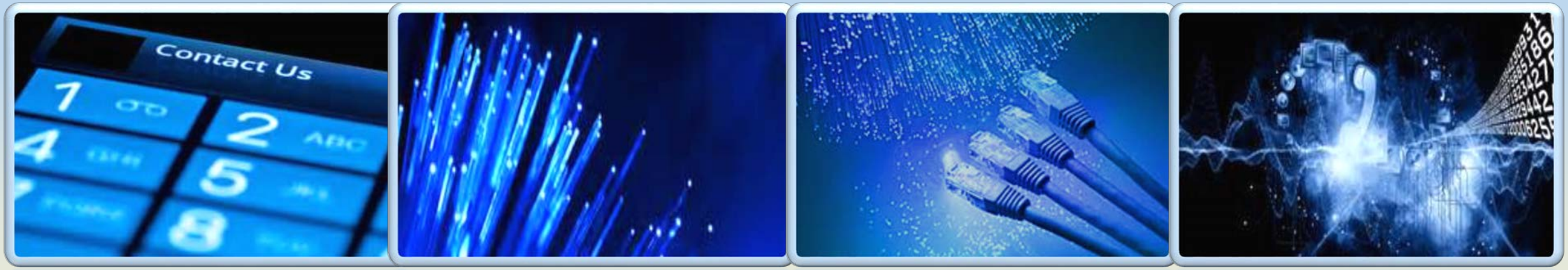

2016 Regionals

Data Bytes and Frights

Cyber Risk Management

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"You have to learn the rules of the game.
And then you have to play better than anyone else."

-Albert Einstein

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Data Breach Trends Drawing Attention

- 2014 Record High for Breaches-783
- 2014 Records Exposed- 176 Million
- The Average Cost of a Stolen Record-$200+
- The average total cost of a single data breach rose 23% to $3.79 million
- Moody's Considers Cyber Exposure a Stress Factor

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Cost of a Data Breach

Cost per Record:
$214 (2010)

Direct Costs:
- Notification
- Call Center
- Identity Monitoring
- Identity Restoration
- Discovery/Data
- Forensics
- Loss of Employee Productivity

Indirect Costs:
- Restitution
- Additional Security and Audit Req's
- Lawsuits
- Regulatory Fines
- Loss of Consumer Confidence
- Loss of Funding

SOURCE: Ponemon Institute 2011
(sponsored by Symantec)

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Claim Example from the News

November 2013- $8.22 per record a bargain from Target 40 Million Credit Cards Compromised

Direct Cost $290 Million with $90 Million Paid by Insurance

New Settlement Indirect Cost of $39 Million with Banks and Credit Unions

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Breaches? Yes!

Disgruntled employee stole files with customers personal data

- Hacker releases 2,400 members information online as a protest
- social issue
- Laptop stolen with 97,000 data records
- Coding error leads to 3,950 medical forms mailed to the wrong addresses.

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Anatomy of a Breach

- **Incident**: Malicious attack, employee error, and theft are the most common
- **Discovery**: Victims are typically the last ones to know. Usually discovered within months.
- **Forensics Analysis**: What, Where, and How.
- **Response**: Compliance to regulatory requirements for notification.
- **Damage Control**: Offering credit monitoring/fraud monitoring to the impacted parties.
- **Possible Lawsuits** from victims and fines/penalties from regulatory agencies.

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Data Liability

Key Term Defined: li·a·bil·i·ty, noun:

…the state of being responsible for something, especially by law

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Data Breach State Notification Laws:

- In 47 states (all but **AL, NM, SD**)
- Subject to statutory fines and penalties—more than just CPNI, but that is a good example

HIPAA/HITECH Laws: (health care rules-includes personal insurance/GHP information)

- For entities that keep patient health info or do data-back up which contains HIPPA protected information
- Enforced by Dept. of Health & Human Services

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Red Flags Rule:

- Requires Identity theft protection programs or be subject to fines/penalties
- Applies to most businesses-Utilities specifically named as an example (requires CPNI/Red Flags training of employees and reporting to the Board Annually)

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Who is Held Accountable?

- **Management** is responsible for implementation of data breach process, procedures, and employee training.
- **The Board** is responsible (remember for CPNI/Red Flags, the Board must be given a report each year and it must be part of the Board minutes)
- Example Palkon v Holmes: **The Board** of Wyndham hotels was sued because they had several cyber attacks and the allegation was that they had not done enough to prevent them from re-occurring after the 1st one

Management of Risk

- Eliminate or Avoid
- Minimize
- Transfer to a 3rd Party
- Retain

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Worst Passwords of 2015

RANK	PASSWORD	CHANGE FROM 2014
1	123456	Unchanged
2	password	Unchanged
3	12345678	1 ↗
4	qwerty	1 ↗
5	12345	2 ↘
6	123456789	Unchanged
7	football	3 ↗
8	1234	1 ↘
9	1234567	2 ↗
10	baseball	2 ↘
11	welcome	NEW
12	1234567890	NEW

Source: SplashData

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PCI DSS – Payment Card Industry Data Security Standard

Do you accept credit cards?

- There are 12 requirements – 3 of the requirements strategically impact web & database security (Source – Imperva.com)
- Does your current Cyber policy cover PCI? Do you have coverage for defense cost and/or fines and penalties?

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Minimize Risk

- **Physical Controls**

Password Changes
Locked Doors
Alarms
Surveillance
Biometrics-fingerprint recognition or eye recognition to enter the area where data is stored
Badges
Turn CSR's monitors so that others can not see that data on them while they wait in line or go through the drive-through

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Transfer of Risk

- **Insurance:**
  Obtaining a cyber risk insurance policy –pretty inexpensive and thorough
- **Contracts:**
  Contractual requirements with 3rd parties (Hold Harmless Agreements)
  -Are they accepting liability or transferring that back to you ?
  -Do you have the proper insurance requirements for your vendors whom you share your data with ?
  -Data centers/cloud providers - do you accept liability in the service agreements?
  -Who is responsible if the data center has a breach and your customers' customer's data is breached?
  -Does your customer even know their data is shared with a data center or will they blame you?

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Transfer of Risk

- **Insurance Policy**
  Website publishing/Media Liability – "wrongful acts" posted on insured website, like copyright infringement
  Security Breach-costs to notify affected individuals, call-center for ?s, and credit monitoring
  Replacement/restoration of electronic data – replace/restore data or programs damaged form an E-commerce incident
  Extortion threats-reimbursement/ransom payments from direct cyber extortion

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Transfer of Risk

- **Insurance Policy**
  Business Income/Extra Expenses (not triggered under a regular BI/EE policy) – insured's loss of income as a direct result of e-commerce incident to disrupt insureds system
  Public Relations (what if the competition finds out that you've had a breach, might they use that to "lure" your customers)
  Fines/Penalties/Defense costs from regulatory proceedings-where allowed by law
  Telecom E&O—Errors and Omissions and Financial Damage Allegations

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Transfer of Risk Contracts

Get a good one to avoid this…

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Thank You!

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