# Managing Cyber Risks for Digital Accountants

***Presented By:***
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***Extra Cover Insurance Brokers Pvt. Ltd.***

# Agenda

- Cyber Security?
- Major Cyber Attacks
- Legislative implications are changing rapidly
- Accountancy firm at higher risk of cyber attacks
- Role of Accountants/ Auditors in Cyber Security
- Do we have enough protection?
- Managing Cyber Risk through Insurance:

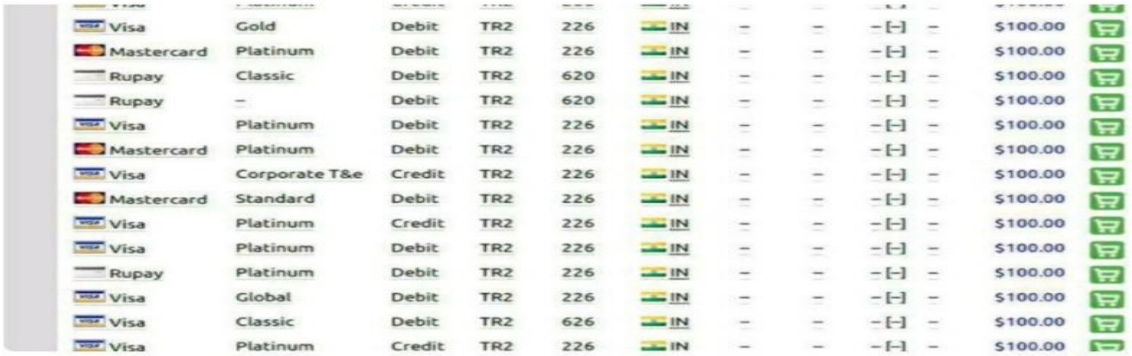
a. Cyber Insurance

b. Crime Insurance

- Summary

# Cyber Security?


# Major Cyber Attacks- Is your Business Ready?



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| Rupay | Classic | Debit | TR2 | 620 | IN | – | – | – | – | $100.00 |
| Rupay | – | Debit | TR2 | 620 | IN | – | – | – | – | $100.00 |
| Visa | Platinum | Debit | TR2 | 226 | IN | – | – | – | – | $100.00 |
| Mastercard | Platinum | Debit | TR2 | 226 | IN | – | – | – | – | $100.00 |
| Visa | Corporate T&e | Credit | TR2 | 226 | IN | – | – | – | – | $100.00 |
| Mastercard | Standard | Debit | TR2 | 226 | IN | – | – | – | – | $100.00 |
| Visa | Platinum | Credit | TR2 | 226 | IN | – | – | – | – | $100.00 |
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| Visa | Classic | Debit | TR2 | 626 | IN | – | – | – | – | $100.00 |
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## 13 lakh Indian debit, credit card details put on dark web for sale

Singapore-based cybersecurity company Group-IB has detected a database containing about 13 lakh debit card and credit card records of Indian banks' customers on the dark web. The details are being sold on one of the largest underground card shops, Joker's Stash. Group-IB found that the

## RBI asks Indian banks to probe alleged data leak of 1.3 million cards

Security researchers at Singapore-based Group-IB had found that card details were being sold at a price of $100 per card, ZDNet had reported. The value of the leaked database has been estimated by the group at $130 million. There were about 51.7 m...

By Joel Rebello, **ET Bureau** | Updated: Oct 31, 2019, 09.33 PM IST


# Survey reveals 1 in 3 Indian Companies Suffered Huge Financial Costs from Hacking

Gadgets 360 An NDTV venture

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## Hackers Attack Indian Healthcare Website, Steal 68 Lakh Records: FireEye

Without naming the website, FireEye said cyber criminals are selling data stolen from healthcare organisations and Web portals globally.

By Indo-Asian News Service | Updated: 22 August 2019 17:43 IST

AIG

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# Cyber Claims: GDPR and business email compromise drive greater frequencies

Claims Intelligence Series

## 64% of IT decision makers have reported a breach in their ERP systems in the past 24 months

ERP applications are 'critical' to business operations, according to the IDC survey of 430 IT decision makers.

45,974 views | Jul 29, 2019, 9:39 pm

# Capital One Says Hacker Breached Accounts Of 100 Million People; Ex-Amazon Employee Arrested

**Rachel Sandler** Forbes Staff

*I cover breaking news.*


# Data of 90K Mastercard Priceless Specials Members Shared Online

By **Sergiu Gatlan**

September 2, 2019 05:06 PM 0

livemint


## 76% Indian businesses hit by cyber attacks: Survey

1 min read . Updated: 13 Mar 2019, 08:46 AM IST
Nandita Mathur

- 97% IT managers admitted that security expertise is one of the greatest issues in India
- IT managers are more likely to catch cyber criminals on their organization's servers and networks than anywhere else, says the survey

# Cyber attacks becoming more frequent in India

This year, one in every five attacks targeted financial networks; and almost the same proportion was aimed at a government department or unit; around 15% of the attacks targeted power plants, oil refineries, and oil and gas pipelines.

