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Welcome to the Cyber Risk Insights Conference!

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Welcoming Remarks

Jeffrey Cohen
EVP & Global Business Development
Advisen

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"Rapidly Evolving Opportunity"

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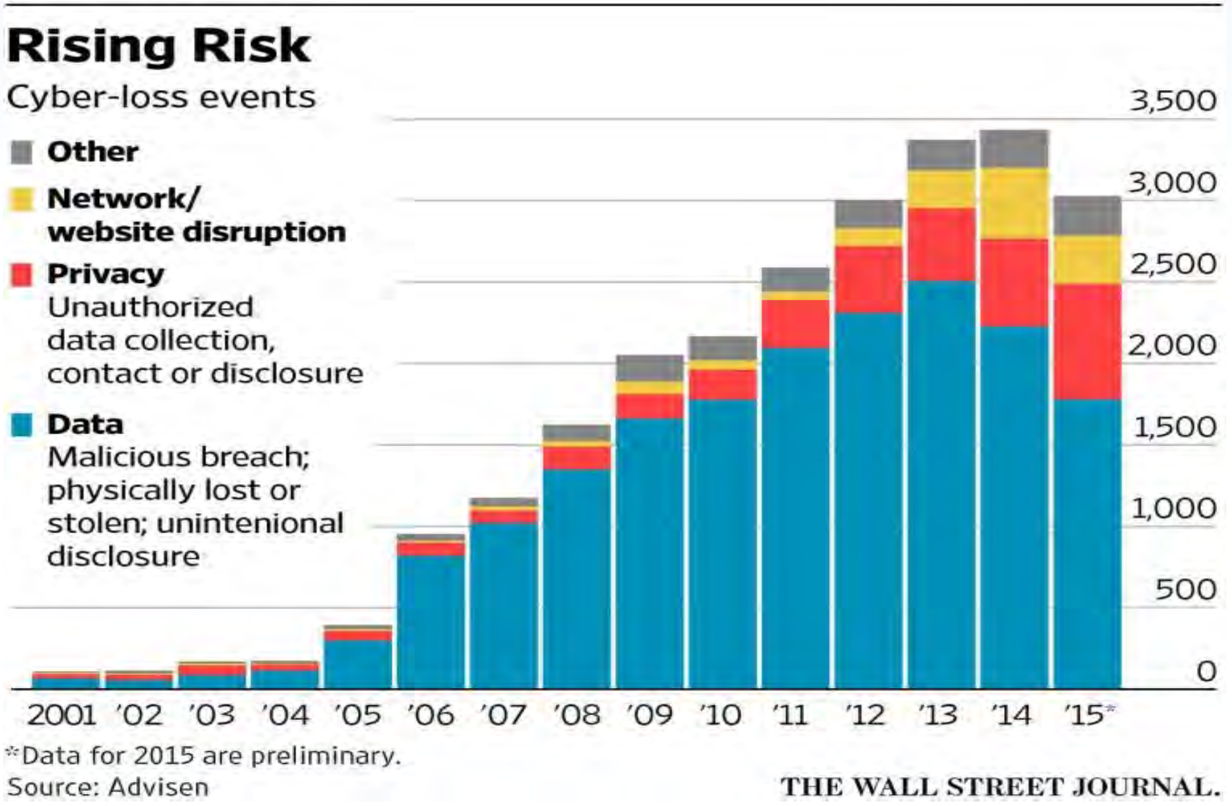


