



Risk Management in a Changing World

Leveraging Risk as a Strategic Advantage

CFO and Controller's Roundtable— Cyber Risk and Insurance

January 28th 2016



Cyber Risk

Risks associated with information technology.

Generally, categorized as:

First Party Risks: Reputation, regulatory compliance, fraud, extortion, income

Third Party Risks: Liability to others for information security, communications / media and regulatory defense

Cyber Risk: Case Study

Company: Manufacturer with 400 employees

Cause: Box of lost paper records

Discovery: IRS discovered numerous fraudulent tax returns filed on behalf of employees, and alerted manufacturer. Manufacturer hired a forensic investigator to determine how the personal identifiable information was accessed.

Result: Company incurred expenses for forensic investigation, credit monitoring for employees, and legal cost. After the story broke in local news, the company also hired a public relations firm to help mitigate their reputation exposure.

Cyber Risk: Case Study

Cost estimates according to the NetDiligence® Data Breach Cost Calculator

Estimated incident investigation	\$180,000
Estimated customer notification / crisis management	\$29,000
Estimated fines and penalties	\$6,000
ESTIMATED TOTAL COSTS	\$215,000

Cyber Liability – First Party



Coverages:

1. Crisis Management Event Expense
2. Security Breach Remediation and Notification
3. Computer Program and Electronic Data Restoration
4. Computer Fraud
5. Funds Transfer Fraud
6. E-commerce Extortion
7. Business Interruption and Additional Expenses

Cyber Liability – Third Party



Coverages:

1. **Network and Information Security Liability**
2. **Communications and Media Liability**
3. **Regulatory Defense Expenses**

Cyber Risk Management

TOP 5 REASONS TO MANAGE CYBER RISKS:

1. Your reputation is among your most valuable assets.
2. Cyber attacks and data breaches are indiscriminate.
3. The costs to restore data and operating systems are significant.
4. Computer fraud is not going away.
5. Information technology involves risks that are not covered on traditional insurance policies.

Managing cyber risks requires proactive loss mitigation measures and risk transfer.

Additional Resources

You can find resources on our website: www.trimountaincorp.com

Customer Portal: Presentation and supporting documents

Contact us at: chris@trimountaincorp.com

john@trimountaincorp.com

720-708-4155 office