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Safety In Numbers: Cybersecurity 101 for the IRO

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Cybersecurity Threat Challenges

Cyber Threat Landscape

- Many actors/motives, but similar tools and techniques
- Shared/integrated domain – greater connectivity
- Accelerated speed of attack
- Attack surface is growing

Global Challenges

- Dependence on ICT
- Attribution
- "Wild West" – establishing norms of behavior; harmonization of legal regimes
- Awareness and education

Organizational Challenges

- Limited budgets, expertise and too many competing priorities
- Keeping pace with dynamic and sophisticated adversaries

No such thing as perfect security; incident response key aspect of legal and business risk management.

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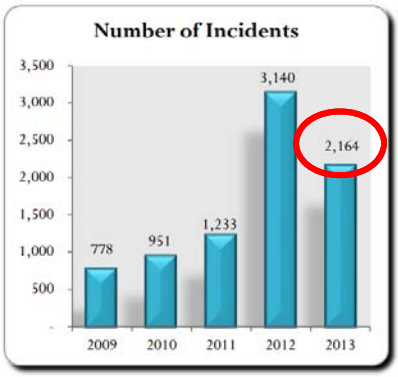
5 Year Trend



Verizon, "Data Breach Investigation Report"

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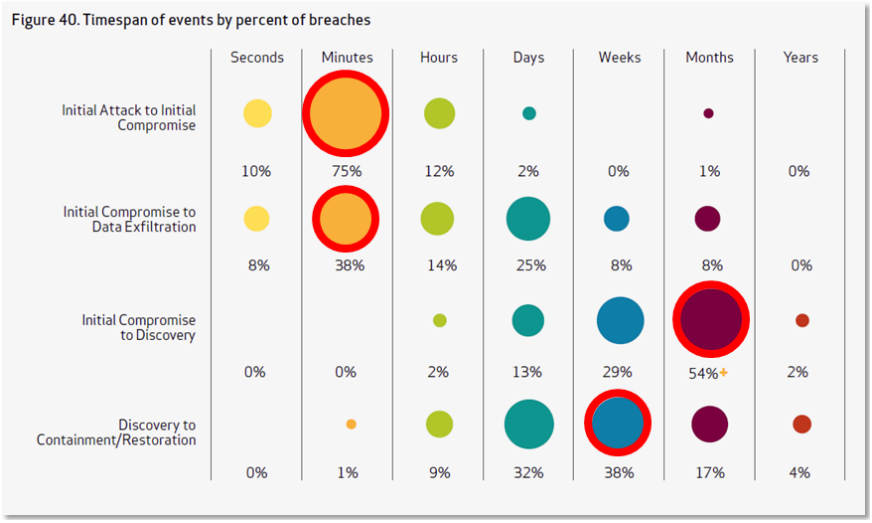
Time to Impact vs. Time to Discover



Verizon, "Data Breach Investigation Report"

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Cybersecurity is the No. 1 Concern of General Counsel and Directors

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Corporate Governance

- A board may fulfill its duties and reduce the risk of liability for cybersecurity events in a number of key ways, including:
  - ensuring that the company has a plan to address a cybersecurity event that is communicated to appropriate company personnel;
  - making a good faith effort to become informed about cybersecurity risks and vulnerabilities and the implementation of strategies to protect the company's data, networks and infrastructure;
  - taking affirmative steps to assess and to monitor material aspects of the company's cybersecurity; and
  - seeking changes in policies and practices where warranted.

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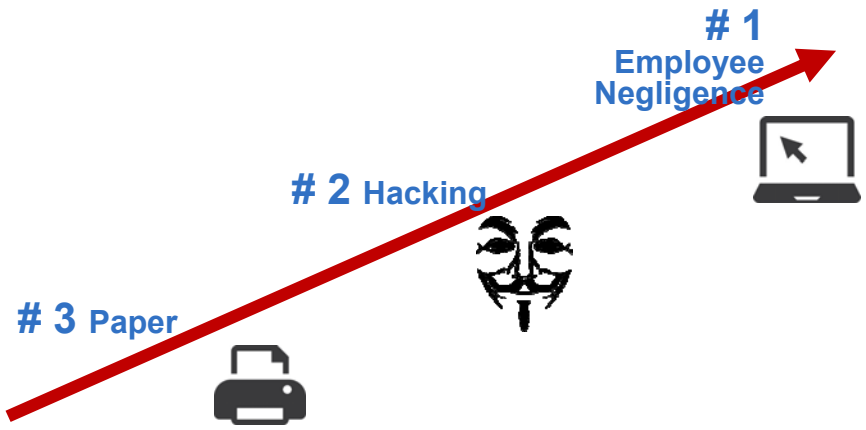
What's Your Biggest Exposure?



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Does Insurance Cover Cyber Losses?

- *Yes, but:*
  - *It's not one policy.* Different types of insurance coverage in the company's portfolio might apply.
  - *It's not all covered*. Several areas of loss are difficult to quantify and insure, e.g. trade secrets or other intellectual property.
  - *The insurer might not pay*. Having an insurance policy is not the same things as having a claim paid.

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Potential Sources of Protection

- Traditional insurance products
  - First-party property
  - Crime/employee dishonesty
  - Third party liability
  - Directors' and officers'/"management" liability
- Specialty "Cyber-Risk" or "Cybersecurity" insurance products
- "Other people's insurance"

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Carnegie Mellon 2012 Cylab Report: 58% of respondents (Forbes Global 2000) said the board did not review the organization's coverage for cyber related risks.

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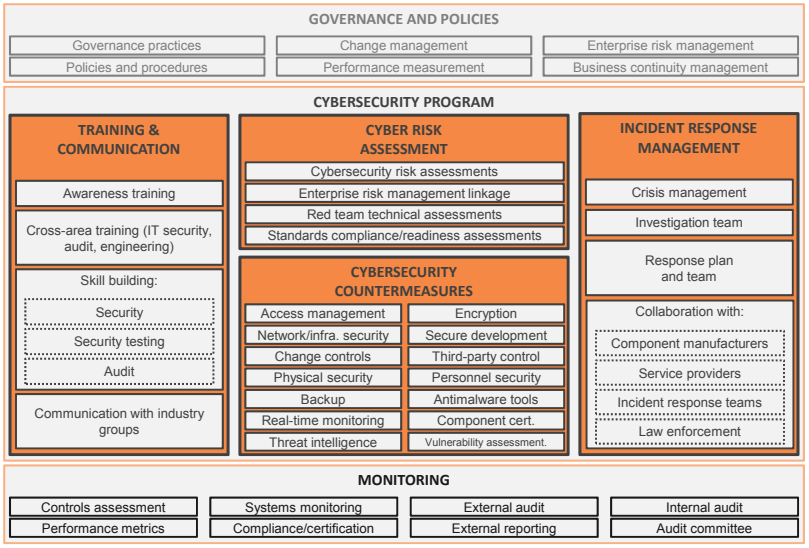
A robust cybersecurity program is critical



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Cybersecurity Governance

Top Ten Recommendations for Cybersecurity Governance

1. Involve the board and senior management across departments.
2. Recruit management with IT and security/risk expertise.
3. Use board committees to oversee cyber issues. and set a reporting threshold for breaches.
4. Develop a comprehensive cybersecurity incident response plan.
5. Audit and test security measures on a regular basis.
6. Consider the cybersecurity policies of third party service providers (e.g., legal counsel and accountants).
7. Review insurance coverage for cyber-attacks or breaches.
8. Require cybersecurity training.
9. Review and update public disclosures regarding cybersecurity.
10. Consider the impact of security breaches on internal control over financial reporting.

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