Cyber risks trends and effective mitigation

Allianz Global Corporate & Specialty Webinar
December 6, 2021
Agenda

1. Cyber risks and insurance claims
2. Cyber hygiene matters
3. Cyber insurance market outlook
4. Cyber crisis management
5. Q&A

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Allianz ransomware report

- The ‘ransomware pandemic’
- New attack patterns
- Cyber claims analysis
- Tipps for effective cyber hygiene

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Cyber risks and insurance claims
A ransomware pandemic

Ransomware attacks are becoming more frequent and sophisticated, targeting bigger companies and demanding higher ransoms.

Hacking tools on a fee-based business model: Commercialization makes it easy to exploit vulnerabilities on a large scale.

Evolving attack methods where attackers extract data before encryption and threaten to leak sensitive info.

Targeting software/IT service providers (Kaseya, Solarwinds) or physical supply chains or critical infrastructure (Colonial Pipeline).

• 715% increase in reported ransomware incidents between 2019 and 2020 (BitDefender)
• Estimated global economical damage increased from $11.5Bn in 2019 to $20Bn in 2020
• A 225% increase in ransom demands, but ransom payments are generally a small fraction of overall ransomware attack loss (FBI)

Source: Allianz Global Corporate & Specialty “Ransomware trends: risk and resilience”.

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Cyber claims on the rise

**Number of cyber-related claims per year**

- 2016: 80
- 2017: 249
- 2018: 495
- 2019: 849
- 2020: 1,114
- 1H 2021: 566

**Cause of loss by value of cyber claims**

- External manipulation of systems: 81%
- Malicious internal action: 10%
- Accidental internal cause: 9%

Source: Allianz Global Corporate & Specialty

Source: Based on the analysis of 2,916 claims worth €751Mn (US$885Mn) reported from 2015 until June 30 2021. Total refers to all cyber-related claims, not just ransomware incidents. Total value also includes the share of other insurers involved in the claim addition to AGCS.

Data Analysis & Graphic: Allianz Global Corporate & Specialty
Cyber Hygiene Matters
Our criteria to assess security posture

- Ransomware identification
- Business continuity/incident response plans
- Anti-phishing exercises and user awareness training
- (Regular, replicated) Backups
- Endpoint protection
- Email, web, office documents security
- Segmentation within the network
- Patching and vulnerability management policies
Cyber Insurance
Market Outlook
Holistic approach to cyber resilience

PREVENTION, TRANSFER, CRISIS SUPPORT

... before a cyber incident
- Prevention: technology and the "human factor"
- Transfer of residual risk
- Detection!

... during/after a cyber incident
- Technological (immediate) measures, IT forensics
- Crisis management & loss investigation
- Technology Company
- Insurance

Business Continuity Planning
Test run and training
Crisis communication
IT security solutions
White hacker
Lawyers, data protection experts
Prosecutor and authorities
IT Forensics
Cyber Crisis Management
Combining insurance expertise with cyber risk and crisis management capability

- **Risk Dialogues: Risk Identification & Assessment**
  - Support AGCS cyber underwriting and policyholders
  - Assess cyber resilience and IT security posture
  - Assess how cyber risks affect businesses based on their value creation and ‘crown jewels’
  - Guidance on how to strengthen cyber resilience
  - Cyber crisis management planning

- **Technical consultation for quick claims delivery**
  - Support AGCS claims management on large and complex losses to deliver first-class claims experience
  - Analyze and assess evidence and loss reports in collaboration with insureds in order to confirm coverage quickly

- **Crisis response for AGCS Cyber Premium Protect**
  - Advise insureds during severe cyber incidents or crises
  - Co-ordinate service providers to support insureds during cyber-related incidents or crises
  - Provide post-breach technical advice throughout incident response, remediation and post-containment phases
Prevention prevents panic: managing a crisis before and after it hits

**Crisis Management System**

**Crisis Management Plans**
Design an overarching, general plan defining crisis management, the team, methods, metrics, and tools. Design specific battle plans for cyber scenarios with checklists, stakeholder matrices, or extended team structure for all AGCS cyber insureds.

**Crisis Management Training and Exercises**
Conduct a crisis management exercise. Ascertain the plausibility and veracity of assumptions made in crisis management plans.
Ransomware attack – our support

Your network has been infected!

- Your documents, photos, databases, and other important files encrypted
- To decrypt your files you need to buy special software - General-Decryptor
- Follow the instructions below. But remember that you do not have much time

General-Decryptor price
the price is for all PCs of your infected network

You have 2 days, 23:28:36
* If you do not pay on time the price will be doubled
* Time ends on Dec 17, 09:12:46

Current price 32718.2 XMR = 5,003,018 USD
After time ends 65436.4 XMR = 10,006,036 USD

Single point of contact for customers to coordinate incident response

Support of AGCS cyber claims handling

Claims analysis, lessons learnt and risk prevention
Thank you!

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Please complete our pop-up poll

Ransomware trends:
Risks and Resilience