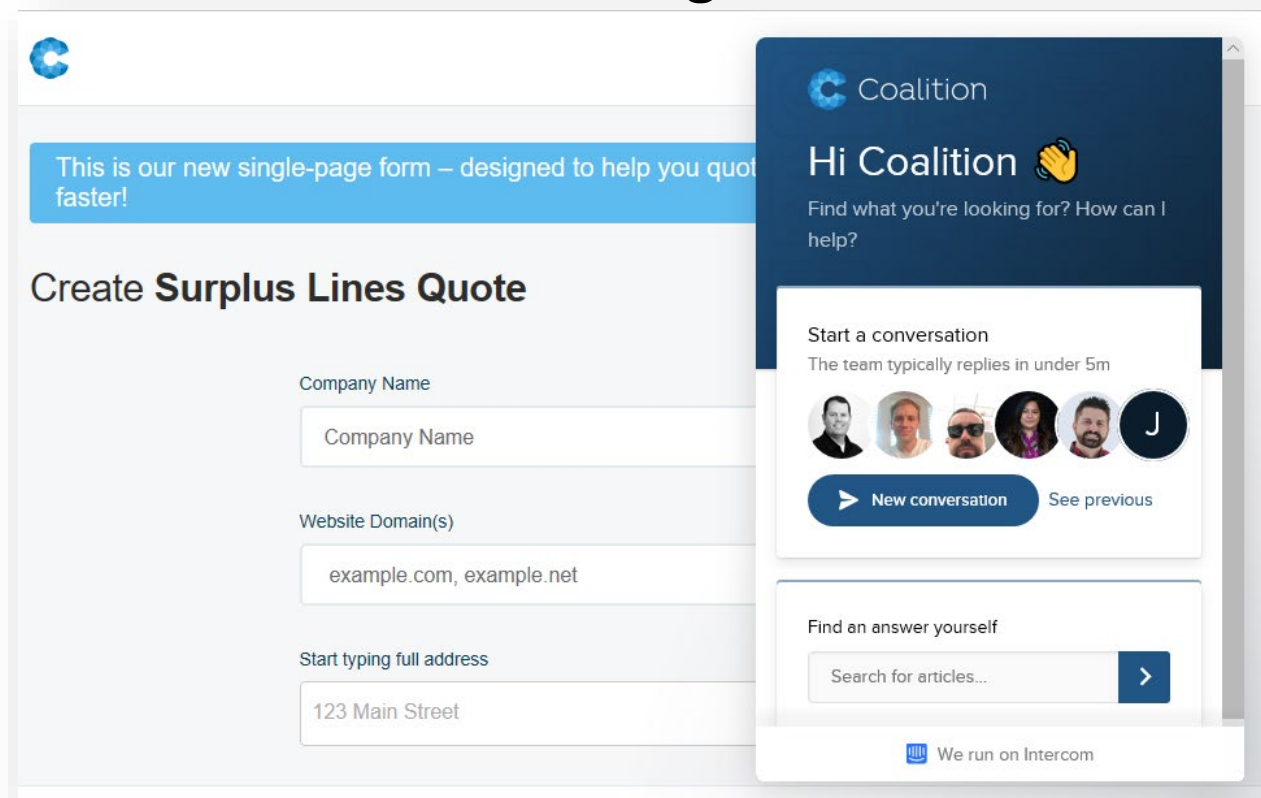
# Coalition Quote Platform

- By clicking “OK”, you are now being logged into your Coalition Dashboard to request an Admitted or Surplus Lines Quote.
- Admitted Coverage is currently available in AZ, CA, CO, DE, IL, MN, NC, OR, PA, RI, TN, UT & WI.



# Coalition At Your Fingertips

From the Coalition Dashboard, agents can easily communicate directly with Coalition's underwriters and cybersecurity experts by using the chat feature at the bottom right corner.



# How to Access Coalition's Website after a Quote has been created

- Login to [www.bigimarkets.com](http://www.bigimarkets.com).
- Click on View My Activity.
- Select your client.
- Then select Manage Quote or Policy.

