

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

CYBER LIABILITY INSOLVENCY TABLETOP

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MODERATOR: CHAD ANDERSON – PRESIDENT, WGFS

GA GUIDE: TIM SCHOTKE – EXECUTIVE DIRECTOR, ILLINOIS GUARANTY FUND

RECEIVER GUIDE: DONNA WILSON, OKLAHOMA RECEIVERSHIP OFFICE

SCENARIO

- “TECHBUCKS INSURANCE COMPANY” PLACED INTO LIQUIDATION
 - WROTE CYBER LIABILITY FOR VARIOUS INDUSTRIES IN ALL 50 STATES W/CLAIMS IN ALL STATES
 - MOST WERE CLAIMS MADE POLICIES AND WASTING/PACMAN
 - MANY DIFFERENT COVERAGE TYPES
 - 1ST PARTY – LEGAL, IT FORENSIC, PUBLIC RELATIONS, AND MORE
 - 3RD PARTY – LIABILITY FOR DAMAGES, MANDATORY COSTS, AND LEGAL
 - EXTORTION
 - BUSINESS INTERRUPTION
 - REGULATORY – COST OF NOTIFICATION AND PUBLIC INVESTIGATION
 - SPECIALTY – D & O AND E & O

SCENARIO (CONTINUED)

- EARLY INDICATIONS ARE THAT THE ESTATE HAS \$10 MILLION CASH AVAILABLE TO OPERATE
- THE SECURITY FIRM HANDLING THE EVENTS HAS TERMINATED ALL SERVICES UNTIL THEY ARE PAID \$2 MILLION BACK FEES
 - EMPLOYEES OF TECHBUCKS TELL YOU THEY DON'T HAVE CONFIDENCE IN THIS SECURITY FIRM
- UNRELATED MGA CONTROLS POLICY/UNDERWRITING FILES – ALSO INVOLVED IN A LAWSUIT SAYING TECHBUCKS OWES THEM \$10 MILLION
- ONE CLAIM INVOLVES A LARGE INSURED WITH 1 MILLION + RECORDS THAT ARE ENCRYPTED AND BEING HELD FOR RANSOM (\$5 MILLION WORTH OF BITCOIN)
 - POLICY DOES NOT INCLUDE RANSOM IN THE DESCRIPTION OF EXTORTION
 - BACKUPS ARE AVAILABLE BUT ON A CLOUD SERVER AND WILL TAKE WEEKS TO RESTORE
 - INSURED RESIDES IN OKLAHOMA, CLAIMANTS IN ALL STATES
 - REPORTED TO THE RECEIVER, 5 DAYS POST-LIQUIDATION

SCENARIO (CONTINUED)

- 20 DAYS POST-LIQ, SPARKLES DRUG STORE, WITH LOCATIONS IN 50 STATES REPORTS A BREACH
 - BREACH OCCURRED PRE-LIQ
 - ATTACKERS HAVE BEEN ABLE TO VIEW AND EXFILTRATE TRANSACTION DATA SINCE THE INCIDENT
 - MEDIA HAS LEARNED ABOUT THIS AND ARE ASKING FOR COMMENT FROM RECEIVER AND GA
- THERE ARE MULTIPLE FORMS WRITTEN BY THE COMPANY . . . AMONG THEM
 - SOME POLICIES INDICATE THAT CONTRACTING WITH VENDORS IS THE INSURED'S RESPONSIBILITY
 - SOME REQUIRE THE USE OF A VENDOR CHOSEN BY THE INSURER
 - SOME GIVE THE INSURED THE CHOICE OF CHOOSING OR USING THE INSURED'S PREFERRED VENDORS

Receiver What's the 1st thing you do? (Retire is not an acceptable answer)

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Guaranty Association . . . what do you do? (Most of you have already retired, so still not an option)

**Receiver . . . how do you handle the back-debt to the breach
counsel firm?**

For policies where the insurer is obligated to contract with response team, what happens when the GA cap is exceeded?

How do you handle the ransom, considering ransom isn't included in the definition of extortion?

Post liquidation breaches how is the reporting coordinated? 24/7 is required . . . timing and urgency are critical . . .

We need data! How do you produce/access UDS data since the MGA has sued Techbucks?

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In cases where the insurer is required to pre-approve certain items (payment of ransom), does the Receiver or GA authorize?

How do you handle the media inquiries?

Further Comments, Questions, Discussion? (You are welcome to grab the mic and ask questions)