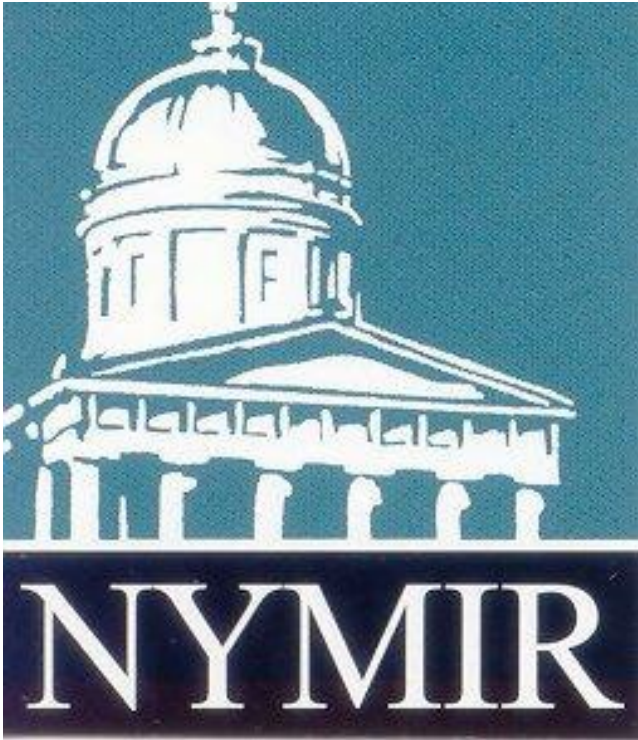


# Cyber Insurance Market for Public Entities 2022

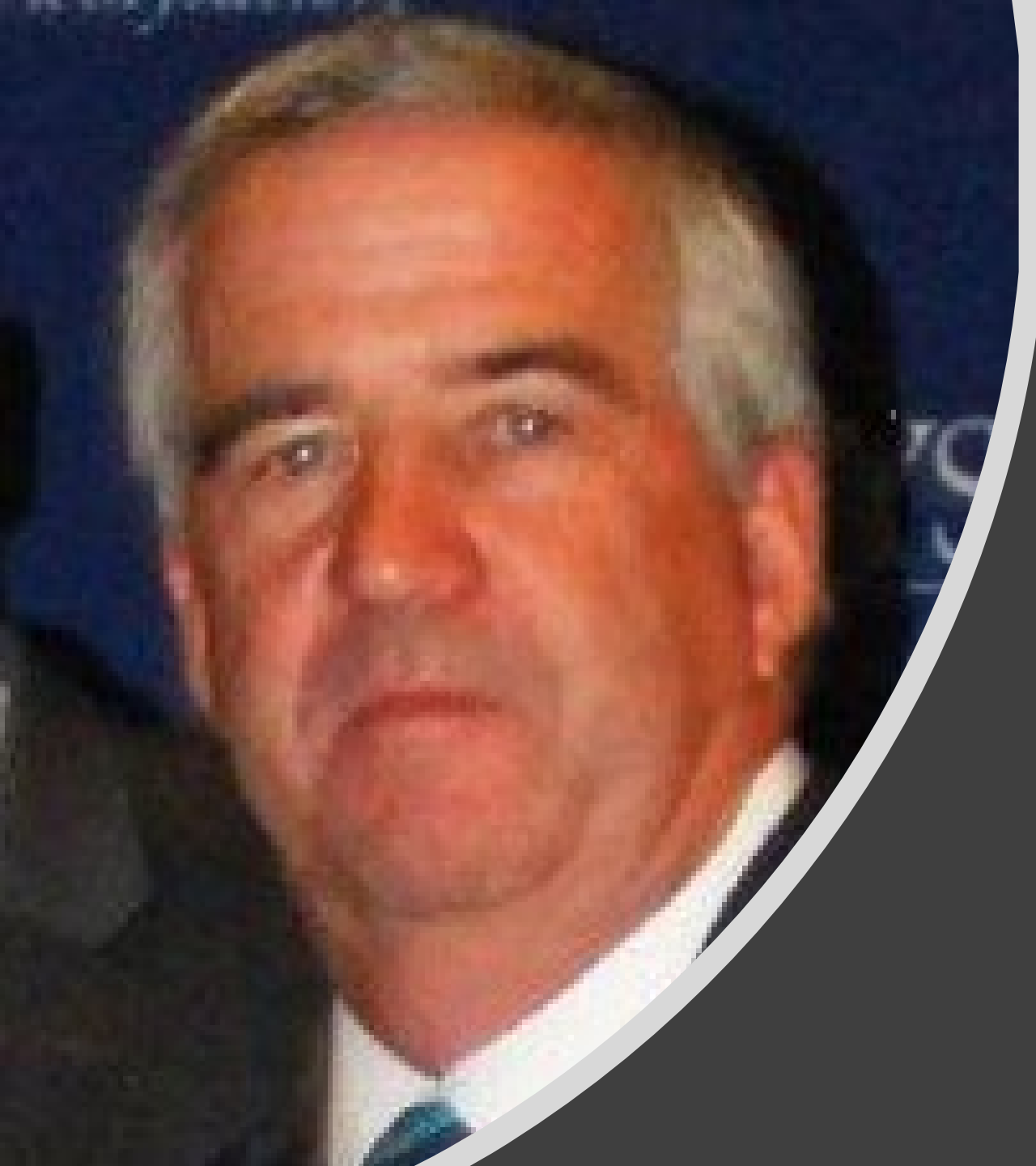


Wednesday Sept. 7, 2022

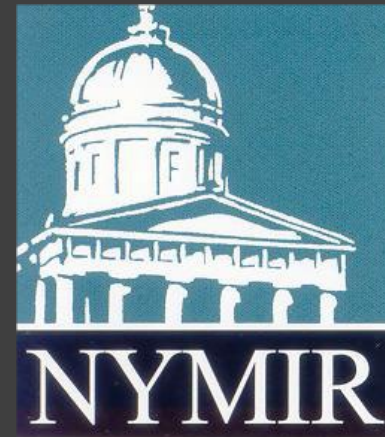
Kevin Crawford, NYMIR Executive Director - [kcrawford@kcnymir.com](mailto:kcrawford@kcnymir.com)

A close-up portrait of Mark LaVigne, PhD, a middle-aged man with short brown hair, a goatee, and a friendly smile. He is wearing a dark suit jacket over a light blue collared shirt. The background is a blurred outdoor setting with green foliage and a grey wall.

