Atlas Insurance Agency Presents:

Cyber Attacks & Defense Strategies

Wednesday, May 19, 2021

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Housekeeping Rules

- Listen mode only for participants
- Questions will be addressed at the end during Q&A
- Submit all questions via the question-and-answer function

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Webinar Agenda

- 12:05: Zippy's Data Breach
- 12:20: Forensics IT
- 12:30: Cyber Insurance
- 12:40: Audience Q&A
- 1:00: End

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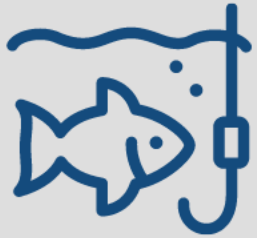
Cyber Security Stats!

Courtesy of Evolve MGA



68% of Ransomware attacks began with phishing links! Attacks have gone up 60% since the start of the COVID-19 pandemic.

In 2021, a business falls victim to ransomware every 11 seconds.

85% of ransomware attacks target Windows systems

The average ransom demand has risen from $5k in 2017 to $100k+ in 2020!

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Jason Higa

CEO of FCH Enterprises (Zippy's Restaurants, Napoleon's Bakery, Food Solutions International, A Catered Experience (ACE), and Kahala and Pearl City Sushi)

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Serving Hawaii Since 1966

FCH ENTERPRISES, INC.

FOOD SOLUTIONS INTERNATIONAL

A Catered Experience

NAPOLEONS BAKERY

ZIPPY'S

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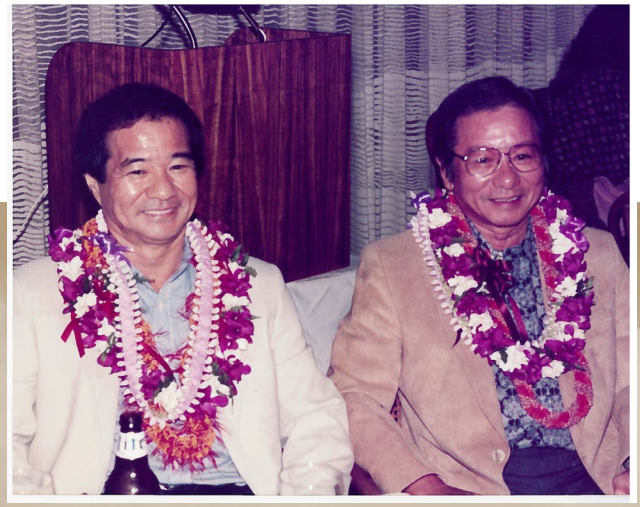

Founders
Francis and Charlie Higa

22 Zippy's Restaurants

20 locations on Oahu

Kahului opened
Aug. 2008

Hilo opened
Aug. 2013

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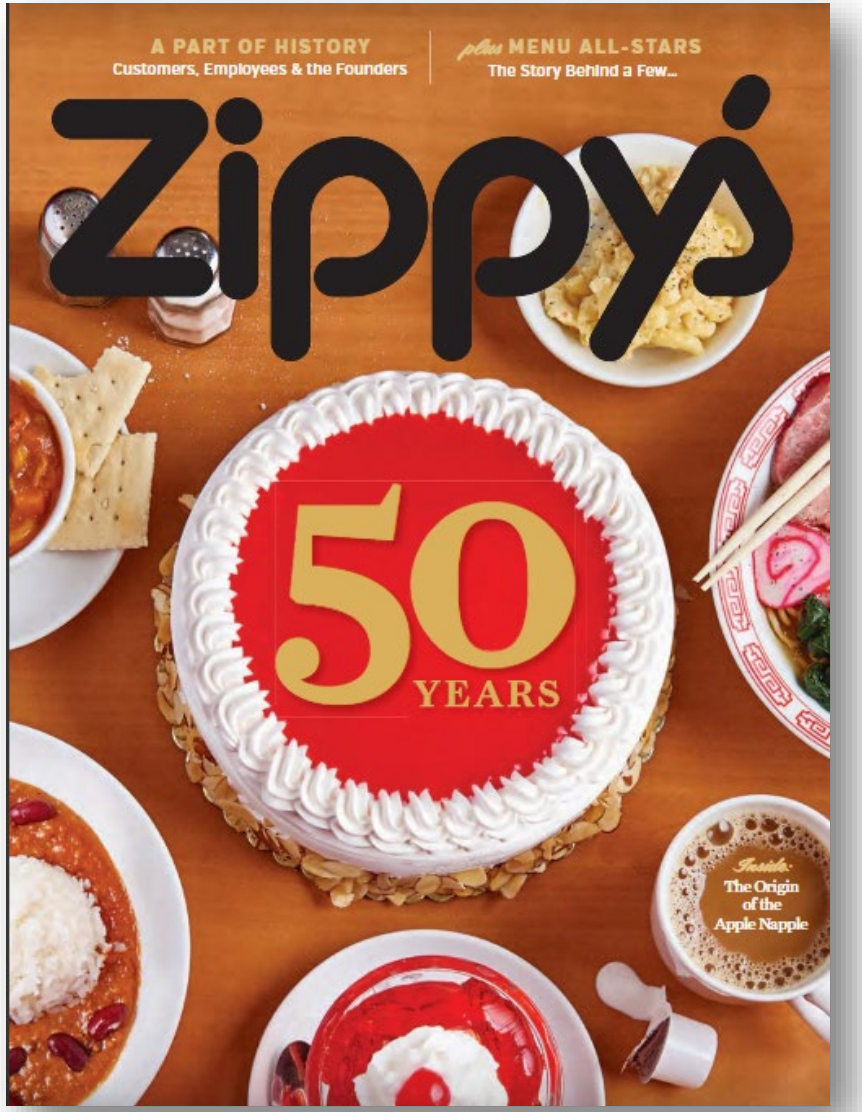
Zippy's – A Part of History