INDIA Updated: Nov 03, 2018 08:21 IST

ht Sudhi Ranjan Sen
Hindustan Times, New Delhi

# Cyber Crime Cases : Are we prepared?

- In one of the security breaches in India, **data of nearly 3.2 million debit cards were compromised.**

- **In 2013, a hacker stole tax returns of some 900 Connecticut** residents in Fairfield County, altered certain details, hoping to collect refunds before the actual filer

# Cyber Crime Cases : Are we prepared?

- **India** has now joined the dubious list of the **world's top 15 countries** hosting "phishing" sites.

- **Cybercrime cases up by 61% in India**

- **Nearly 69% of information theft is carried out by current and ex-employees and 31 % by hackers.**

- A study by leading IT firm Citrix and Ponemon Institute found that **91% of businesses in India are feeling vulnerable to cyber-attack.**

# Corporate Crime Cases : Are we prepared?

•**Wipro**: Employee commits an embezzlement fraud of $ 4.6 million and then commits suicide on being discovered.

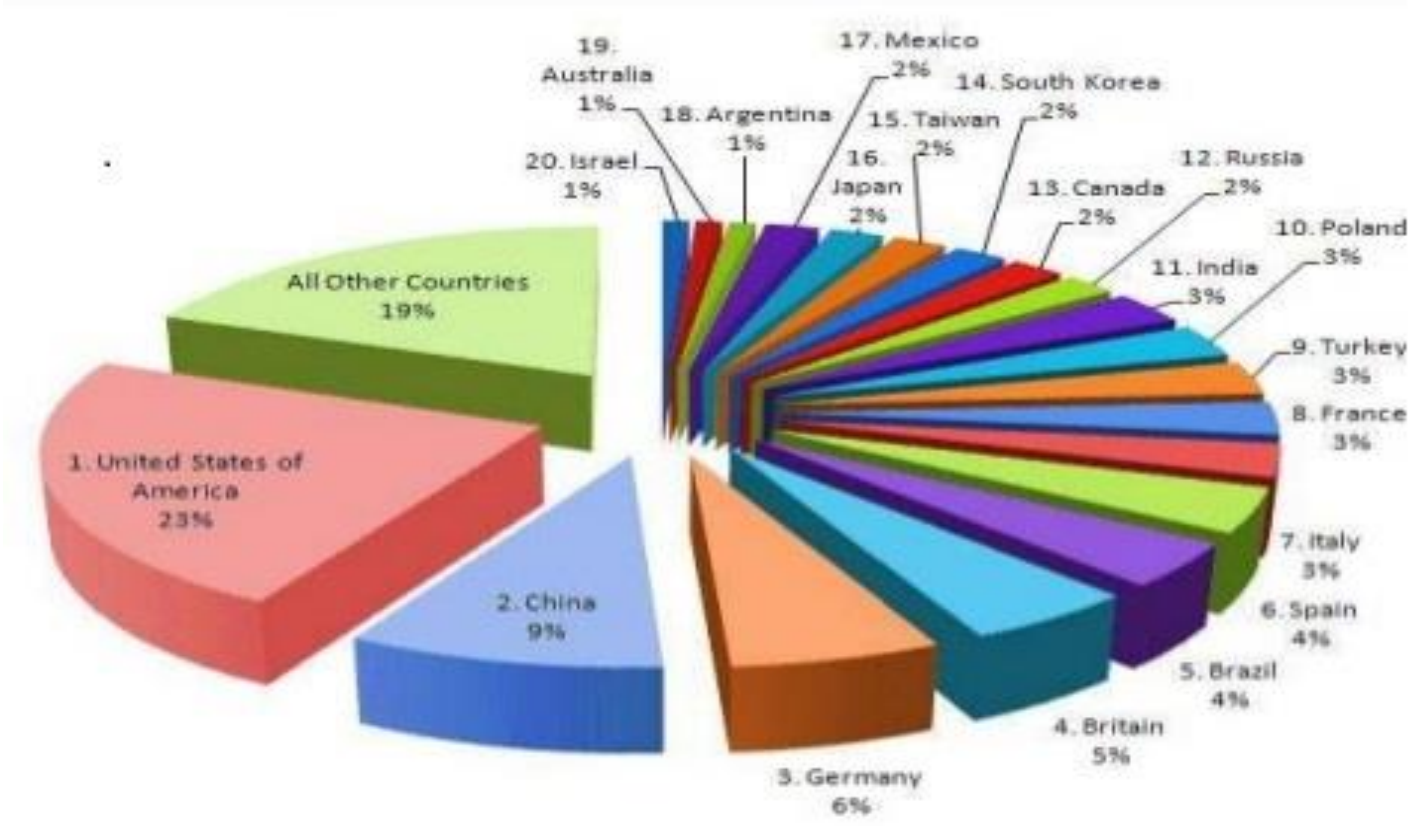
•**Citibank India:** Shivraj Puri, a relationship manager allegedly cheated investors by asking them to deposit money into accounts managed by his employee and was arrested for £57m fraud

•**Godrej Consumer Products Ltd (GCPL):** Amit Gaine, a former employee faces charges of embezzlement after allegedly placing fake orders for gold coins in the firm's name for his personal benefit

•**Forged Cheques:** One of the largest BPO firms lost 3 cheques from their stock which were encashed by forged signature. The total amount of loss: Rs.78,82,914/-, Date of Incident : 4 November 2009. Collusion of employee and third party.