**Mark LaVigne, PhD**  
Deputy Director  
NYSAC

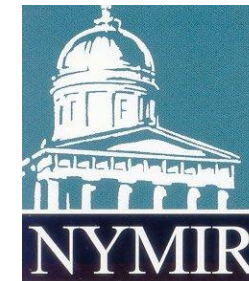


**Kevin Crawford**  
Executive Director



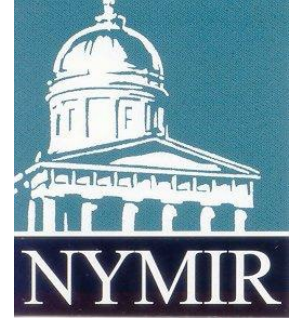


# WHO WE ARE

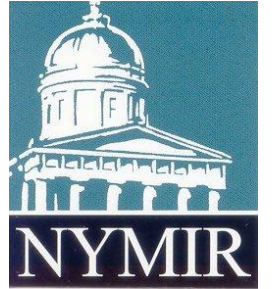


- New York Municipal Insurance Reciprocal (NYMIR) is a Property & Casualty insurer of N.Y. local gov'ts only
- Sponsored by the three municipal associations; NYSAC, NYCOM and Association of Towns
- Started with 26 in 1993, now 940 including 34 counties
- Began offering Cyber as endorsement to our general liability policy in 2015