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Data Breach Timeline

- Oct. 10, 2017: Malicious malware download
- Nov. 23, 2017: Malware migrates from email to POS systems
- Dec. 19, 2017- Mar. 29, 2018: Card data accessed by malware
- Apr. 6, 2018: Forensic Investigator (PFI) engaged
- Apr. 24, 2018: “Track 2” data compromise confirmed
- Apr. 27, 2018: Public notification of data breach

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Lessons Learned

- IT systems are inherently vulnerable
- Cyber criminals operate as sophisticated businesses
- Actions today mitigate problems tomorrow

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Vulnerability of POS Systems

Recent POS data breaches include:

Encryption, but processing must be done in unencrypted form.

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FIN7

- FIN7 = International (Ukraine/Eastern Europe); cyberattacks in USA; UK; Australia; and France
- Attacked 100 financial institutions in 30 countries; estimated $1 billion extracted
- Breaches were unreported and/or under-reported
- Migrated from financial institutions to POS systems (credit/debit card data)

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FIN7 and POS Data Breaches

- FBI report issued in August 2018 regarding FIN7
- 47 states and the District of Columbia
- Stealing 15 million card numbers from 6,500 POS terminals over 3,600 separate business (retail and restaurant) locations
- Run like a business with estimated earnings of $50M per month

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FIN7 Monetization of Card Data

- Card data is “sold” on the “dark web,” Joker’s Stash
- Marketing, e.g. “large national retailer; very recent acquisition; samples available”
- Individual cards are valued at $12 to $70
- Cards are sold in large lots
- Purchasers create “fake” cards and execute fraud

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Social Engineering

- Simultaneous calls to at least 10 locations at 6 a.m. on Tuesday, October 10, 2017

"I had a mysterious call today; a guy asking to get money back from his payment yesterday because he was over-charged; the weird part was he wanted to email me the check and was asking for my email address; he was really persistent on emailing me; another thing weird was he had a foreign accent and it was very loud in the background; caller ID showed Kapolei with an 808 number."

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Sophisticated Tools

- Avoidance of antivirus software, e.g. Zero Day Attack
- Creation of encrypted files; extraction of data; and deletion of files
- Ability to remain undetected in IT environment for months and sometimes years
- “FIN7 is known for its ability to evade antivirus scans; they know the capabilities of all current antivirus software and how to exploit them”

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Actions Today

- Segmentation of IT systems
- Monitoring software
- Management training

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Forensics IT

Chris Loehr

Executive Vice President,
Chief Technology Officer
CFC Security/CFC
Response/Solis Security

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What Common Cyber Attacks Are We Seeing In 2021?