# Indian Crime scene

- Major of Cyber Crimes reported in India are Denial of Services, Defacement of Website, Virus/ Worms, Cyber Squatting , Employee  Collusion Theft and Phishing.

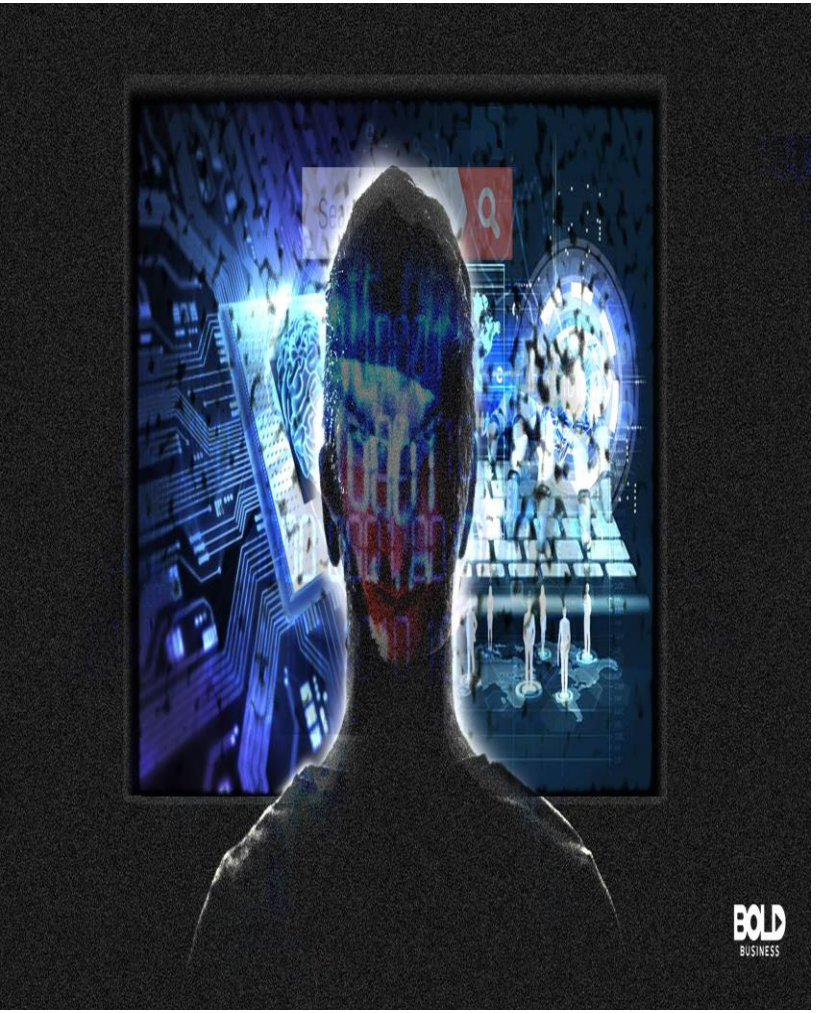



Cybercrime: Top 20 Countries

India stands 11th in the ranking for Cyber Crime in the world,  constituting 3% of the Global Cyber Crime.

*Ladder climbing is gaining momentum!!!*

# Rising Trend of Cyber attack




- In 2019, a business will fall victim to a ransomware attack every 14 seconds
- Cybercrime damages will cost the world $6 trillion annually by 2021, up from $3 trillion in 2015.
- IoT (Internet of Things) devices were the biggest technology crime driver in 2018 — and all indications are that it will remain the same in 2019.
- Global spending on cybersecurity will exceed $1 trillion cumulatively for the 5 year period from 2017-2021
- According to estimates of Kaspersky Lab, a single targeted cyber-attack can **cost an enterprise more than USD 2.5 million**.

Source: Cyber Security Ventures Report

# Legislative implications are changing rapidly

- Personal data protection Bill (Draft)
- Article 21 of Indian Constitution implicitly talks about “Right to privacy” under “ Protection of life & Personal Liberty”
- The relevant laws in India dealing with data protection – the IT Act, 2000, Under Section 43A of it, a body corporate ( any company and includes a firm, sole proprietorship or other association of individuals engaged in commercial or professional activities) –
  - Possessing, dealing or handling any sensitive personal data or information
  - negligent in implementing and maintaining reasonable security practices resulting in wrongful loss or wrongful gain to any person
  - Then such body corporate may be held liable to pay damages to the person so affected.
- EU GDPR 2018

# Accountancy Firms at high risk of Cyber Attack

## Major Risk :

- **Loss of confidential data**
- **Breach of Financial information**

## Impact:

- **Reputational Liability**
- **Business Interruption**
- **Loss of fund & loss of data**
- **Legal Action from client**
- **EU GDPR (penalties)**

# Role of Accountant/Auditor in Cyber Security

Ensure the protection of your own & your clients' financial information & data security(In addition to Traditional Balance Sheet)

Being the advisor to your clients, ensure that you're educating them about cyber attacks and cyber frauds. Help them mitigating those risks by offering optimum solution to them.

