



PROFESSIONAL LIABILITY UNDERWRITING SOCIETY

Lee Genecki
VP Professional Liability, Bond & Specialty
Travelers

Keynote Speaker





PROFESSIONAL LIABILITY UNDERWRITING SOCIETY

The Impact of Economic Factors on Professional Liability Insurance and Emerging Trends

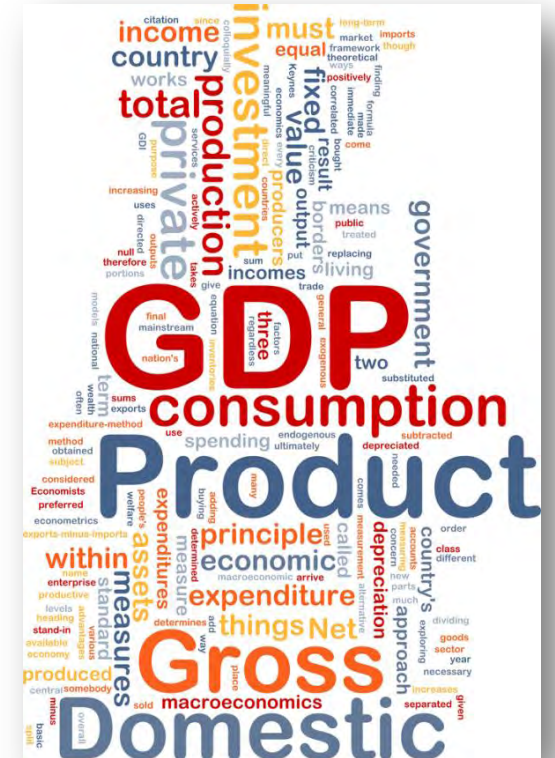
Presented by:

Lee Genecki

VP/Professional Liability/Travelers



- Gross Domestic Product (GDP) - Health of the Economy
- Interest Rates
- Real Estate Values (Impacts all lines)
- Construction Spending



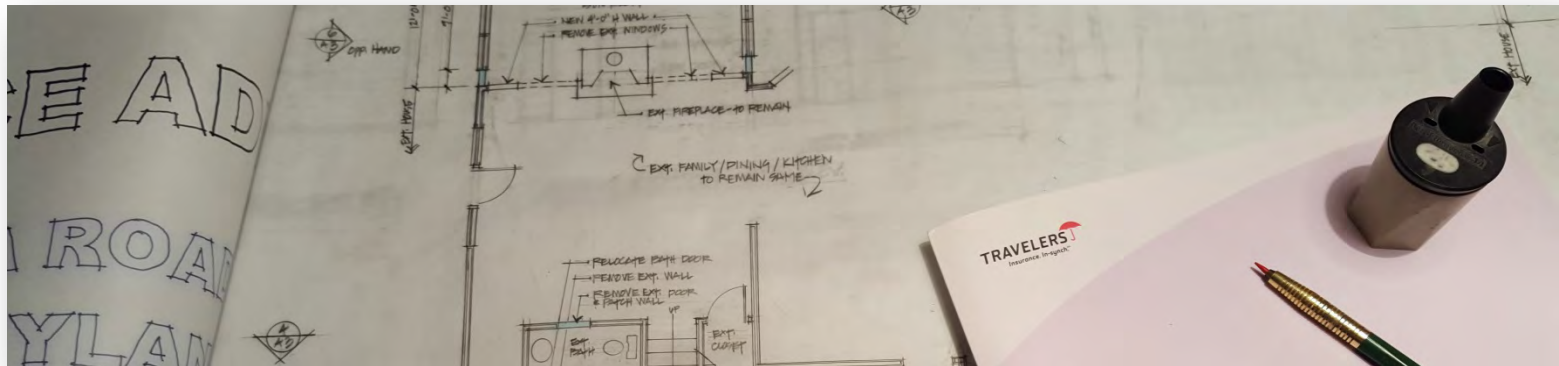
What Occurred During the Recent Financial Crisis