Administrative Tools  
My Activity Box  
Quote Reports  
My Profile  
Update Consumer Agency Profile

Big "I" Markets Activity Summary

Unread quotes in Activity Box 10  
Total quotes in Activity Box 22

View My Activity

Home | Help + Tutorial | Publications | Contact Us | About Us | L

**My Activity Box**

X	Consumer	Product	Status
<input type="checkbox"/>	Test Co	Cyber Insurance - Coalition	Quote Requested
<input type="checkbox"/>	Test Co	Cyber Insurance - Coalition	Quote Requested
<input type="checkbox"/>	Test Co	Cyber Insurance - Coalition	Quote Requested

Home | Help + Tutorial | Publica

**Quote Detail - 181652**

Message Log

#	Subject	
1	Quote Requested	Testl

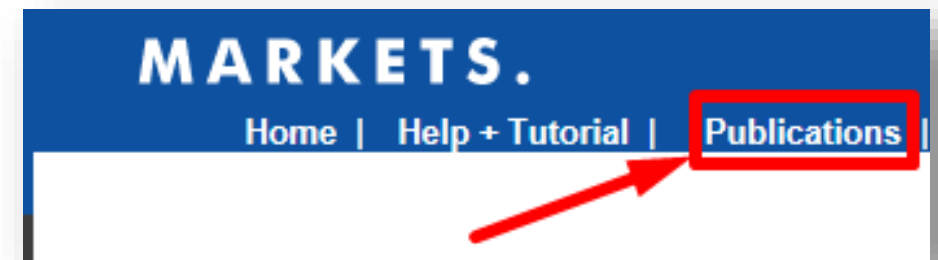
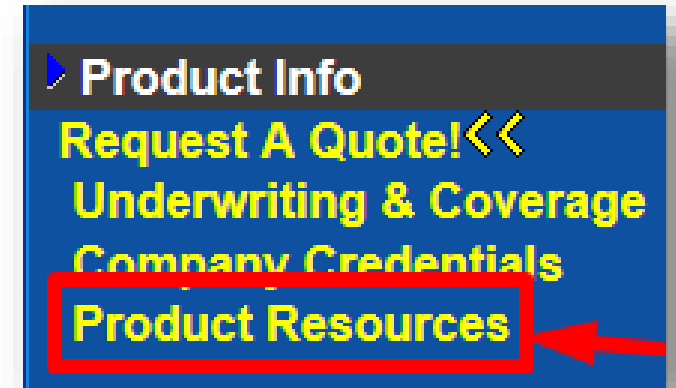
Quote Version Version #1 (Current)  
Quote Status Quote Requested

>> Manage Quote or Policy <<

# Agent Resources: Big “I” Markets

## www.bigimarkets.com

- From the Coalition Underwriting & Coverage page, select Product Resources in the Product Info menu.
  - Resources include: Declination Form, Solicitation Flyer, Sample Solicitation Letter, BOR Template, a Sample Cyber Risk Assessment, Claim Examples, Bulk Quote Template, Questionnaire and Sample policies.
- From the Big “I” Markets Home page, select Publications to access Product Articles.



# Related Resources:

- Free Cybersecurity Tools - <https://www.thecoalition.com/platform>
- Coalition Coverages - <https://www.thecoalition.com/coverages>
- Coalition Claim Process - <https://www.thecoalition.com/claims>
- Coalition FAQ's - <https://help.thecoalition.com/>
- ACT Article: [Cyber Struggles? Agency Cyber Guide 2.0 to the Rescue!](#)
- Big “I” General Counsel Memo: [THE PRIVACY PROVISIONS OF THE GRAMM-LEACH-BLILEY ACT AND THEIR IMPACT ON INSURANCE AGENTS & BROKERS](#)



# Panelist Email Addresses:

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- Carla McGee, Cyber Insurance Program Manager, Big “I” Advantage- [Carla.Mcgee@iiaba.net](mailto:Carla.Mcgee@iiaba.net)

Thank you!

