



**HERSHEY**  
**INSURANCE**  
AGENCY



# Cybersecurity

*St. Patrick's Day Event*

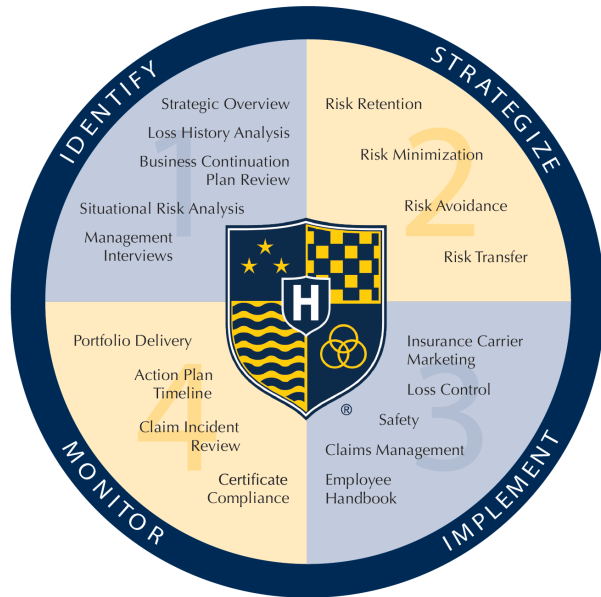
March 16<sup>th</sup>, 2023





# A Bit About Us

## The Hershey Shield



- Headquartered in Troy, Michigan
- A National Award-winning, Independent Insurance Firm
- Serving Families and Businesses Since 1978



Donald White, CIC  
President



Betsy Sinutko, CIC  
VP, Commercial Lines



Drew White, CPA  
Account Manager



# Comprehensive Protection

**Commercial  
Property**

**General  
Liability**

**Commercial  
Auto**

**Workers  
Comp**

**Employment  
Practices**

**Directors &  
Officers**

**Errors  
and/or  
Omissions**

**Cyber  
Liability**



## Claim Scenario: Small Business – Video Photography Company

### FORMER ROGUE EMPLOYEE

Company was hacked by a former employee, using credentials not deleted when they were terminated. The employee sold 780 customer records on the deep web including customer name, contact info, and credit cards

### Resolution:

- Breach Coach hired to navigate the event
- Forensic teams were engaged to work with company's IT dept to initiate repairs
- Call center was hired to inform affected customers
- Covered Identity Theft and Credit Card Monitoring
- Legal Counsel deployed

### Financial Impact:

• Forensic Investigation	\$ 7,000
• Identity Theft/Monitor	\$ 3,370
• Legal Fees	\$ 8,100
• Public Relations	\$ 7,400
• Call Center	\$ 5,500
• Notification Costs	\$ 880
• Data Recovery	\$ 6,850

**Total Impact     \$39,180**



## Claim Scenario: Small Business – Agricultural Research Lab

### RANSOMWARE

Employee accidentally clicked on Malware link. The virus was downloaded on the company server causing 300 customer records and research projects data to be encrypted.

Employee received an email demanding \$15,000 in Bitcoin within 24 hrs to release data.

### Resolution:

- Breach Coach hired to navigate the event
- Back ups were also encrypted
- Breach Coach and Insurance Co determined fastest and least impactful solution was to pay the ransom
- Ransom paid – files were released – company resumed operations

### Financial Impact:

• Breach Coach Fees	\$ 4,200
• Forensic Investigation	\$ 5,200
• Legal Fees	\$ 3,500
• Notification Costs	\$ 600
• Business Interruption	\$ 6,000
• Hardware Damage	\$ 9,000
• Ransom	\$15,000

**Total Impact     \$55,611**



## Claim Scenario: Major Corporation – Marriott

### DATA BREACH

In 2018 the hotel giant revealed personal information of over 500 million customers (names, addresses, account #'s, credit cards) from around the world had been compromised. The issue stemmed from a data breach of Starwood in 2014 carried over to Marriott from the acquisition of Starwood.

### Impact:

- Recovery Costs: Over \$30 million
- Reputational Damage: Estimated at over \$1 Billion in lost revenue
- Stock Impact: Marriot Stock dropped 5% immediately
- Legal Ramifications: \$125 Million in fines from UK  
\$12.5 Billion in multiple class action suits



# Cyber Liability Statistics

**Breaches  
Grew 150% in  
Four Years**

**59% of  
Breaches  
Include Small  
Companies**

**Hacking /  
Malware = #1  
Cause of  
Breaches**

**Median  
Cost of Small  
Breach =  
\$32,500**

**Ransomware  
& False  
Pretense**



# Cyber Hygiene Best Practices

Daily routines, good behaviors and occasional checkups can make all the difference in ensuring an organization's cyber health is in optimal condition.

The following are essential parts of cyber hygiene:

**Strong  
Passwords**

**Multi-factor  
Authentication**

**Data Back-  
ups**

**Firewalls**

**Security  
Software**

**Employee  
Education**



# Cyber Liability Protection

*Cyber liability coverage is available for any business, small and large, nonprofit organizations, and retailers.*

**Cyber Liability** can protect a business against damage to electronic data, malware attacks, liability to third parties, and also help recover the cost of:

- Restoring and recreating data
- Restoring systems to pre-attack levels
- Lost business & unforeseen expenses
- Public relations services

## What does Cyber Liability cover?

- Data compromise protection
- Legal cost protection
- Forensic services
- Personal services for any persons affected
- Public relations costs
- Costs of legal defense if company is sued
- Identity recovery protection

# Cyber Liability Protection

## First party coverage

- Data recovery
- Repairs to your hardware or software systems.
- Income lost as a result of the breach.
- Notification Costs
- Credit monitoring services
- Cyber Extortion/Ransomware attack
- Cyber Crime – Social Engineering/Phishing

## Third party coverage

- Privacy lawsuits brought by customers or employees who allege that you were responsible for the data loss.
- Regulatory fines
- Allegations of libel, slander or copyright infringement
- Claims that allege a breach of contract or negligence on your part.