# NYMIR HISTORY WITH CYBER

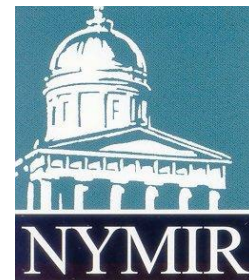


- First offered in 2015
- \$50K 1<sup>st</sup> party; \$100,000 3<sup>rd</sup> party
- Based on questionnaire developed with Center for Internet Security



## NYMIR EXPERIENCE

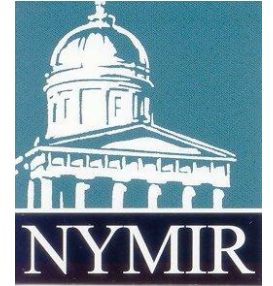
- Low cost, \$200-300 premium
- Little interest initially, only one in 6 bought coverage, now over half
- No Claims



## NYMIR EXPERIENCE cont.

- 2018 expanded limits to \$250,000 for all, could buy up to \$1M in limit
- Premiums still low, \$300-\$1000
- 2019 rates double as reinsurance costs began to grow & first claims arrived
- Atlanta Ga; Greenville, N.C.; Baltimore Md. & other public sector target stories hit front page

## NYMIR EXPERIENCE cont.

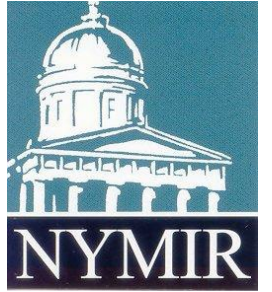


02/2021 Florida Water Treatment facility, adjusted levels of sodium hydroxide from 100 pts per million to 11,100!  
Got in thru dormant software

6/1/21 NYMIR Reinsurance provider shrinks capacity from \$20M aggregate to \$5M; warns of plan to leave the business entirely following year

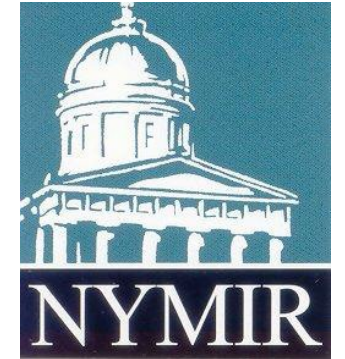
6/1/22 Reinsurance carrier follows thru; NYMIR now out to market, prospects & costs uncertain, if we can find any?





# NYMIR CURRENT CYBER STATUS

- 2022-23 Future uncertain but Board committed to line of coverage
- We now use a short form application, followed by
- Extensive & growing questionnaire, not going away soon
- Offer \$250, 500, 750 and \$1M in limit with three risk categories depending on answers to questionnaire
- Premiums run \$3K - \$9K

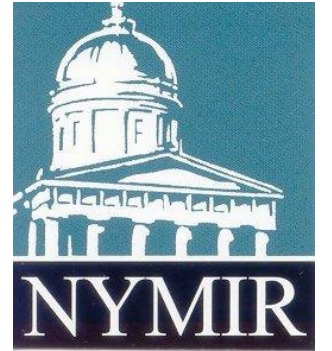


# **NYMIR New Standalone Cyber Policy**

**NETWORK SECURITY LOSS Covers Your Municipality for your expenses when Unauthorized or Potential unauthorized Access occurs to your systems for the following:**

- Forensic Expenses – Limited to \$50,000
- Extortion Expenses – Limited to \$25,000
- Data Recreation Costs
- System Restoration Cost

**AND**

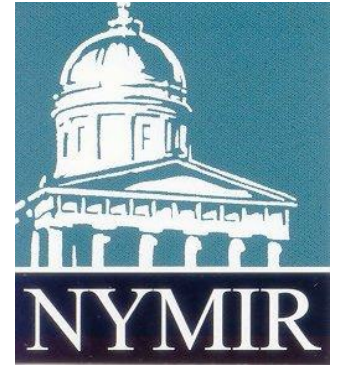


# BREACH MITIGATION EXPENSES

## for an Unintentional Data Compromise

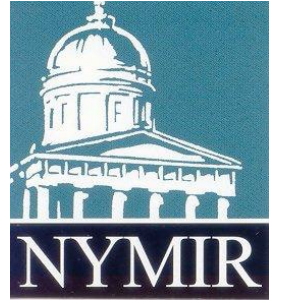
- Professional Public Relations Services
- Call Center Expenses
- Credit Monitoring Services
- Legal Fees
- Notification Costs
- Credit Monitoring

