Southwest Chapter Seminar & Reception
April 18, 2019

Hot Topics in Financial Lines: Cyber & Cannabis
Event Details

DoubleTree Hotel
7801 E Orchard Road
Greenwood Village, CO 80111

Thursday, April 18, 2019
1:15pm to 4:00pm
Networking and Cocktails to follow

Colorado CE Credit available (2 P&C/2 CLE)
Professional Liability Underwriting Society

Our mission:

*To be the global community for the professional liability insurance industry by providing essential knowledge, thought leadership and career development opportunities.*

PLUS is recognized as the primary source of professional liability educational programs and seminars, networking events, educational products, and information regarding professional liability.

Membership consists of over 7,000 individuals, representing over 1,000 companies active in the many fields of professional liability. PLUS currently receives the support of more than 180 companies through corporate membership. Check out the PLUS Strategic Plan to see how we plan to move forward with the professional liability industry.

Not a member? Join PLUS Today
2019 Sponsors

GOLD
- Arch Insurance Group
- Beazley
- CNA Insurance
- Lockton Companies
- Philadelphia Insurance Companies
- RLI Executive Products Group
- Travelers
- USI Insurance Services

SILVER
- Berkley Crime
- Burns & Wilcox of Arizona
- Hartford Financial Services
- IMA, Inc.
- Lewis Brisbois Bisgaard & Smith, LLP
- Manning & Kass, Ellrod, Ramirez, Trester LLP
- Moreton
- Starr Companies
- The Hanover Insurance Group
- Woodruff-Sawyer
Southwest Chapter CO Committee Members:

- Brian Platt – CO Chair – Philadelphia Insurance
- Colleen Hopwood – CO Vice Chair/Women’s Leadership Chair – Hanover Ins Group
- Monica Minkel – Past Chapter Chair/Charity Chair
- Chad Bertuleit – Sponsorship Chair – Arch Insurance
- Kit Cabonor – Future PLUS – Lockton Companies
- Susan Carley – Women’s Leadership – Hartford Financial Products
- Paul Kilfoyle – AmTrust E&S Ins Services
- Katie Verry – Panel Organizer – CRC
- Eric Zehnfennig – Panel Organizer – Philadelphia Insurance
The PLUS Foundation is a separate nonprofit organization that serves the membership of the Professional Liability Underwriting Society (PLUS). We identify, initiate and sponsor a variety of charitable programs that give individuals and companies the opportunity to make a difference.
• Volunteer Charity Recipient – Project Cure
  – www.projectcure.org
  – Save the Date: Thursday, June 6th 9am-Noon
    • Volunteer opportunity in their Centennial Warehouse assembling medical kits

• Charity Recipient -- Junior Achievement
  – www.jacolorado.org
  – Tim Purvis, Manager of Volunteer Engagement
  – Charlene Moser
PLUS & Junior Achievement
Agenda

• What is Junior Achievement
• Student Impact
• JA Finance Park
• Questions and Answers
To prepare young people to thrive in the 21st century workplace and global economy by inspiring a passion in free enterprise and entrepreneurship, and instilling an understanding of personal financial literacy.
JA-Rocky Mountain
2017/18 Outreach

115,240 Students
6,020 Volunteers
3,800 Teachers
590 Schools
870,000 Contact Hours
**Student Impact**

**JA alumni incur less debt than the general population because they know how to…**
- Create and manage a realistic budget
- Improve their credit scores
- Utilize credit and debt appropriately
- Save to achieve lifelong goals

**JA alumni earn 20% more than the general population because they know how to…**
- Demonstrate communication, critical thinking, collaboration and innovative problem solving skills
- Exhibit professional behavior and strong work ethic
- Act ethically and with integrity
- Apply their skills, talents and traits to high demand jobs

**JA alumni start businesses at 2 ½ times the general population because they know how to…**
- Leverage resources to start a business
- Operate a business
- Increase revenue, manage expenses to maximize profit
- Think critically, solve problems and overcome challenges
JA is closing the achievement gap in financial literacy
• JA students from less advantaged backgrounds make larger gains in their financial knowledge, many times meeting or exceeding their more advantaged peers.

JA builds hope
• JA students convey more hope as a result of learning how to be financially literate, work ready and entrepreneurial.

JA students retain what they learn
• JA student retain the knowledge they learned through JA for 3-5+ years. Research shows that knowledge retained for 5 years is sustained for life.
JA Finance Park provides middle and high school students with a real-world perspective of personal finance that is current, practical, easy to understand and FUN!
Volunteer!