# Do we have enough Protection?


Implement a cyber security culture
Invest in firewall or anti – virus etc.
Vendor Management
Backups
Use of genuine software
Cyber Attack – Game over
Insurance – An Essential Extra Cover

# Managing Cyber Risk Through Insurance

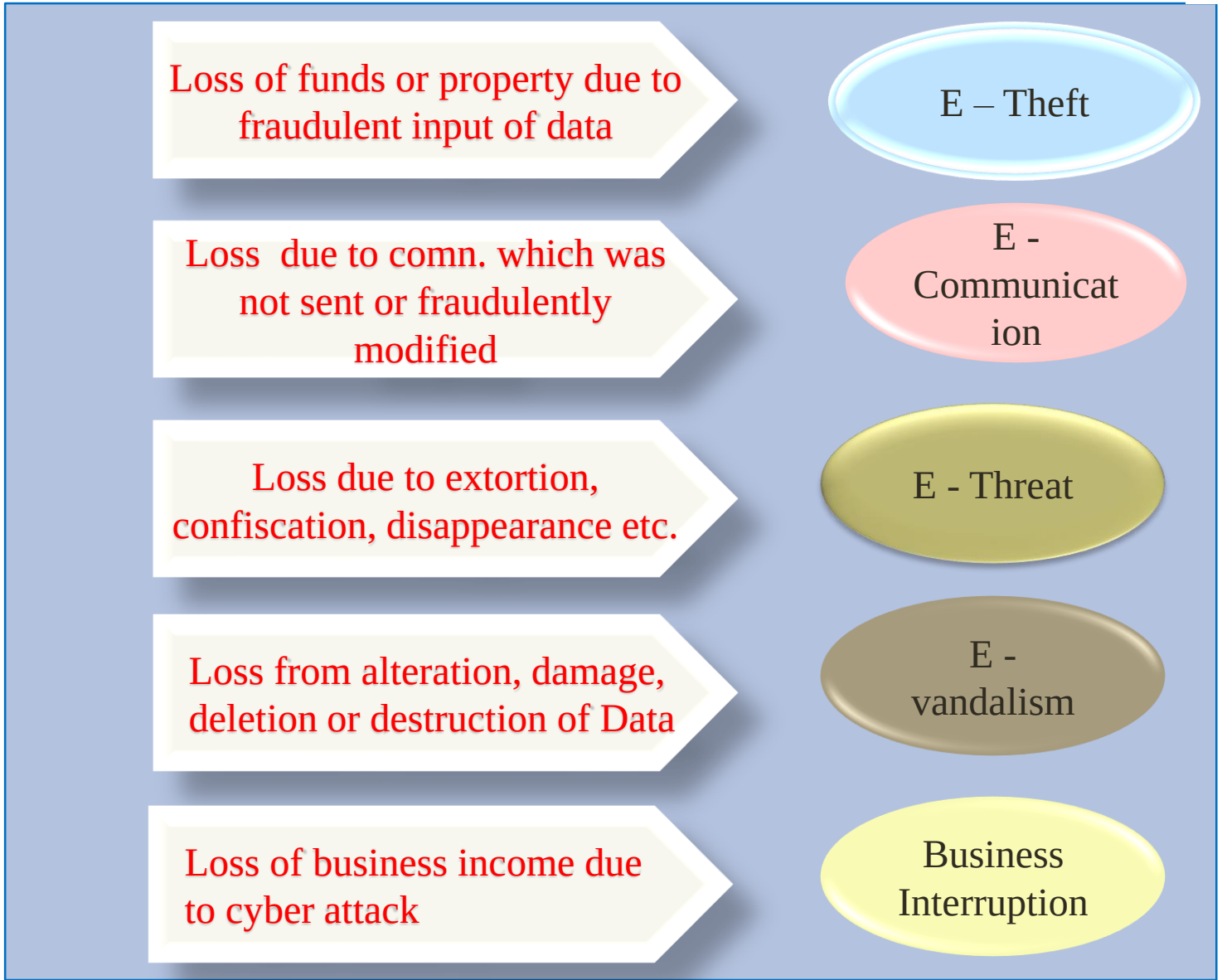
# What is Cyber Insurance?

Cyber insurance is an insurance product designed to help businesses hedge against the potential devastating financial effects of cybercrimes such as malware, ransomware, distributed denial-of-service (DDoS) attacks, or any other method used to compromise a network and sensitive data.