The Breach Mitigation expenses are limited to \$50,000



# NETWORK AND INFORMATION SECURITY LIABILITY

Damages and Defense Expenses resulting from a claim made against your municipality due to :



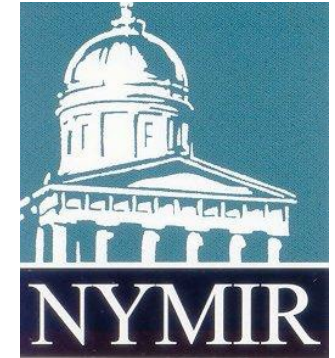
- Unauthorized Access
- Potential Unauthorized Access
- Unintentional Data Compromise

**Note:** Defense Expenses are included in your limit of liability  
Deductible for all coverage is \$1,000

**Maximum Annual Limits Available:** \$250,000, \$500,000, \$750,000  
& \$1,000,000 – Limits are the maximum Available for All Coverage.




# AN EPIPHANY MOMENT FOR NYMIR!



Inaugural  
HUDSON VALLEY

**CYBER  
SECURITY  
SUMMIT**




Preparing municipalities  
against cyber threats

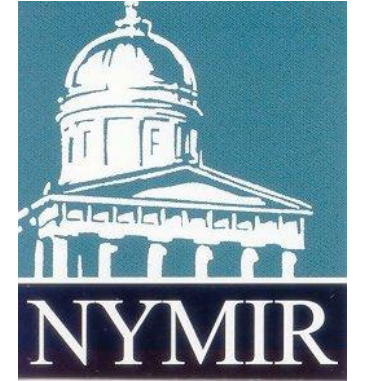
Wednesday, January 15, 2020  
09:00 AM - Noon

Marist College Student Center  
3399 North Road  
Poughkeepsie, NY 12601

**Register Now:**  
[dutchessny.gov/cybersummit](https://dutchessny.gov/cybersummit)

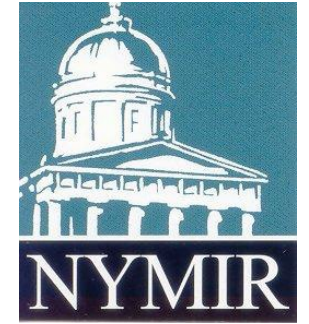


Hosted by Dutchess County Government      Sponsored by Marist College



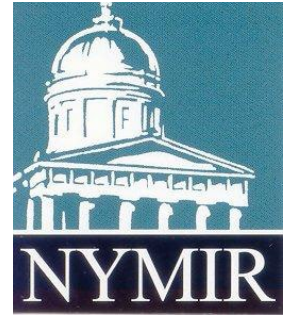
## SHORT TERM

- Insurers will continue to ask more questions
- Require more Risk Management
- Increase premiums but limit coverage just as they did for environmental, terrorism, virus etc.



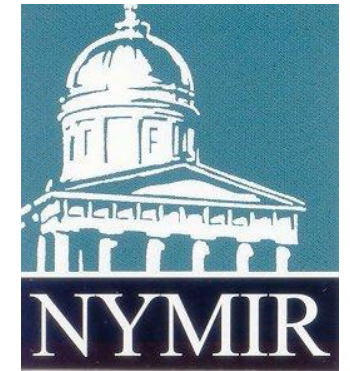
## LONGER TERM

- Companies (and gov'ts) putting greater value on intangible assets
- Cyber premiums growing exponentially
- Insurers & buyers still trying to figure out their exposure and buying appetites
- Dynamic market a particular problem for inflexible local gov't budgets



## **LONG TERM CONCERNS for NYMIR:**

- Connectivity of local gov't systems; heavy use of third-party vendors
- Broad attack affecting multiple insureds thru shared networks
- Vital statistics – DOH, Dog licenses-Ag & Mkts; hunting & fishing – DEC; court systems – OCA; Annual Financial reporting – St. Compt. ; CHIPS reporting-NYS DOT- etc.