JA Finance Park Stats

- Over 130 schools are expected to participate.
- More than 16,000 students will visit the park.
- Students complete 15 hours of instruction by the time they leave the park.
- Over 1,500 volunteers participate at the park.
- Run programing at the park 130+ days a year.
- About 85% of funding for FP comes from corporate sponsorship.
Next session begins at 1:30PM
Anti-Trust Statement:

• Before we get started, we would like to remind everyone that PLUS is a nonprofit organization that provides educational events for its attendees to assist in their professional development. It is the policy of PLUS to strictly adhere to all applicable laws and regulations, including the antitrust laws, in the provision of its educational programming. By attending PLUS events, participants agree to refrain from any discussions regarding specific pricing, terms, customers, or territories, or any other matters that could provide even the appearance of a violation of the antitrust laws, whether during our formal sessions or during your informal, social gatherings. Any opinions expressed by speakers during their presentations at PLUS events are solely those of the speakers, and should not be attributed to any other person, organization or entity. The contents of these materials may not be relied upon as legal advice. Presentations are protected by state and federal copyright law and may not be recorded without authorization from PLUS.
PLUS EDUCATION DAY
April 18, 2019

Addressing D&O Insurance for the Cannabis Industry
D&O Insurance for the Cannabis Industry

PANELISTS

Dixie Noel
Vice President
CRC

JP Scanlon
Assistant Vice President
Hallmark

Henry Baskerville, Esq.
Partner
Fortis Law Partners

Charles Kikumoto
Moderator
Moreton & Co.
CANNABIS

CANN uninsure It?

How do you insure it?
Annual U.S. Cannabis Sales Vs. Other Industries & Goods

<table>
<thead>
<tr>
<th>Industry</th>
<th>Annual Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>$111.0B</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>$80.3B</td>
</tr>
<tr>
<td>Estimated Total Demand</td>
<td>$50B-$55B</td>
</tr>
<tr>
<td>Recreational Cannabis in the U.S.</td>
<td></td>
</tr>
<tr>
<td>Video Games</td>
<td>$36.0B</td>
</tr>
<tr>
<td>Doughnuts</td>
<td>$19.9B</td>
</tr>
<tr>
<td>Firearms &amp; Ammunition</td>
<td>$11.9B</td>
</tr>
<tr>
<td>McDonald's</td>
<td>$8.0B</td>
</tr>
<tr>
<td>Netflix</td>
<td>$6.6B</td>
</tr>
<tr>
<td>Legal Recreational &amp; Medical</td>
<td>$5.8B-$6.6B</td>
</tr>
<tr>
<td>Cannabis in 2017</td>
<td></td>
</tr>
<tr>
<td>Organic Produce</td>
<td>$4.8B</td>
</tr>
<tr>
<td>Tattoos</td>
<td>$1.5B</td>
</tr>
<tr>
<td>Oreo</td>
<td>$0.7B</td>
</tr>
</tbody>
</table>

Source: Brewers Association, Alcohol & Tobacco Tax & Trade Bureau, Entertainment Software Association, Goldstein Research, IBIS World, Netflix, Nielsen, Nabisco
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The Colorado Market

State of Colorado Marijuana Sales

- Medical Marijuana Sales
- Retail Marijuana Sales
- Total Marijuana Sales

Source: Retail Marijuana sales as reported on the Retail Marijuana Sales Tax Returns and Medical Marijuana Sales as reported on the State Retail Sales Tax Return (DR 100).
Prepared by: Colorado Department of Revenue, Office of Research and Analysis, dor_ora@state.co.us.
Publish date: April 2019.
The Canadian Market

Exhibit 5. Bigger Than Spirits - Total Sales By Product ($ billion)

Source: Statistics Canada and CIBC World Markets Inc.
Regulatory Overview

Source: Cannabis business times
HB 19-1090
Colorado House Bill • 2019 Regular Session

Publicly Licensed Marijuana Companies

BILL SPONSORS (4)

Matt Gray
Democratic • lower • 33
PRIMARY

Kevin Van Winkle
Republican • lower • 43
PRIMARY

Julie Gonzales
Democratic • upper • 34
PRIMARY

Owen Hill
Republican • upper • 10
PRIMARY

Introduced in House: April 3, 2019
Passed House: March 29, 2019

View Latest Bill Text
Overview of the current D&O insurance marketplace

• Why buy D&O?