## Potential Direct Losses

- Loss of Fund
- Loss of data
- Loss of Profit
- Crisis Expense
- Ransom Cost
- Forensic cost or investigation expenses
- Restoration Cost
- Additional Cost or Extra Expenses

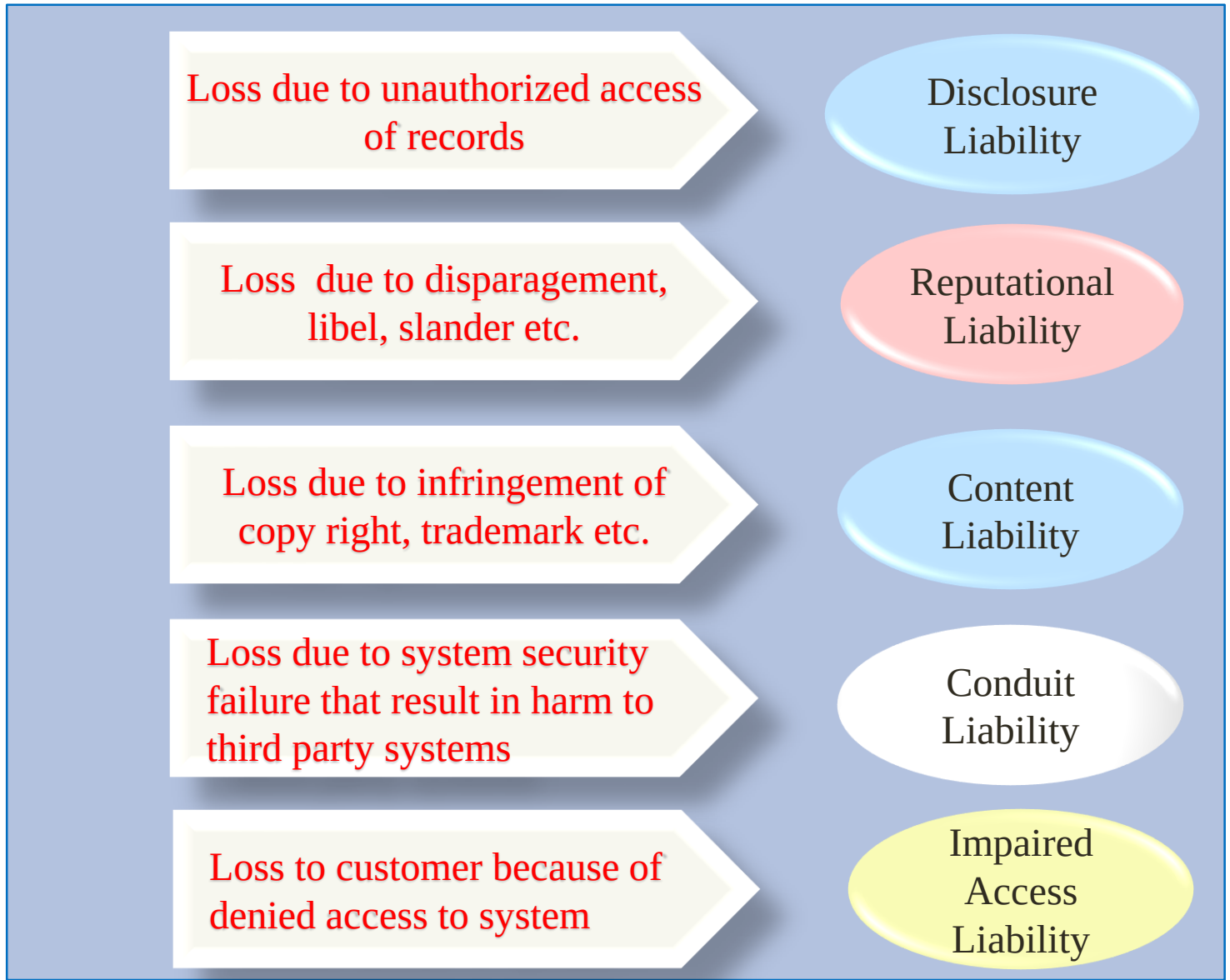
## First Party Insurance Coverage



## Potential Third Party Losses

- Loss of Data
- Privacy Notification
- Reward Expense
- Defense Cost
- PR Expense
- Loss of Profit
- Crisis Expense
- Additional Cost
- Forensic cost
- Loss of reputation

