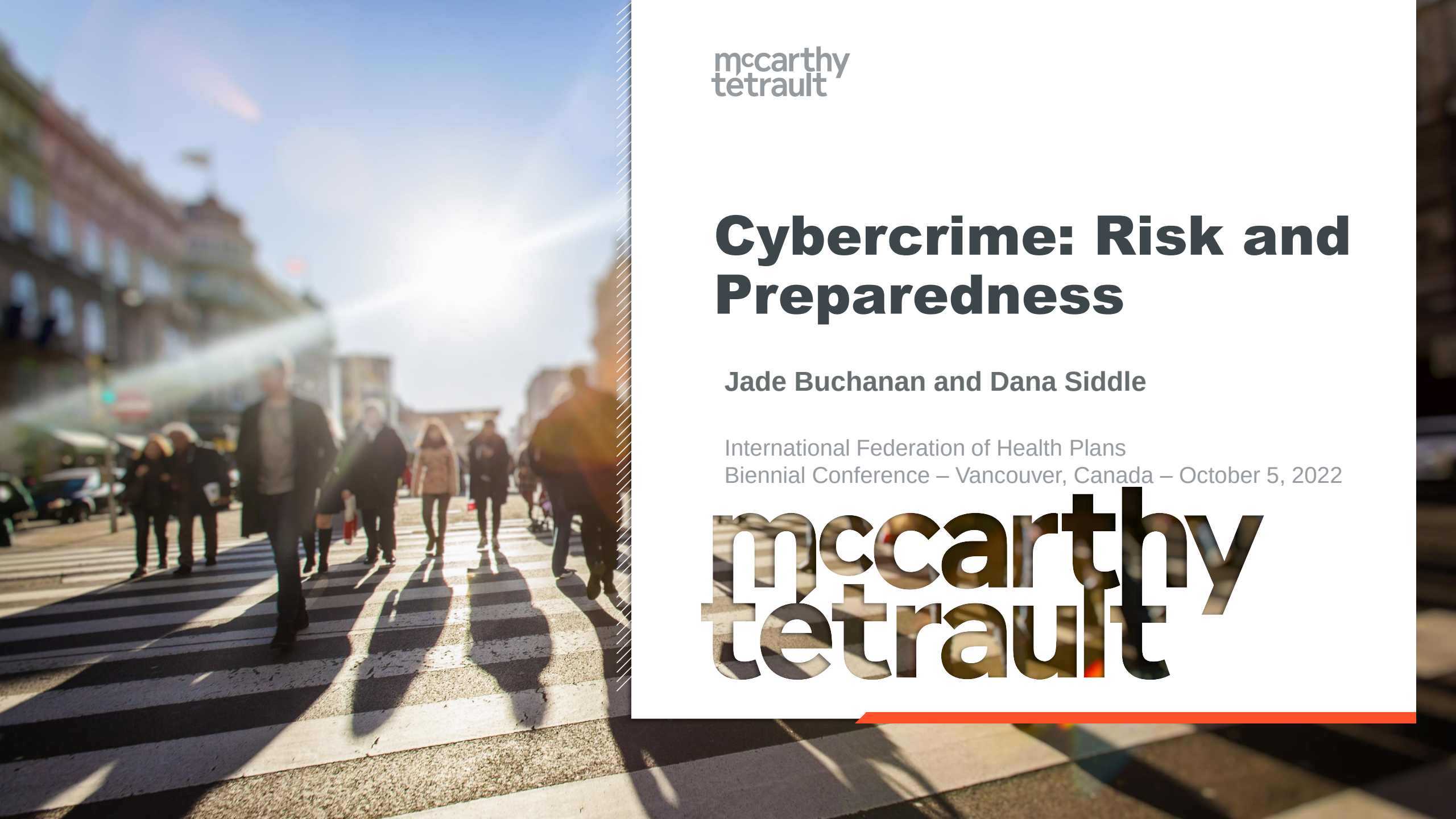

Cybercrime: Risk and Preparedness

Jade Buchanan and Dana Siddle

International Federation of Health Plans
Biennial Conference – Vancouver, Canada – October 5, 2022

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Agenda

- Risk Profile / Incident Recap
- Prevention and Preparedness
  - Prevention
  - Incident Response Plan / Team
  - Cyber Insurance
- Supply Chain Risk Management

