



**A Day in The Life of a
Cyber-Insurance Forensic Accountant**

Wed 16 Sep 2020

Presenter
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FORENSIC ACCOUNTANTS

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Learning Objectives



By attending this event you will gain a further understanding of:

- > How to approach cyber BI loss calculations;
- > Appreciate the operational issues caused by cyber incidents;
- > Understand the different types of data sources available to support claims;

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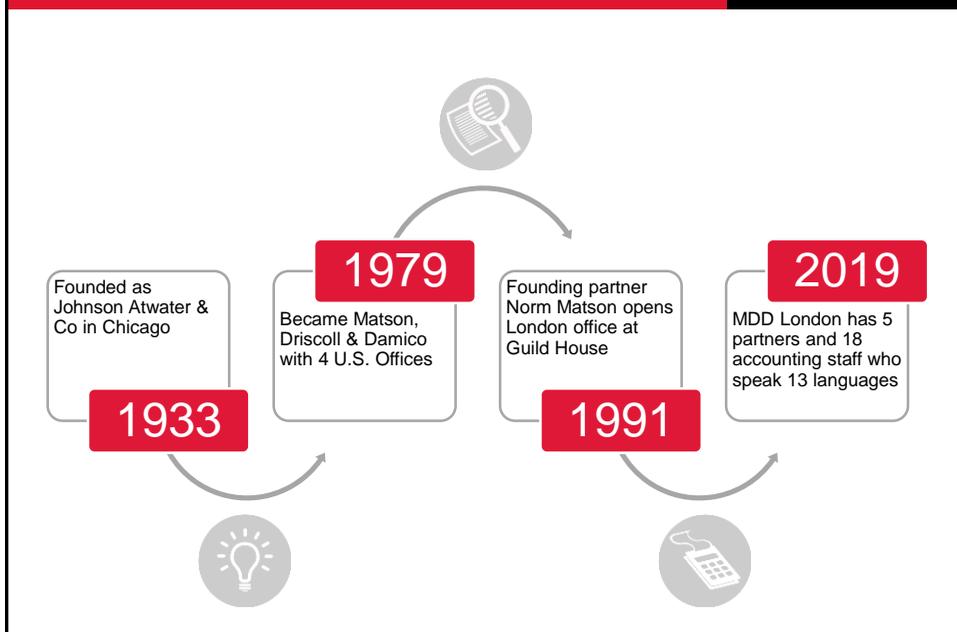
Agenda



- > Welcome
- > Learning Objectives
- > Introductions
- > General Approach to Cyber BI Calculations
- > Case Study 1
- > Case Study 2
- > Recap on Learning Objectives
- > Questions and discussions

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London Office Timeline



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Practice Areas



 <p>Builders' Risk Claims & Soft Costs Claims</p>	 <p>Business Disputes & Shareholder Disputes</p>
 <p>Business Interruption</p>	 <p>Business Valuations</p>
 <p>Catastrophe Services</p>	 <p>Class Actions</p>
 <p>Contingency Claims & Entertainment Claims</p>	 <p>Cyber Risk</p>

Areas in **RED** are our core Practice Areas

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Practice Areas



 <p>Disability & Workers Compensation Claims</p>	 <p>Divorce & Marital Disputes</p>
 <p>Environmental Damage Claims</p>	 <p>Expropriation</p>
 <p>Extra Expenses/ Increased Costs</p>	 <p>Fidelity Claims</p>
 <p>Franchise Litigation</p>	 <p>Fraud & Investigations</p>

Areas in **RED** are our core Practice Areas

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Practice Areas



 <p>Intellectual Property</p>	 <p>Liability Losses</p>
 <p>Litigation Support</p>	 <p>Lost Profits</p>
 <p>Mining Claims/ Refining Claims</p>	 <p>Oil & Gas</p>
 <p>Personal Injury & Wrongful Death</p>	 <p>Physical Damages</p>

Areas in **RED** are our core Practice Areas

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Practice Areas



 <p>Power Generation</p>	 <p>Product Liability & Product Recall</p>
 <p>Reported Insurance Values</p>	 <p>Stock & Contents Loss</p>
 <p>Subrogation</p>	 <p>Surety Bond & Funds Control Services</p>
 <p>Toxic Torts</p>	 <p>Valuable Papers</p>