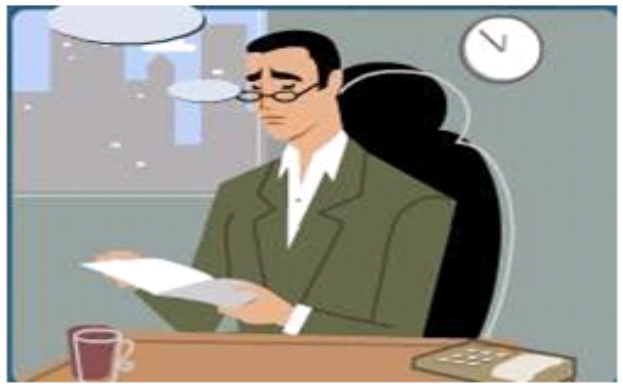
## Third Party Insurance Coverage



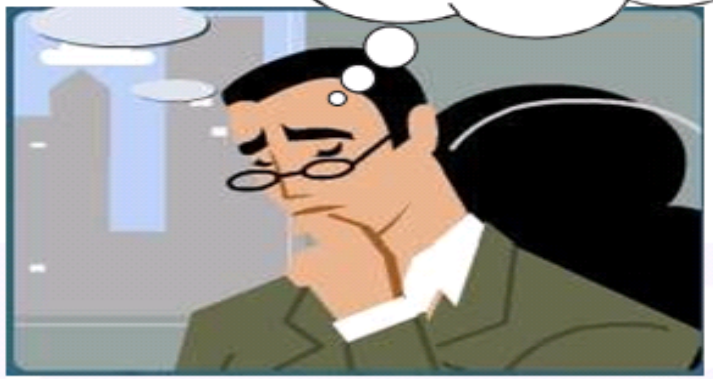
# Managing Cyber Risk Through Insurance


# Crime Insurance

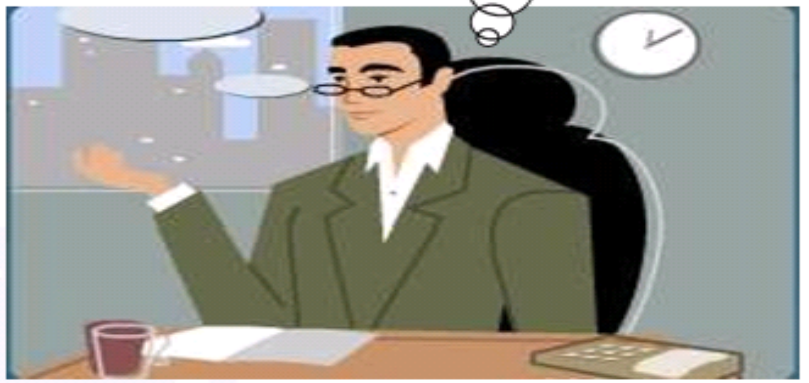
## Would the loss be covered ?



Working in accounts, Shyam receives invoices from clients on a regular basis and debits the amounts as requested




Struggling to make ends meet at home, he sets up a false account where he is the beneficiary




He then creates several fraudulent invoices and authorises their payment into this false account, pocketing the income gained and using the money to clear his outstanding credit card debts

**YES !**

**The employee intended to deprive the company of their funds and has benefited from his fraud. The company has suffered a direct financial loss as a result**

# Crime Insurance

## Would the loss be covered ?


Sita paid by her client for providing temporary staff members during a busy period

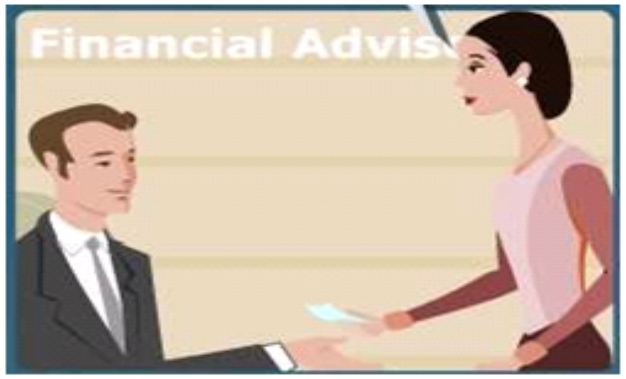

As the client paid cash, she decides to destroy the invoice and keep the money for herself


Her boss is suspicious and examines with scrutiny her cash flow movements - identifying several anomalies which she cant explain

**YES !**

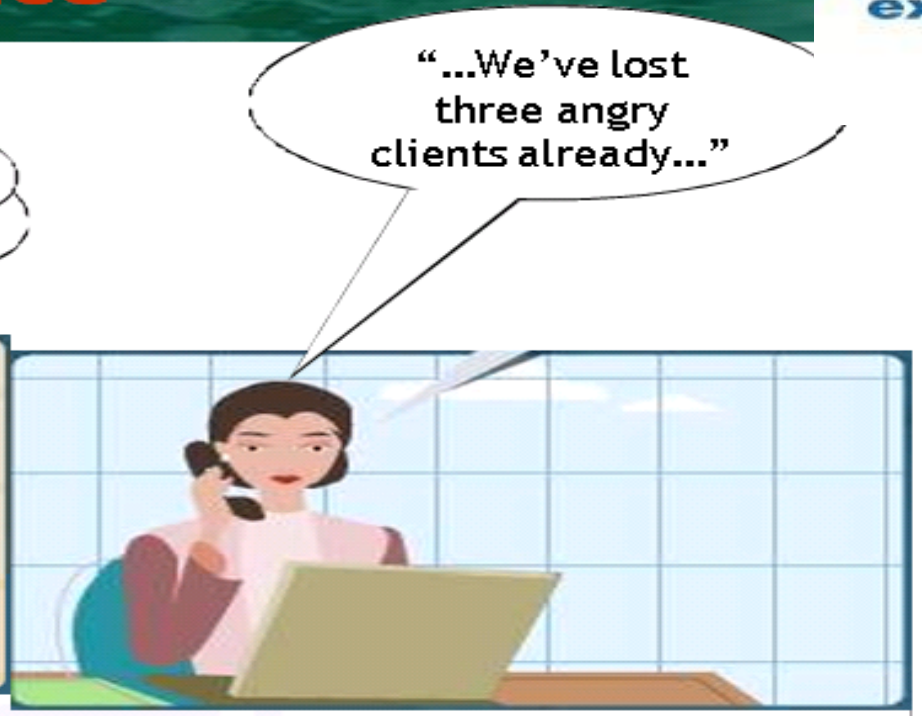
**Themployee committed a fraud which caused the company to suffer a direct financial loss, while also benefiting herself in the process**