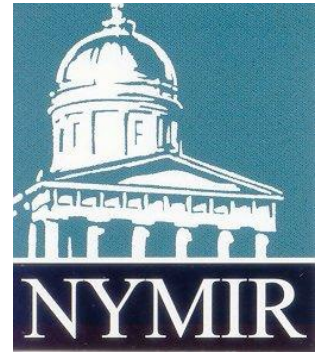


## LESSONS AND PERSPECTIVE

### INSURERS & REINSURERS ARE DRIVEN BY FEAR OF THE UNKNOWN

- Will we continue to be a target (probably, but maybe not)
- Will demands & threats escalate (very probably)
- Will threats to publish captured info be acted upon (eventually)





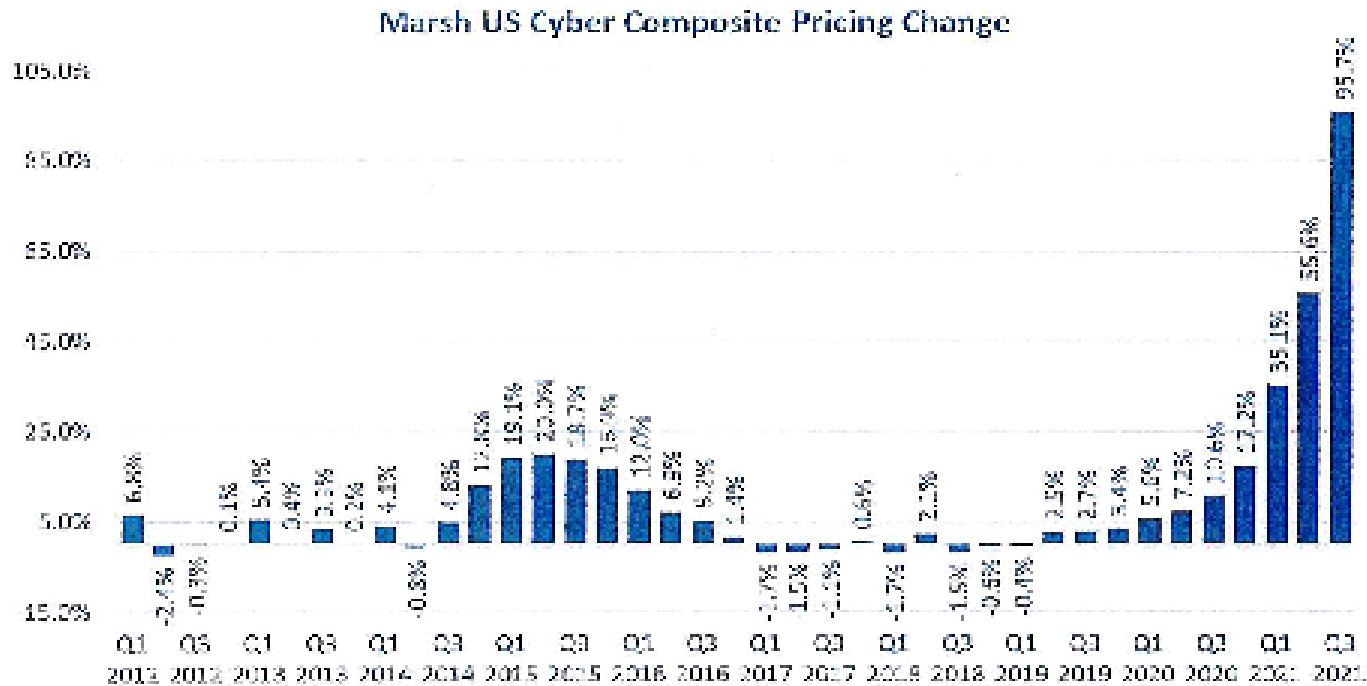
## LESSONS AND PERSPECTIVE Cont.