- Exposure Base Drops
 - Firms Seek to Lower Fixed Costs
- Policy Terms Tighten
 - Multi-Year Policies Become Scarce
- Carrier Uncertainty – New Territory

PLUS What Occurred During the Recovery

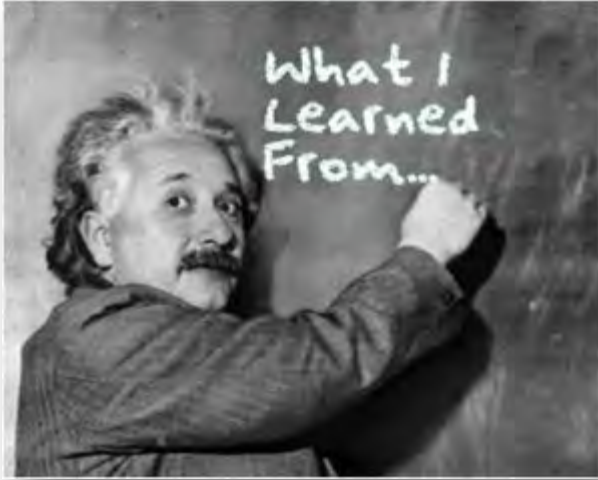
- Accountants & Miscellaneous Professionals
 - Minimal Impact
- Design Professionals
 - Pain Lasted Two Years/ Swift Recovery



- Real Estate Professionals
 - Poor Results and Corresponding Recovery was Immediate.....But There Were Six Long Years In Between
- Lawyers Professional
 - Negative Impact Widespread
 - Results Less Clear



What Did We Learn



- What are the Indicators - Proactive vs. Reactionary
- Long Term View vs. Short Term
- Do not Assume Anything – Definition of “Normal” changed



- Distribution Changes – Mergers and Acquisitions, Portal/Technology, E-Commerce
- Marijuana Exposure – Professional Liability Industry Response



PLUS

PROFESSIONAL LIABILITY UNDERWRITING SOCIETY

What Really Happens During A Data Breach?

Perspectives from Technology, Legal
and Insurance





Meet The Panel

Panelists:

Randy Watkins

Director, Security Architecture

Critical Start

Leah Montgomery

Assistant Vice President, Professional Risk

Chubb

Kris Kleiner

Associate, Norton Rose Fulbright

Moderator:

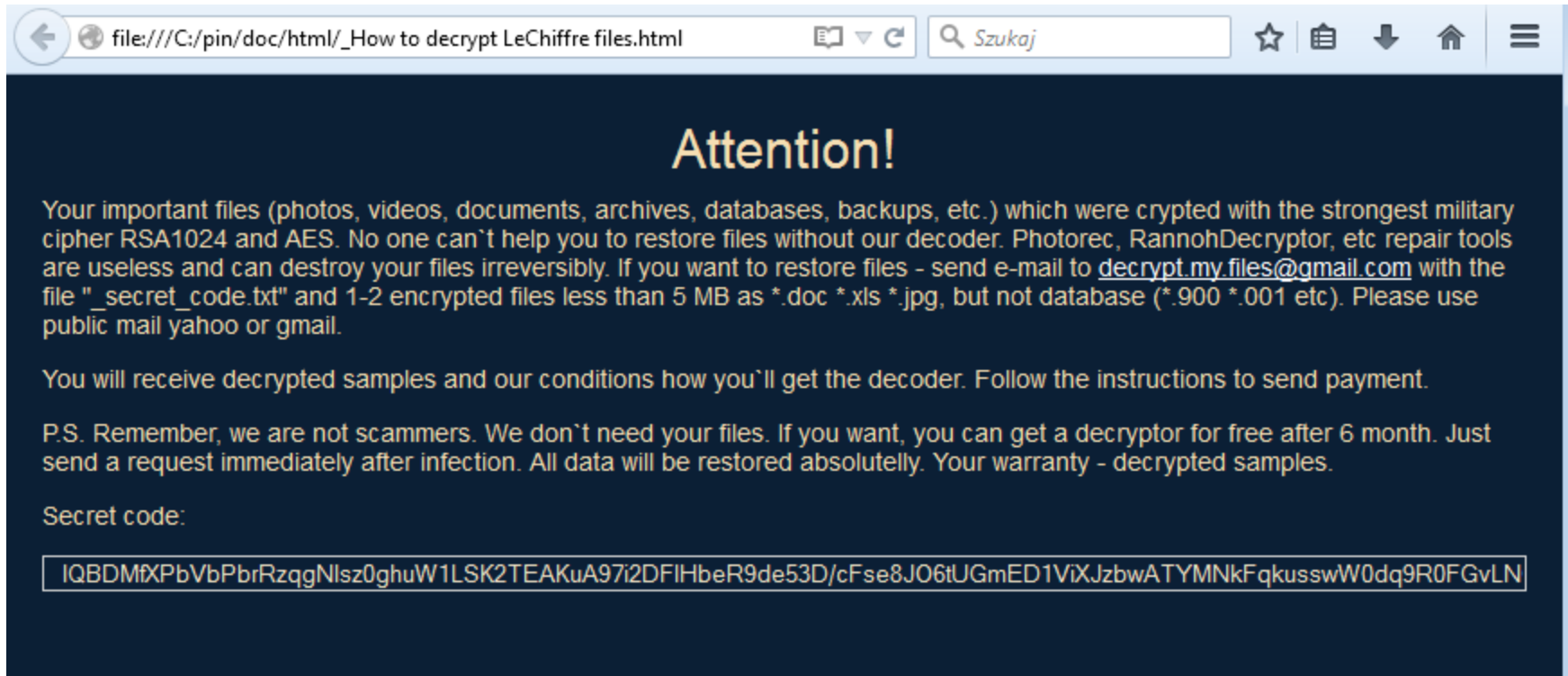
Monica M. Minkel, RPLU, MLIS

Senior Vice President – Regional Director

USI Insurance Services, LLC



- Our client company has
 - 500 employees
 - Locations in 8 states (MA, CA, CO, NM, SD, CT, and IN)
 - Annual revenue of about \$300M
 - Non-retail, non-healthcare, non-education, non finance
 - 150 computer users
 - Internal IT staff of 7
 - Cyber policy with all insuring agreements, \$1M limit, \$25K SIR, added to program last year with RDI. Just renewed. No sub-limits.



The screenshot shows a web browser window with the address bar containing the file path: `file:///C:/pin/doc/html/_How to decrypt LeChiffre files.html`. The search bar contains the word "Szukaj". The main content area has a dark blue background with the following text:

Attention!

Your important files (photos, videos, documents, archives, databases, backups, etc.) which were crypted with the strongest military cipher RSA1024 and AES. No one can't help you to restore files without our decoder. Photorec, RannohDecryptor, etc repair tools are useless and can destroy your files irreversibly. If you want to restore files - send e-mail to decrypt.my.files@gmail.com with the file "_secret_code.txt" and 1-2 encrypted files less than 5 MB as *.doc *.xls *.jpg, but not database (*.900 *.001 etc). Please use public mail yahoo or gmail.

You will receive decrypted samples and our conditions how you'll get the decoder. Follow the instructions to send payment.

P.S. Remember, we are not scammers. We don't need your files. If you want, you can get a decryptor for free after 6 month. Just send a request immediately after infection. All data will be restored absolutelly. Your warranty - decrypted samples.

Secret code:

`IQBDMfXPbVbPbrRzqgNlsz0ghuW1LSK2TEAKuA97i2DFIHbeR9de53D/cFse8JO6tUGmED1ViXJzbwATYMNkFqkuswW0dq9R0FGvLN`

- Cyber Liability Coverage
- Privacy Regulatory Action Coverage
- Privacy Notification and Crisis Management Expenses Coverage
- Reward Expenses Coverage
- Additional Expenses
 - Business Interruption and Extra Expenses Coverage
 - E-Threat Expenses
 - E-Vandalism Expenses



Costs and Expenses

Cyber Liability Coverage:

- Class Action Defense: \$250,000
- Regulatory Defense: \$28,000

Privacy Notification Costs:

- Notification/Call Center/Credit Monitoring/Legal: \$18,000

Crisis Management Expenses

- Forensics: \$82,000
- Public Relations: \$4,000

Additional Expenses:

- Business Interruption & Extra Expense & E-Vandalism Coverage:
 - Loss of Income & Extra & E-Vandalism Expenses: \$2,550,000
 - E-Threat – Ransom Payment \$10,000

Assumptions:

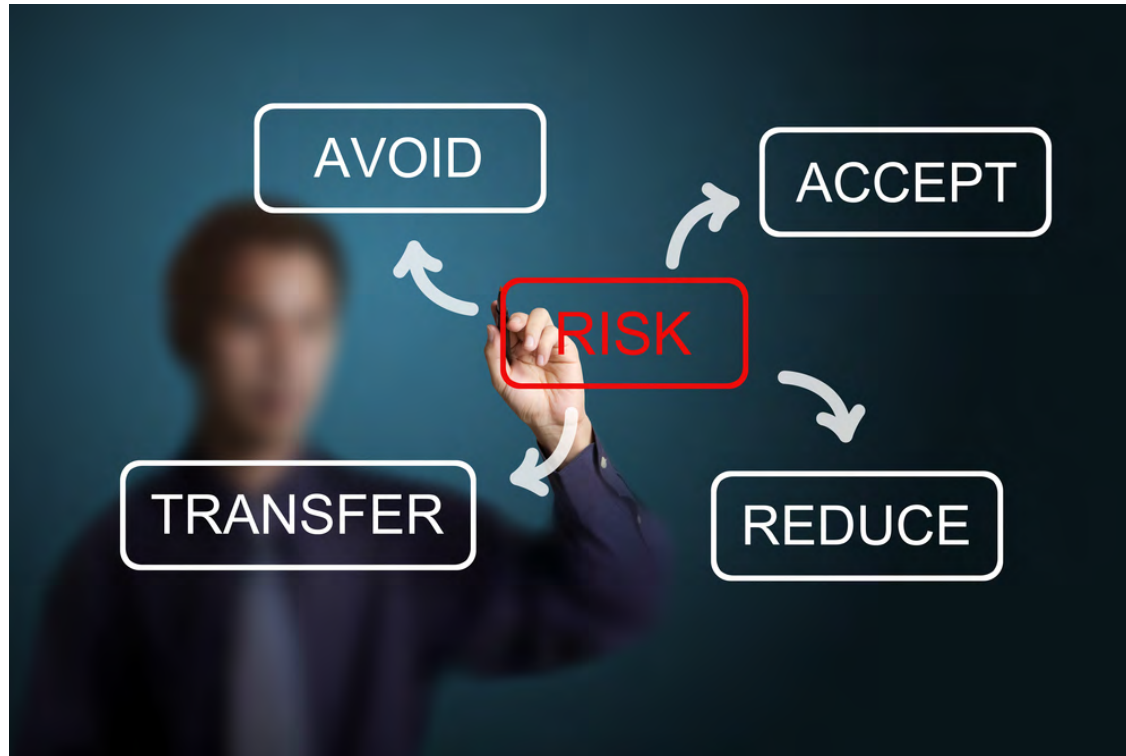
- Legal Defense is taking into account class action employee claim
- Regulatory is taking into account 7 state inquiries & responses (10 hr. for each)
- Forensics – assuming 68 hour forensics (ransomware threat & data breach investigation)
- Public Relations – 10 hours
- Business Interruption w/EE – assumed lost 50% of sales for being down for a week and \$50,000 in additional tech vendor assistance to get operational.