# Crime Insurance



After several years at the company, Ram suddenly made redundant


Obviously upset, he schemes to get his own back on his former employers




Using a colleague's password, he erases the customer base on the computer system. His action loses the company several clients and therefore, considerable potential revenue

**NO !**

The company suffers no direct financial loss as a result of his actions. The real loss is the delay or loss of future trading which is a consequential loss. The act is malicious and whilst John certainly intended to cause a loss to his company, he has not obtained any financial benefit from his actions

# What is Crime Insurance?

Crime insurance is an insurance product designed to protect financial interest of Insured in respect of any loss incurred by

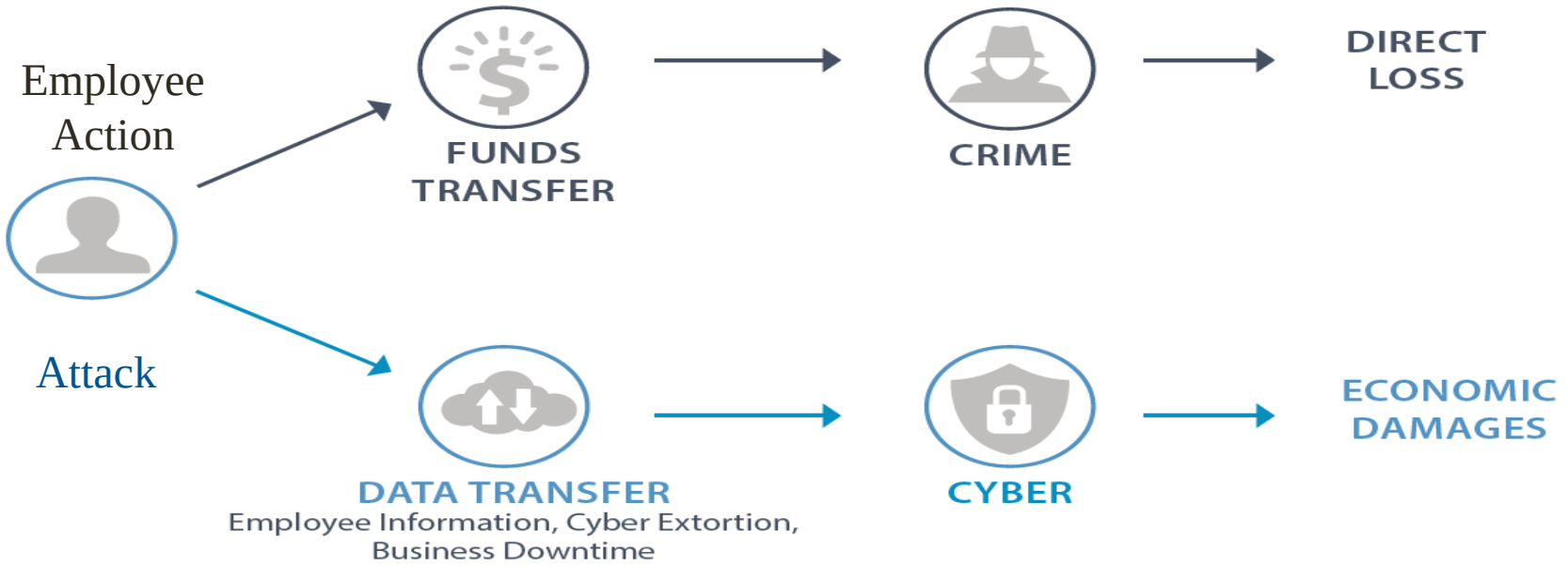
– an insured which results directly from any fraudulent or dishonest acts by an Employee acting alone or in collusion with others or

- by any other Person.