Advisen data in Wall Street Journal, Dec 2016

Loss Data Overview

Other

Management Liability

Liability

Property

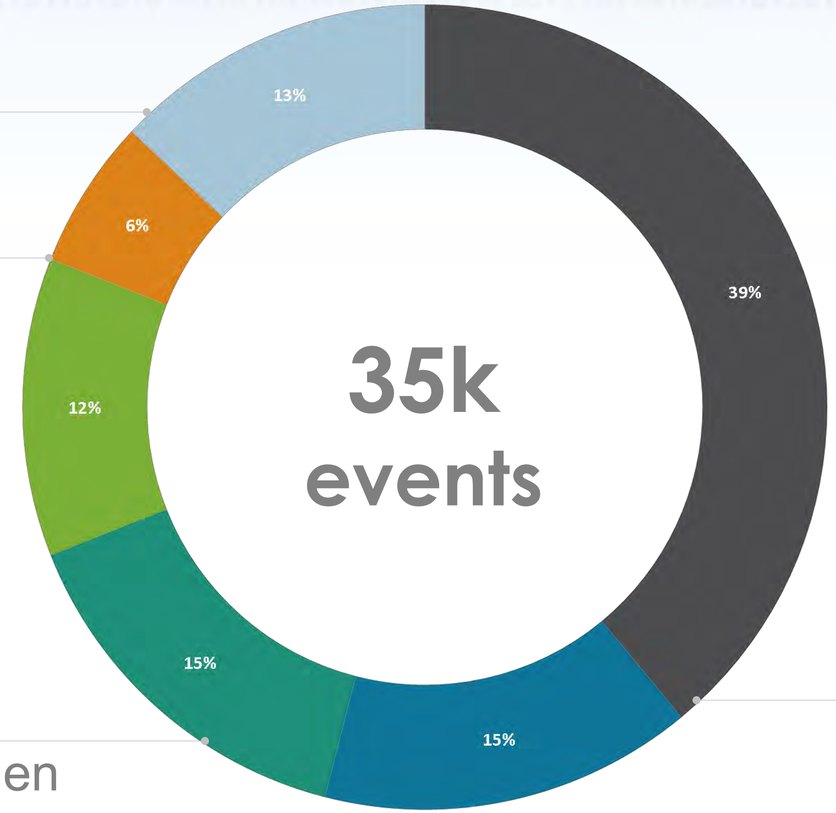
Professional Liability

Cyber

Marine & Aviation

Medical Malpractice

Cyber Loss Data



Data – Malicious Breach

Data – Unintentional Disclosure

Data – Physically Lost or Stolen

Privacy – Unauthorised Contact / Disclosure

Network / Website Disruption

Additional 9 Types

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Thank you to our Advisory Board

Elisabeth Case, Marsh Cyber Practice
Adam Cottini, Arthur J. Gallagher
Nick Economidis, Beazley
Evan Fenaroli, Philadelphia Insurance Companies
Meghan Hannes, Axis Capital [2017 Conference Co-Chair]
Kimberly Holmes, ID Experts [2017 Conference Co-Chair]
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Melissa Ventrone, Thompson Coburn LLP

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"Willis uses 40 underwriters to build $600M cyber insurance tower"
by Chad Hemenway on Apr 24

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Co-Chair Opening Remarks

Meghan Hannes
VP, Product Manager – Cyber, Technology
Axis Capital

Kimberly Holmes
Senior Vice President & Counsel,
Cyber Insurance, Liability & Emerging Risks
ID Experts

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Health Care CISOs Speak: Recent Successes, Challenges, & What's Top of Mind for 2017 Priorities

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Health Care CISOs Speak

Sean Hoar
Partner
Lewis Brisbois Bisgaard & Smith LLP
Moderator

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Health Care CISOs Speak

- **Sean Hoar,** Partner, Lewis Brisbois Bisgaard & Smith LLP (Moderator)
- **Meredith Harper,** Chief Information Privacy & Security Officer, Henry Ford Health System
- **Robert Hill,** CISO, Mayo Clinic
- **Pete Naumovsk**i, VP, Chief Information Security Officer, Blue Cross Blue Shield Association
- **Jerry Sto. Tomas,** VP, Chief Information Security Officer, Apria Healthcare

The Challenging Issues

- What are the primary issues that cause you concern?
  - Cyber threat landscape
    - Evolving malware; encryption attacks
    - Social engineering
  - Non-cyber threat landscape
    - Privacy incidents
    - Impermissible disclosures
  - How do you prioritize competing responsibilities?

Regulatory Enforcement

- How have OCR enforcement actions affected your allocation of resources?
- How have state enforcement actions affected your allocation of resources?
- What are your primary continuing concerns about regulatory enforcement actions?