- Ransomware
- Business email compromise
- Website compromise

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The Truth About Ransomware Attacks

- Attack groups
- Ransomware as a service
- Paying extortions – pros, cons, the realities

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Cybersecurity Gaps that Lead to Cyber Attacks

- Lack of investing in controls
- Dependence on cybersecurity policies
- Remote workers

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What Needs to Change to Reverse the Trend of Cyber Security Attacks

- Law enforcement action
- Collaboration and sharing
- Improved understanding of IT and security

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What to do & What not to do in the Event of a Cybersecurity Attack

DO:

- Contact your carrier
  - An incident response team will be engaged immediately
  - A cyber breach attorney will be engaged
- Disconnect employees from remote access

DO NOT:

- Do not shut down machines
- Do not tell anyone you are a victim of a hack or breach
- Do not panic!

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Cyber Insurance Benefits Explained

Nicole Limpert

Production Underwriter

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2020 FBI Internet Crime Report

Total Loss per Year (Hawaii)	
2020*	$13,671,531
2019	$10,005,566
2018	$6,460,785

Local Attacks:

- Oahu Cancer Center Ransomware Attack
- Fetal Diagnostic Institute of the Pacific Ransomware Attack
- Hawaii Department of Agriculture & Department of Human Services Phishing Incident

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Top Two Exposures

1. Email addresses

Ransomware

2. Bank accounts

Fraudulent transfers

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What is Cyber Insurance?

Protects your intangible assets (data & bank accounts):

1st Party Coverages

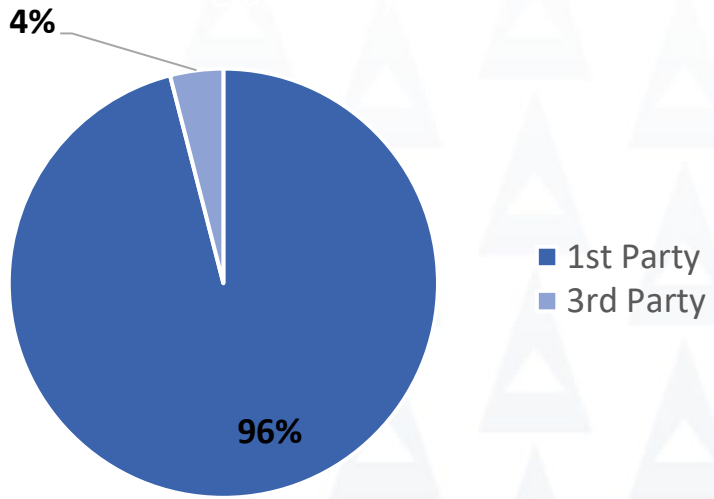
Incident Response: *legal advice, forensics experts, notification*

Cyber Crime: *fraudulent transfers*

Lost Income: *business interruption, reputational harm, corrective action plan costs*

3rd Party Coverages

Liability: *privacy liability, network security liability, regulatory fines, bodily injury*



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Ransomware Example

Kitchen Unit Manufacturer

- Hacker cracked administrator password via brute force attack on RDP access port
- Insured's backups were also compromised
- No access to CRM system, CAD software, emails, etc. for 3 days

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What will a Good Cyber Policy Cover?

System Rectification/Ransom Payment = $38,371

- *Ransom Demand = 3 Bitcoin*

Business Interruption Costs = $130,959

Good Cyber Policy	Bad Cyber Policy
Broad Business Interruption Cover (Dual Trigger, Long Indemnity Period, BI + Dep. BI)	No/Restricted Business Interruption Cover
No Risk Management Conditions	Statement Requiring Regular Backup Procedures for Cover

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Social Engineering Example

Construction Firm

- Project manager received an email from “Microsoft” to validate his log in credentials
- Hacker posed as a subcontractor on current project, provided invoice with “new bank info”
- Construction firm had internal policy to call & verify any bank changes

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What will a Good Cyber Policy Cover?

Social Engineering Loss = **$93,425**

Good Cyber Policy	Bad Cyber Policy
High Cyber-Crime Limits	Low or No Coverage for Cyber-Crime
No Risk Management Conditions	Risk Management Condition Requiring Action Prior to Sending Transfers

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Protect Your Business!

1. Check if you've been breached: Have I Been Pwnd?
2. Set up multi-factor authentication: MFA Set Up Guide
3. Train your employees
4. Get a comprehensive cyber policy

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Questions and Answers

Please submit questions via the Q&A function!

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Next Steps & Conclusion

Cyber Security
Planning Guide

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