• Limited capacity
  – Becomes more restricted based on area of focus
    • Plant touching vs. ancillary B2B services
  – THC vs CBD
    • Recreational / Cannabinoid based therapies (BIO Pharma)

• Coverage

• Canada

• Client preparation
D&O Discussion

- Litigation trends
- M/A activity
- Examples
Next 12 Months

- Carrier perspective
- Broker perspective
- Overall Industry
• Audience questions for panel
Next session begins at 2:45PM
Anatomy of a Cyber Event

PANELISTS

Tim Burke
Moderator
Director of Cyber Risk
IMA Insurance

Evan Fenaroli
Cyber Product Manager
Philadelphia Insurance Companies

Alyssa Watzman
Partner
Lewis Brisbois - Denver

Leeann Nicolo
Associate Director – Cyber Investigations
Kivu Consulting, Inc. - Denver
Scenario #1: Cyber Extortion/Ransomware

Company Profile:

- **Name**: Alta Medical Operations
  - Regional Hospitals/Medical Clinics
- **Company Revenue**: $1BN annually
- **Employees**: 1000+
- **States of Operation**: California
- **Cyber Coverage in Place?**
  - Yes

Description of Event:

- Ryuk ransomware infects company’s systems when an employee clicks on a link on a suspicious e-mail.
- Access to computer systems, patient files, billing, and other critical systems is frozen.
- $900K USD in bitcoin is demanded within 24 hours to restore system access.
- IT Department has backup systems but discover backup has not been functioning properly and least several months of data...
Scenario #2: Phishing/Business E-Mail Compromise

Company Profile:
- **Name**: Pinnacle Oil & Gas
- **Operations**: Oil & Gas Drilling Contractor
- **Company Revenue**: $300M annually
- **Employees**: 350+
- **States of Operation**: Colorado, Wyoming, Oklahoma, New Mexico, and Texas primarily
- **Cyber and/or Crime Coverage**: Yes but limited

Description of Event:
- Pinnacle accounts payable department receives an e-mail from a trusted contact in the accounts receivable department at one of their key suppliers requesting an update to their bank account and routing number.
- Pinnacle does call back to verify the request but calls using the number provided on the e-mail rather than the number on file.
- Pinnacle updates the account information as requested.
- Pinnacle makes a routine payment of $350,000 for a recent purchase and wires the money to a fraudulent account.
- The mistake is discovered weeks later when the supplier sends a late notice requesting payment.
This concludes our CE Session

- Remember to turn in your CE form at the front desk.
Closing Remarks
Coming in 2019

• Future PLUS Outing: Summer 2019

• Women’s Leadership Networking Event: Fall 2019

• Arizona Education Event: Fall 2019

www.plusweb.org
Speaker Bios

- Dixie Noel
- JP Scanlon
- Henry Baskerville, Esq.
- Charles Kikumoto
- Tim Burke
- Alyssa Watman
- Evan Fenaroli
- Leann Nicolo
Dixie Noel is a Vice President in the Financial Services Group of CRC Insurance. She has over 20 years of experience working on both public and private D&O placements, and stand alone EPL. She has worked with clients throughout all industries, tailoring coverage to meet individual company needs and has become a leading expert on placing D&O coverage for both public and private cannabis related companies. Areas of focus include creation of custom risk transfer programs based on industry segment, loss control solutions, fostering partnerships with insurance carriers, and developing and servicing her client relationships. Prior to joining CRC, she was an underwriter at AIG / National Union. Dixie received a BS in Environmental Science & Biology from the University of Tennessee.
J.P. Scanlon is an Assistant Vice President in the Financial Lines Group of Hallmark Financial Services, Inc. Hallmark’s Financial Lines Group focuses on products that include Directors & Officers (D&O), Employment Practices (EPLI) and Retirement and Benefit Plan Fiduciary services for Private, Public and Non-Profit entities for cannabis related companies across the United States. J.P. has over 15 years of experience in the Management and Professional Liability marketplace. Prior to joining Hallmark, he was the Financial Services Product Lead at AmTrust E&S Insurance Services and has also worked at Argo Group, The Hartford and AIG. He started his career in the banking industry in New York City working for the New York Branches of three different international banks. J.P. received an MBA in Accounting/Finance from Fordham University and BA in Management from Gettysburg College.
Henry Baskerville, Esq.
Fortis Law Partners

• Henry Baskerville, recognized by Super Lawyers, Best Lawyers in America, and National Trial Lawyers, is an experienced trial lawyer who focuses on complex commercial litigation, white collar criminal defense, government contracts, construction law, and marijuana law. Henry also has received an AV Preeminent Rating from Martindale-Hubbell, the highest possible rating, for both legal ability and ethical standards.