Areas in **RED** are our core Practice Areas

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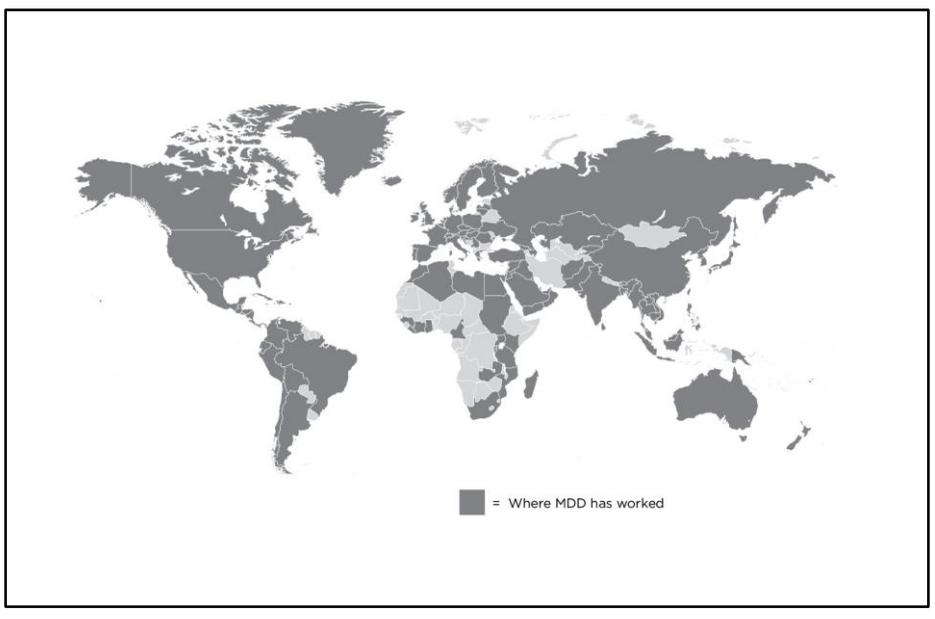
What Sets Us Apart



- > Significant experience in 800 industries
- > Strong litigation and expert testimony background
- > Few, if any, conflicts
- > Extensive Global Resources across 5 continents, all 100% MDD offices
- > Ongoing internal training for accountants
- > More than 10 language fluencies in London office alone

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Where We Have Worked



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General Approach to Cyber BI Calculations



- Pre-Loss Operations
 - What is supposed to happen?
 - What is the normal IT infrastructure
- Incident
 - What happened
 - What was the effect on operations
 - What's the current status – Period of Reinstatement
 - Estimate on how long effect will be felt for
- Loss Categories
 - Which revenue streams have been affected?
 - What costs have been incurred?
 - What are the ongoing revenue losses and ongoing costs? (Useful for reserving)
- Calculate The Financial Magnitude of Impact
 - Obtain high level info if adequacy of insurance is required to be calculated
 - What data is available to support each head of claim
 - What proxy data is available if no material historical data exists
 - Estimate loss to date, POA and reserve

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Case Study 1



> Hotel Chain

- Incident
 - Temporary and intentional website repointing to sister website while planned website maintenance took place.
 - After maintenance IT contractors had difficulty re-pointing DNS back to original website.
 - Maintenance was planned to take four days. Additional three days for successful repointing.
- Effect
 - Loss of turnover due to repointed customers uncomfortable with 'unfamiliar' website (in different currency) to make booking.
 - 2,100 bookings lost at Insured's website over three days, with 800 offset by sister website. Loss of 1,300 bookings @ £85.
- Considerations
 - End of restoration period to nearest hour
 - 12 hour deductible
 - Include gain in sister website

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Case Study 1



> Value to Stakeholders After The Technical and Granular Review

- Insured
 - Assurance that someone in the claims process was taking a deep and appreciative view of their business and their operations/losses
 - Had a contact to discuss accountancy (or other ops data) terminologies with
 - Finished with an understanding of why the financial loss was measured (suffered and paid out) as it was.
- Broker
 - Did not have to allocate resources to undertake calculations
 - Always in control of the flow of information
 - Had a contact to discuss reasons for why BI loss was calculated as it was
 - Improved claims process helps to retain customers
- Insurers
 - Did not have to allocate internal resources to undertake calculations
 - Always in control of policy interpretation, POAs and settlement
 - Improved claims process helps to retain customers
 - Did not overpay (claims leakage). Did not underpay (TCF).

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Case Study 2



> Beauty Products Distributor

- Incident
 - Hit by ransomware. Inventory system encrypted. Some personnel information encrypted.
 - Backups failed. Server rebuilt over 11 days using snippets of configuration from ad-hoc and scattered backups.
- Effect
 - Loss of visibility of inventory. No outbound or inbound orders possible.
 - Customers and suppliers made aware as initially no idea how long to restore.
 - Loss of turnover due to KPI's not met for a large retailer and product delisted.
 - Potential compromise of personal data. Call centre set up and credit monitoring facility offered to potential victims.
 - Staff overtime costs to recount stock and repopulate inventory management system.
 - No inbound or outbound deliveries, or admin or production computers during initial period
- Considerations
 - Loss of turnover to delisted product lasts longer than 12 month indemnity period.
 - Different products have different margins
 - Insured was very important customer to Insurers

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Case Study 2



- > **Value to Stakeholders After The Technical and Granular Review**
 - Insured
 - Assurance that someone in the claims process was taking a deep and appreciative view of their business and their operations/losses
 - Had a contact to discuss accountancy (or other ops data) terminologies with
 - Their request to have a commercial settlement was accepted and ballpark figures were verified
 - Insurance Manager
 - Did not have to allocate resources to undertake calculations
 - Always in control of the flow of information
 - Had a contact to discuss reasons for why BI loss was calculated as it was
 - Insurers
 - Did not have to allocate internal resources to undertake calculations
 - Always in control of policy interpretation, POAs and settlement
 - Improved claims process helps to retain customers
 - Received ballpark figures to establish commercial settlement to retain customer loyalty without fear of too much overspend.

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Thank You



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