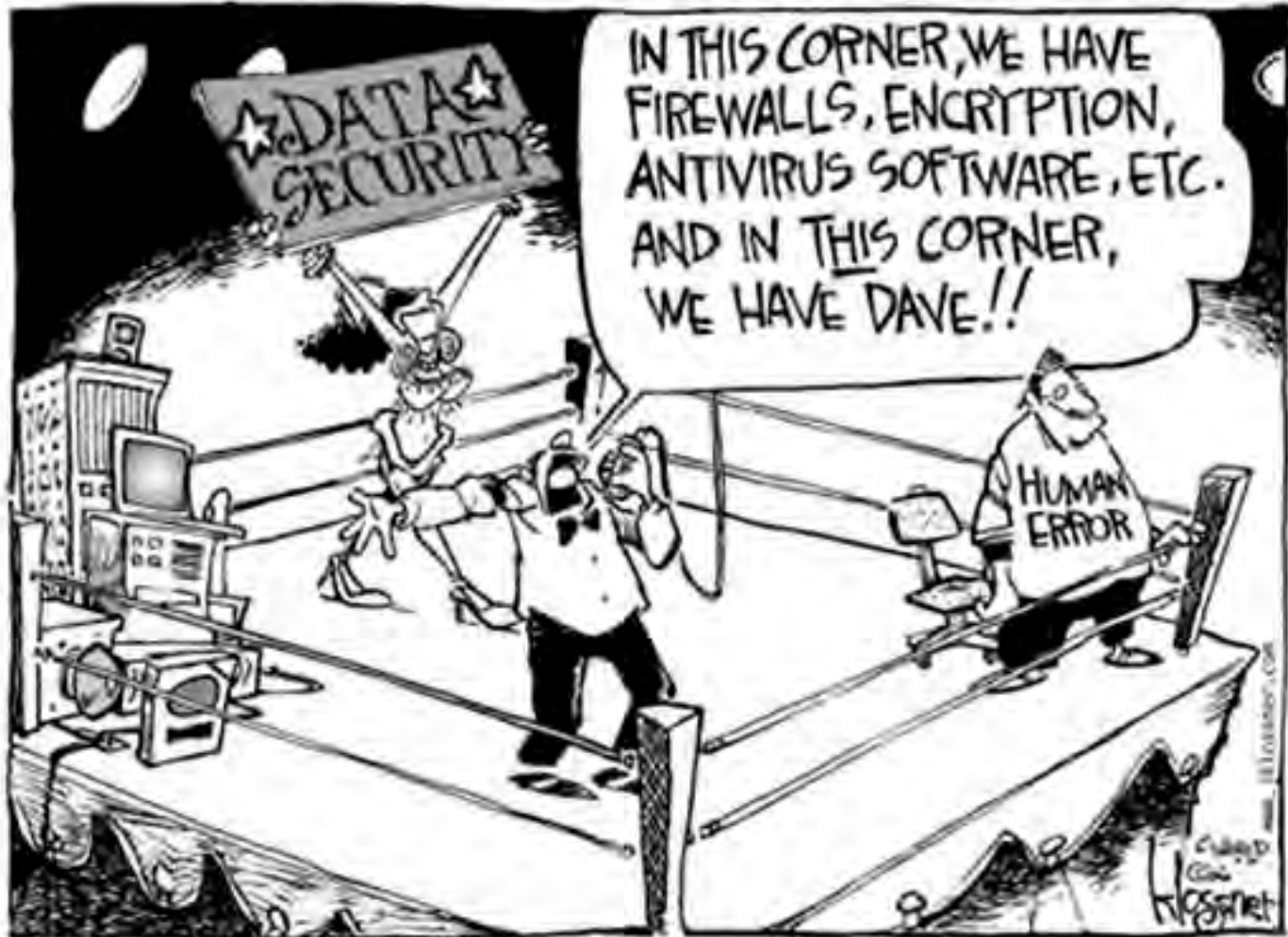
Total Loss: \$2,977,000

Less Retention: \$25,000

Less Policy Limit: \$1,000,000

Uncovered loss: \$1,966,950





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USI Insurance Services, LLC**



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Blackout – The Next Generation of Cyber Attacks



Your source for professional liability education and networking.



Blackout – The Next Generation of Cyber Attacks

Panelists:

Steve Krusko

**Senior Vice President, Executive Liability, Professional Liability Division
AIG**

Corey Daugherty

**Broker Professional & Financial
CRC Insurance Services**

Moderator – Charles Kikumoto