• Henry also provides assistance to individuals and businesses in the legalized marijuana industry. He helps companies apply for and secure the necessary licenses to cultivate and dispense marijuana and its byproducts. In this area, Henry also provides general business advice, as well as guidance on state and federal regulations governing the operation of legalized marijuana businesses and the solicitation of and contracting with investors and other business partners. Henry also has represented clients in various enforcement proceedings brought by the Marijuana Enforcement Division of the Colorado Department of Revenue and Colorado Attorney General's office.
As the Executive Risk Practice Leader for Moreton & Company, Charles has oversight and responsibility for day-to-day service needs for Moreton’s executive risk programs. Charles ensures the proper delivery and maintenance of all executive risk responsibilities for Directors and Officers Liability (D&O), Employment Practices Liability (EPL), Fiduciary Liability, Errors and Omissions (E&O), Cyber Liability and Crime. Charles is actively involved in the industry on a regional and national level. He was the chapter co-chair for the southwest chapter for PLUS (Professional Liability Underwriting Society).

Charles started working in the financial services industry in the late 1990’s. Prior to joining Moreton & Company, Charles worked at Aon Financial Services Group in Denver, Colorado and Aon Risk Services in Chicago, Illinois.

- Business Management Degree (Marriot School of Management - Finance Emphasis) – Brigham Young University
- Global Management Certificate – Brigham Young University
• Tim is the Director of Cyber Risk at IMA, Inc. As the national practice leader, he is charged with researching emerging issues and creating proprietary solutions. Areas of focus include creation of custom risk transfer programs based on industry segment, loss control solutions and fostering partnerships with service providers. Tim has over 20 years of experience underwriting and selling cyber insurance. He has assisted numerous clients manage through high profile data breaches and security incidents. Those experiences allow him a unique perspective on both the design and claims protocol of cyber insurance. He specializes in working with companies in the energy, retail, hospitality, financial and healthcare industries. He is a frequent presenter at industry conferences and a recognized innovator in the rapidly evolving area of cyber risk.

• Tim has a BA from the University of Kansas and a MBA from the University of Denver.
• Alyssa Watzman is a partner in the Denver office of Lewis Brisbois. Her practice focuses on data privacy and cybersecurity matters as well as on government investigations and civil litigation. Alyssa advises companies as they anticipate cybersecurity threats, assists them in complying with the requirements of state data breach notification statutes as well as various federal regulations, and represents them as they address data security incidents and related third party litigation. Alyssa also facilitates forensic investigations and the provision of credit monitoring and identity restoration services. She has experience representing private and public entities of all sizes in the health care and financial services sectors, among others. Her background in litigation and complex regulatory investigations provides her unique insights into liabilities that emanate from data security incidents.
• Evan Fenaroli is the Cyber Product Manager at Philadelphia Insurance Companies (PHLY), serving as a national resource for underwriters, agents, and brokers. In his role, Evan is responsible for PHLY’s cyber underwriting strategy, form development, training, growth, and profitability. In addition to cyber insurance, he has over a decade of experience underwriting miscellaneous professional liability, technology errors and omissions, and crime/fidelity lines of business in PHLY’s Management and Professional Liability Division. He regularly teaches continuing education courses and frequently appears on panels to discuss cyber, professional liability, and other emerging risks. Evan graduated in 2008 from the University of Pennsylvania, majoring in Philosophy, Politics and Economics, and also holds a Registered Professional Liability Underwriter (RPLU) designation from the Professional Liability Underwriting Society.
Leeann Nicolo is an Associate Director of Cyber Investigations at Kivu’s Denver, CO office. She specializes in digital forensics and cyber investigations. Leeann has conducted investigations into ransomware, phishing, hacking, data breaches, trade secret theft, and employee malfeasance. Leeann has over 7 years of information technology experience with a special focus on cybersecurity. Prior to joining Kivu in Denver, she worked at Kraft Kennedy in New York City overseeing complex cyber investigations and discovery matters for law firms and large multinational corporate clients. In addition to her hands on digital forensic and incident response work, she assisted in the development of affidavits, declarations, and expert witness reports for testifying experts. She conducted her undergraduate studies at the University of Albany in Information Systems, then achieved her Masters of Science in Cybersecurity at Pace University. Leeann is a SANS Lethal Forensicator Coin Holder and on the GIAC Advisory Board. 

**Expertise**

Leeann is trained in incident response, data breach investigations, and managing largescale digital forensic investigations. She has completed over 30 investigations and has extensive subject matter expertise in Windows enterprise forensics, mobile device forensics, and ransomware. She has also aided in the development of digital forensic lab procedures and policies as well as trained peers and interns on digital forensics and incident response.