# Cyber Liability Protection



## How it's rated:

- Annual Revenue
- Number of Employees
- Nature of Business

## Common exclusions:

- Patent, Software and Copyright Infringement
- War and Invasion
- Bodily Injury
- Loss of Electronic Device
- Vicarious Liability
- Government Entity or Public Authority
- Specific Network Interruption Condition

# Market Trends

## 2022:

Increasing Frequency and Severity of Cyber Incidents, causing Significant Rise in Claims and Underwriting Losses

## 2023:

Industry Experts Anticipate that Difficult Market Conditions will make for a Volatile and Unpredictable Cyber Insurance Space





# What Does This Mean to You?

- Increased Premiums
- Reduced Limits
- Stricter Underwriting





# Application Process

## Complicated Process

- Application is part of the policy
- Material misrepresentation could lead to denied coverage





# Cyber Perils Insured Against

FIRST PARTY COVERAGES			
Incident Response			
Coverage Limit of Insurance		\$1,000,000 Aggregate	
Retention		\$5,000 Each <b>Event</b>	
Business Interruption		Crime	
Coverage Limit of Insurance		Coverage Limit of Insurance	\$250,000 Aggregate
Retention		Retention	\$10,000 Each <b>Event</b>
Waiting Period		Reputational Harm	
8 Hours		Coverage Limit of Insurance	\$1,000,000 Aggregate
Dependent Business Interruption		Retention	\$5,000 Each <b>Event</b>
Coverage Limit of Insurance		Mitigation Expense (First Party)	
Retention		Coverage Limit of Insurance	\$250,000 Aggregate
Waiting Period		Retention	\$5,000 Each <b>Event</b>
8 Hours		SHARED LIMITS	
Data Recovery		Proof of Loss Sublimit of Insurance	\$50,000 Each <b>Event</b>
Coverage Limit of Insurance		Travel and Expense Sublimit of Insurance	\$500 per person per day \$25,000 Aggregate
Retention			
\$5,000 Each <b>Event</b>			
Hardware Replacement			
Coverage Limit of Insurance			
Retention			
\$5,000 Each <b>Event</b>			
Extortion			
Coverage Limit of Insurance			
\$1,000,000 Aggregate			
Extortion Event Information Reward Sublimit of Insurance			
\$25,000 Aggregate			
72 Hour Extortion Loss Sublimit of Insurance			
\$25,000 Aggregate			
Retention			
\$5,000 Each <b>Event</b>			



# First Party Insuring Agreements

**Coverage Needs are  
Specific for Each  
Industry and Business**

First Party Insuring Agreements	Limit	Retention, Waiting Period, & Period of Indemnity
<input checked="" type="checkbox"/> A. Business Interruption	\$2,000,000 Each Loss / Aggregate	Waiting Period: 10 Hours Period of Indemnity: 6 Months
<input checked="" type="checkbox"/> B. Contingent Business Interruption	\$2,000,000 Each Loss / Aggregate	Waiting Period: 10 Hours Period of Indemnity: 6 Months
<input checked="" type="checkbox"/> C. Digital Asset Destruction, Data Retrieval and System Restoration	\$2,000,000 Each Loss / Aggregate	\$100,000 Each Loss
<input checked="" type="checkbox"/> D. System Failure Coverage	\$2,000,000 Each Loss / Aggregate	Waiting Period: 10 Hours Period of Indemnity: 6 Months
<input checked="" type="checkbox"/> E. Social Engineering & Cyber Crime Coverage	\$250,000 Each Loss / Aggregate	\$100,000 Each Loss
<input checked="" type="checkbox"/> F. Reputational Loss Coverage	\$2,000,000 Each Loss / Aggregate	Waiting Period: 2 Weeks Period of Indemnity: 6 Months
<input checked="" type="checkbox"/> G. Cyber Extortion and Ransomware Coverage	\$500,000 Each Loss / Aggregate	\$100,000 Each Loss
<input checked="" type="checkbox"/> H. Breach Response and Remediation Expenses	\$2,000,000 Each Loss / Aggregate	\$100,000 Each Loss



# Third Party Insuring Agreements

Third Party Insuring Agreements	Limit	Retention
<input checked="" type="checkbox"/> A. Network Security and Privacy Liability	\$2,000,000 Each Claim / Aggregate	\$100,000 Each Claim
<input checked="" type="checkbox"/> B. Regulatory Investigations, Fines and Penalties	\$2,000,000 Each Claim / Aggregate	\$100,000 Each Claim
<input checked="" type="checkbox"/> C. Media Liability	\$2,000,000 Each Claim / Aggregate	\$100,000 Each Claim
<input checked="" type="checkbox"/> D. PCI DSS Assessment Expenses	\$2,000,000 Each Claim / Aggregate	\$100,000 Each Claim
<input checked="" type="checkbox"/> E. Breach Management Expenses	\$2,000,000 Each Claim / Aggregate	\$100,000 Each Claim

# Comprehensive Protection

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# Your Risk Assessment Workshop



## The Hershey E3 Process

### E DUCATE



Educate your leadership

### E XPOSE



Know where weak links exist

### E VALUATE



Mitigate your exposure



# Group Discounted Home and Auto Insurance

Premiums are on the rise  
due to inflation!



*Large National  
Insurance Carriers in  
Michigan approved for  
higher rates at 12% and  
higher for 2023*



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Let Our Network Do The Work For You







**HERSHEY**  
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# Thank You!



Donald White, CIC  
President



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Drew White, CPA  
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