The Human Firewall

- How are you protecting your networks from the evolution and sophistication of social engineering?
  - Administrative, physical and technical measures
- How are you deploying employee training?
  - Interactive learning
  - Reward based learning
  - Sanction based learning

Third Party Risk Management

- What are the issues?
- How are you addressing them?
  - How are you conducting due diligence?
  - What contractual measures have you taken?
    - Information security standards
    - Limitations of liability
    - Indemnification
    - Cyber insurance

Incident Response Planning

- How often do you review your plan?
- How often do you “test” your plan?
- Which business units outside information technology/security/privacy are involved?
- Is it mapped to an information security framework? i.e. NIST SP 800-61 Rev. 2
- What have been the tangible benefits?

Cyber Insurance

- Is acquisition and/or renewal incorporated in incident response planning?
- How has cyber insurance responded to:
  - Data privacy and/or data security incidents?
  - Intellectual property matters?
  - Insider hacking matters?
- What issues would you like cyber insurance brokers and carriers to better understand?
  - Issues unique to health care
    - Level of support during incident
    - Patient remediation

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It's an Enterprise Issue: Perspectives on Latest Developments in the Health Care Threat Landscape

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It's an Enterprise Issue

Kimberly Holmes
Senior Vice President & Counsel,
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Moderator

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It's an Enterprise Issue

- **Kimberly Holmes**, Senior Vice President & Counsel, Cyber Insurance, Liability & Emerging Risks, ID Experts (Moderator)
- **Stephen D. Rose**, Seattle Office Managing Partner, Hall Render
- **Trevor Weyland**, Area SVP, Arthur J. Gallagher

Unique Dynamics in the Health Care Industry

Health Care is (and has been for many years) in the middle of massive change:

- Affordable Care Act
- M&A
- Cost-cutting (while maintaining patient safety/care as priority #1)
- New relationships/Partners
- Politics
- New Administrations

Unique Dynamics in the Health Care Industry

Health Care has “a lot on its plate”

- Changing laws
- Related reimbursement shifts from Medicare/Medicaid
- Providers (especially hospitals) fighting against reduced revenue on most all fronts

Unique Dynamics in the Health Care Industry

Health Care has “a lot on its plate”

- Move to Value-Based Care; Related diversion of BOD and overall organization strategic focus
- Ongoing M&A activity between Healthcare organizations (i.e., Anthem/CIGNA)
- Resulting vulnerability to both IT and HR integration/business procedures (increased disclosure points)

Unique Dynamics in the Health Care Industry

Health Care #1 Priority Historically (and still today): Patient Safety

- Arguably at odds with BOD focus resources on privacy/cybersecurity issues

- Accessibility to data is KEY for patient care – BUT: trade-off against data security

- Management traditionally focused on clinical issues & patient safety-centric agenda more than privacy/security issues

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Current Regulatory Developments & What's on the Horizon…

- **Cybersecurity Task Force Report - mandate per Cybersecurity Act of 2015**

- Draft to Senate & House committees - May 15, 2017
- Call to Gov't to create new framework of policies, guidelines & best practices for HealthCare industry
- Build off of NIST & HIPAA Security Rule existing frameworks
- Recommends a "CyberSecurity Leader" role in HHS

Current Regulatory Developments & What's on the Horizon…

- Aggressive Oversight: OCR, FTC, State AGs, DOJ, OIG, FCC,

- OCR – 14 Settlements to Date (2017): $14M CMP
- LabMD (FTC)
- Horizon BCBSNJ (NJ AG)

Recent OCR Settlement/ Developments: 2017 To Date

- 7 OCR Settlements totaling $14.3M in CMP

- 3 Settlements Just Last Month - April, 2017 (A First for OCR)

Recent OCR Settlements

BioTelemetry, Inc. (fka, CardioNet, April 2017) – $2.5M

Center for Children's Digestive Health/CCDH ("Tummy Docs" April, 2017)- $31K

Metro Community Provider Network (April, 2017) – $400k

Memorial Health Care System (Feb. 2017) - $5.5M

Recent OCR Settlements

Children's Medical Center of Dallas (Feb., 2017) $3.2M

MAPFRE Life Insurance Co. of Puerto Rico (Jan. 2017) $2.1M

Presence Health Network (Jan. 2017) $475k

Recent OCR Settlements (2016)