Incident Recap

- Big threats
  - Ransom-driven attacks
    - Ransomware
    - Data exfiltration and ransom (“double dip” – sometimes triple dip)
  - Business email compromise / payment diversion fraud
- Risk
  - Primary impact—downtime, lost productivity
  - Ransom demands—typically multi-million dollar demands
  - Litigation risk—class actions; insurance litigation; securities class actions
  - Regulatory risk—investigation; compliance; fines
  - Reputation

Prevention

- Proper investment in cybersecurity technology, people, processes, training, etc.
- Executive-level interest
- Get beyond the mindset of “we’ve got good security” or “we’re not a target”

Preparing for the Incident

— Two key elements:

- Incident Response Plan / Team
- Cyber Insurance

Incident Response Plan: Key Elements

- Team
  - Expertise - legal, forensics, recovery, human resources, public relations / communications
  - Authority - key decision makers
- Testing
  - Table-top exercise that occurs regularly (annually)
- Contact Lists
  - How to contact customers, employees, key third parties, etc.

Incident Response Plan: Role of Legal

- Privilege, including engaging forensic investigators Supervising the investigation
- Scoping the breach (affected information)
- Statutory notification and reporting obligations (to public, regulators)
- Contractual obligations and indemnities
- Sanctions (ransomware demand—significant following Russian invasion of Ukraine)
- Litigation risk mitigation strategies (e.g., protection products)
- Public company disclosure requirements

Cyber Insurance

- Obtaining insurance now a significant exercise
- Risk of no cyber-specific policy (e.g., *Family and Children's Services v. Co-operators*)
- Understanding the product
  - Insurers have varying control over incident response
- Getting most out of insurance
  - Get legal / forensics pre-approved
  - Discounts on security products

Supply Chain Risk Management

- Having a process to assess risk at the procurement and purchasing stages, including:
  - Nature of the data/systems that the vendor will have access to or possess
  - Ability of the vendor to introduce vulnerabilities into your system
- Vendor Due Diligence
  - Security controls, technical competence
  - Third party assessments/certifications
  - Recent issues/litigation, reputation
  - Business continuity plans
  - Insurance and ability to satisfy judgment

Supply Chain Risk Management

— Contracting

- security requirements, including encryption, access controls, etc.
- location of data
- permitted uses of data
- access to data
- subcontracting
- breach notification/response

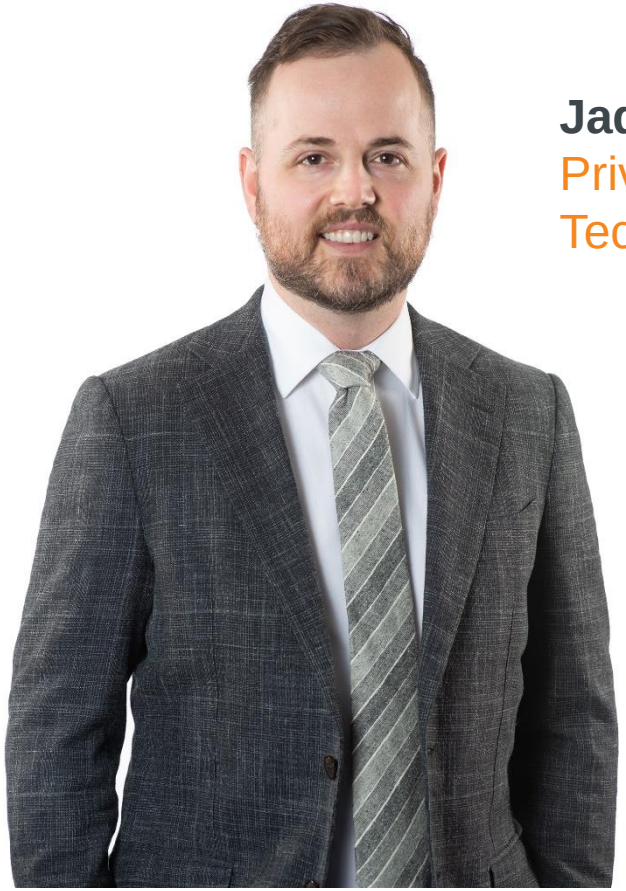
Supply Chain Risk Management

— Monitoring and Oversight

- third party assessments certification
- audit rights
- assistance with regulatory oversight

Questions?

Dana Siddle
Health Industry
Group Co-Leader



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