CYBER RISK MANAGEMENT AS A MEMBER SERVICE

GOVERNANCE
CONFERENCE
2022

PANELISTS

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OVERVIEW

- Cyber risks, causes, impacts
- Pool responses
  - **What** three pools are doing to respond
  - **Why** these pools developed the programs they have built
  - **Early outcomes**
- Questions to think about
- Resources

RISKS FACED BY A POOL'S MEMBERS

Pool members present unique risks for pools because, as local public entities, pool members:

- **Store large quantities of sensitive information** on networks
- Have **limited resources** for tech security
- Are one of the most **"successful" targets** of cyberattacks, especially ransomware
- Are experiencing **exponential increases** in cyberattacks

CAUSES OF RISKS

Risks at the local public entity have a range of causes including:

- **Difficult-to-fund “unseen” risks** when visible infrastructure – roads, public utilities, schools, etc. – have needs
- End users **challenged by controls and security measures** (weak data governance)
- **Lack of training** resources for end users
- **Inability to do testing**

IMPACTS OF RISKS ON POOLS

Public entity pools are seeing significant impacts from risks and losses among members including:

- **Reinsurance costs skyrocketing** 200–1,000%
- **New sublimits** in coverage for ransomware and related cyber risks
- **Exclusions** for any cyber coverage
- Reinsurers moving toward **individualized cyber liability renewals vs. pool-wide reinsurance**

POOL CYBER SERVICE RESPONSES

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Challenges

- Pool members aren’t focused on cyber risks because:
    - **Focused on day-to-day services** (i.e., delivery of municipal services to public)
    - **Don’t have financial resources** to invest in cybersecurity, training

Solutions by The Trust focus on tangible benefits to the member.

RHODE ISLAND INTERLOCAL

The Trust

RISK MANAGEMENT TRUST

Solutions are top-down and **bottom-up:**

- **Multi-agency collaboration**
- **Cyber coverage via endorsement** vs. through general liability
- **Incident response**
- Member **training** programs
- **Model policies** and documents
- **Questionnaire to prepare members** for future application requirements

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Challenges addressed by Wisconsin County Mutual Insurance Corporation (WCMIC):

- **Improving effectiveness** of cyber insurance as a risk transfer tool
  - **Helping members understand** scope of coverage

- Established **internal SMEs; garnered support** for program
  - Cybersecurity Specialist, Cyber Litigation Case Manager, others

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Challenges addressed by WCMIC (continued):

- **Support insurance application & Underwriting processes**
  - Two-way communication and collaboration
- Build **collaboration through** technology focused cyber **work group**
  - Consider member needs and cyber risk profile

C-RECS

Cyber - Resilience & Education Coordination Services

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Solutions for WCMIC Members

- **No additional cost** to pool members
- **Multi-pronged strategies to address risks**
- Partnership with Center for Internet Security to **leverage best practices, resources, tools**
- **Training**, education, awareness, information sharing
- Cyber risk **audits and assessment consultations**
- **Programs, policies and procedures** documentation and implementation
- Cyber incident response and **resilience services**

C-RECS
Cyber - Resilience & Education Coordination Services

SOUTH DAKOTA PUBLIC ASSURANCE ALLIANCE
LIABILITY & PROPERTY POOL

Challenges

- Local **member officials skew older throughout membership**

- **No “point person”** for pool to work with

- **Members do not have standalone IT resources**

- Members **don’t have resources to invest in upgrades**

SOUTH DAKOTA PUBLIC ASSURANCE ALLIANCE
LIABILITY & PROPERTY POOL

Three-Tier Program

- **Penetration Testing and Recommendations**
  - Multi-agency partnership (Dakota State University, Homeland Security)
  - Understand totality of member needs
  - Develop recommendations for members

- **Training**
  - Each member names a cyber representative who:
    - Takes baseline training
    - Works with Homeland Security to customize an incident response plan

- **Funding**
  - Refund portion of members’ upgrades

RESOURCES

- Center for Internet Security (https://www.cisecurity.org/)
  - Multi-State Information Sharing and Analysis Center (a branch of the Center for Internet Security)
- Cybersecurity and Infrastructure Security Agency (https://www.cisa.gov)
  - Cyber Essentials Toolkit guide for local governments
  - Resources for State, Local, Tribal and Territorial Governments
- MassCyberCenter (https://www.masscybercenter.org)
- Internet Crime Complaint Center (https://www.ic3.gov)
- Cyber – National Guard Units
- NACo Cybersecurity Collaborative
- Association of Governmental Risk Pools (AGRiP)