$2.7M CMP imposed against each CE (*Failure to act on identified problems/risks)*

- University of Mississippi Medical Center
- Oregon Health & Science University

St. Joseph Health - $2.14M

Recent Fraud & Abuse Recovery

2014
$2.425 Billion

2015
$2.100 Billion

2016
$2.597 Billion

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2016 Fraud & Abuse Recovery

- Government recovers about $20.00 for every $1.00 investment in recovery efforts

- 2016 was the seventh consecutive year where more than $2.0 Billion recovered from health care fraud and abuse matters

- On average - 13.5 new *qui tam* cases are initiated each week

- Of these new cases, 71% are healthcare-related

* False Claims Act (FCA) penalties doubled in 2016

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Questions?

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Afternoon Break

Coming up next…

Pre-Incident Planning for Health Care Organizations: Best Defense or Offense?

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Pre-Incident Planning for Health Care Organizations: Best Defense or Offense?

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Pre-Incident Planning for Health Care Organizations

Theodore Augustinos
Partner
Locke Lord LLP
Moderator

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Pre-Incident Planning for Health Care Organizations

- **Theodore Augustinos,** Partner, Locke Lord LLP (Moderator)
- **Evan Fenaroli,** Product Manager, Management & Professional Liability, Philadelphia Insurance Companies
- **Shannon Groeber,** Senior Vice President, Cyber/E&O Practice, JLT Specialty
- **Duane Hopkins,** Director of Security Operations, Cyber Security, Ascension Information Services
- **Ian Kelly,** National Sales Manager, ID Experts

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Pre-Incident Response Planning for Healthcare Organizations

presented by

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Philadelphia Insurance Companies

Shannon Groeber
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Duane Hopkins
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May 16, 2016

AGENDA

1. Are Healthcare Organizations well prepared for incident response?
2. What can Healthcare Organizations do to achieve better preparedness?
3. What recent changes have affected the preparedness of Healthcare Organizations?
4. What drives the cost of incidents for Healthcare Organizations?
5. Where should Healthcare Organizations start in an effort to improve their incident preparedness?

Are Healthcare Organizations well prepared for incident response?

- How does the healthcare industry stack up compared to others?
  - Where is the industry deficient?
  - Where is it superior?
  - What are the differentiators?
    - Regulatory environment
    - Enforcement environment
    - Nature and sensitivity of healthcare information
    - Relative value of healthcare information
    - Information systems architecture, and need for connectivity and access
    - Diversity of size and sophistication of healthcare organizations
    - Cultural challenges

What can Healthcare Organizations do to achieve better preparedness?

- Threat Intelligence
- Risk Assessment
- Awareness of Available Resources (including cyber coverage!)
- Response Planning

What recent changes have affected the preparedness of Healthcare Organizations?

- Available technology
- Developing exercises and techniques
- Contractual demands of Business Associates and other Third Parties
- General awareness

What drives the cost of incidents for Healthcare Organizations?

- Level of General Preparedness
- Availability of Resources
- Understanding of Information and Information Systems

Where should Healthcare Organizations start in an effort to improve their incident preparedness?

- Assessment of threats and risks
- Address cultural issues
- Review available resources, policies and procedures
- Build in privacy and security by design
- Review past cybersecurity incidents for lessons learned
- Update Incident Response Plan
- Practice

Conclusions and Q&A

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It's Happened…
Who Gets the First Call…
and the Second?

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It's Happened… Who Gets the First call… and the Second?

Joe DePaul
Cyber / E&O Practice Leader
Willis Towers Watson
Moderator

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It's Happened… Who Gets the First call… and the Second?

- **Joe DePaul,** Cyber / E&O Practice Leader, Willis Towers Watson (Moderator)
- **Eric Cornelius,** Consulting Director- Critical Infrastructure/ICS, Cylance
- **Winston Krone,** Managing Director, Kivu
- **John Mullen,** CEO and Founding Partner, Mullen Coughlin

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