### IT “HYGENE” WILL CONTINUE TO EVOLVE & EXPAND:

- longer apps, more question & affirmations
- complex passwords
- MFA
- encryption & cryptography
- “layered security” --whatever that means

# Marsh Global Market Index

Cyber US - 1st Q 2012 to 3rd Q 2021

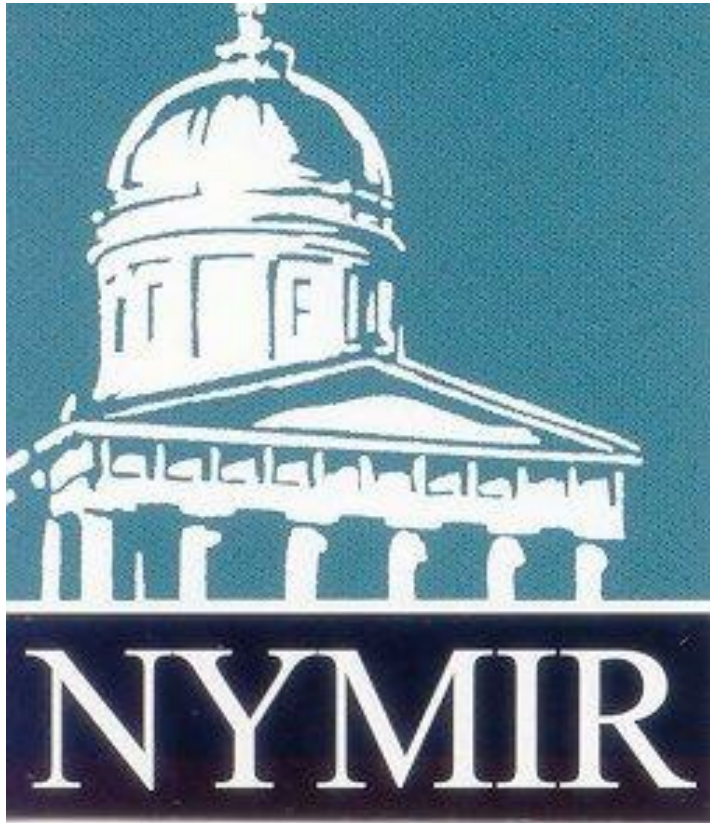


The Marsh Global Insurance Market Index is a proprietary measure of worldwide insurance premium pricing change at renewal, representing the world's major insurance markets and comprising nearly 90% of Marsh's premium. The pricing change captures year-over-year pricing movement, measured quarterly. The pricing change metrics are based on a combination of statistical data and surveyed opinions from Marsh placement leaders worldwide. All references to pricing and pricing movements in this report, where stated in terms of percentages, should be considered averages unless otherwise noted.

# Market Commentary (Source Marsh)

Cyber pricing increased 95.7%, a 40 percentage point increase over the second quarter; the largest increase Since 2015.

- Pricing trended higher throughout the quarter, increasing 112% in August even though more than 60% of Clients increased retentions.
- The frequency and severity of ransomware claims was the leading factor as ransom payments frequently exceeded USD1 million, with additional claims payments for business interruption or data exfiltration.
- Underwriting scrutiny increased significantly and many insured narrowed coverage for ransomware-related losses for companies that failed to show certain levels of maturity.
- Concerns about systemic exposures and accumulation of risk increased; insurers tightly managed limit deployment on any one risk, often capping at USD5 million.
- Healthcare, manufacturing, education, energy and public entities were particularly affected; many insurers declined to quote risks in these industry classes.



**THANK YOU!**

**QUESTIONS?**

**Kevin Crawford, NYMIR Executive Director - [kcrawford@kcnymir.com](mailto:kcrawford@kcnymir.com)**