# Crime Insurance Coverage

| | |
|---|---|
| Employee Theft Coverage | • Loss of money, securities or other property caused by theft or forgery by an employee of the Insured Organization |
| Premises Coverage | • Losses caused by actual destruction, disappearance, wrongful abstraction or computer theft of money or securities from the Insured's premises by third parties. |
| Transit Coverage | • Losses caused by actual destruction, disappearance or wrongful abstraction of money or securities outside the Insured's premises by a third party, while being conveyed by the Insured, an armored motor vehicle company or any person authorized by the Insured. |
| Depositors Forgery Coverage | • Losses resulting from instruments such as cheques which have been fraudulently drawn upon the Insured's accounts by a third party. |
| Computer Fraud Coverage | • Losses sustained by the Insured due to computer fraud committed by a third party including cover for expenses incurred by the insured due to a computer violation. |

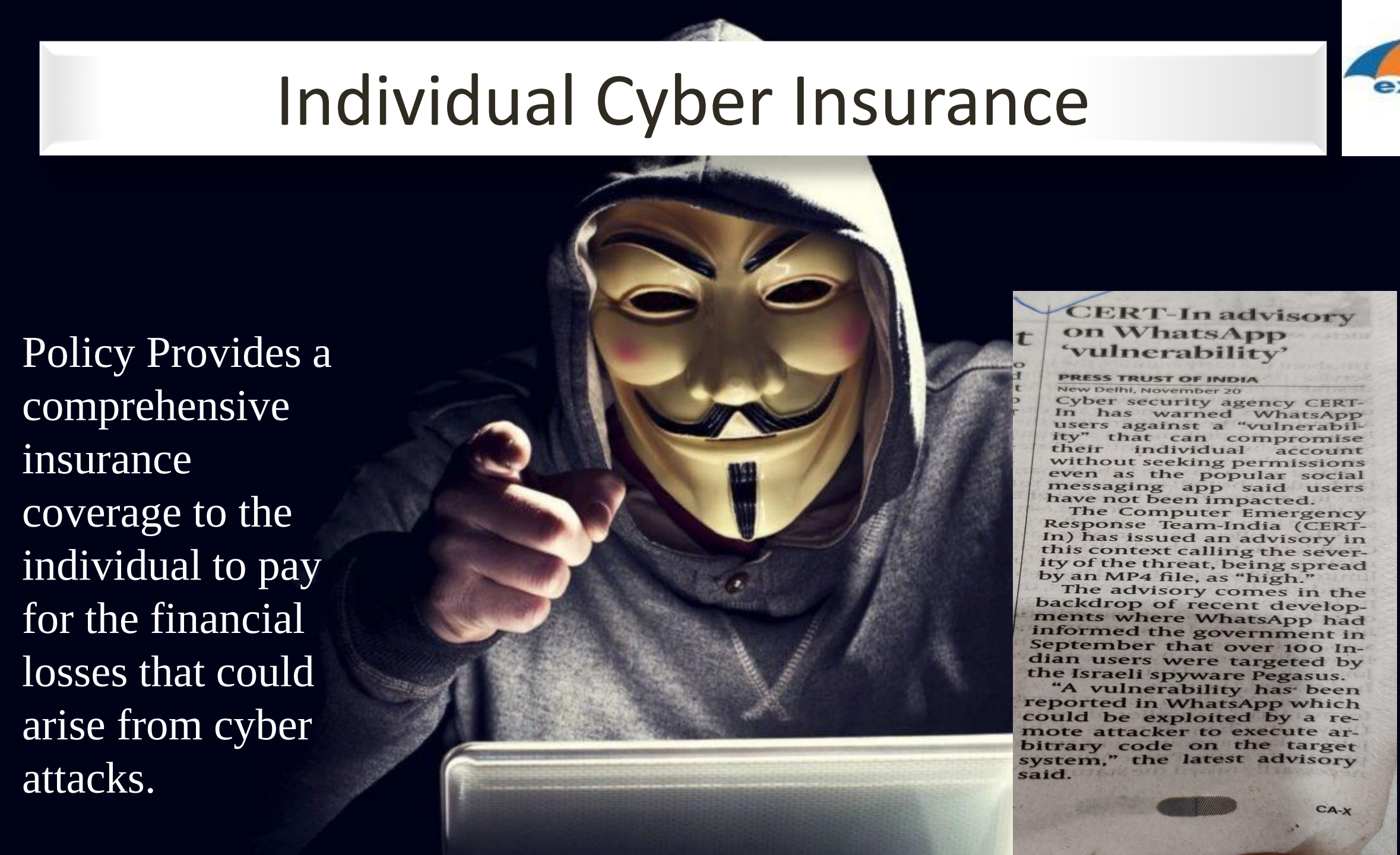
# Cyber & Crime risk explained:




*To have a complete risk protection, it is required to have both the policies. To make it more suitable there is tie – in option for it.*

# Individual Cyber Insurance

Policy Provides a comprehensive insurance coverage to the individual to pay for the financial losses that could arise from cyber attacks.



## CERT-In advisory on WhatsApp 'vulnerability'

PRESS TRUST OF INDIA
New Delhi, November 20

Cyber security agency CERT-In has warned WhatsApp users against a "vulnerability" that can compromise their individual account without seeking permissions even as the popular social messaging app said users have not been impacted.

The Computer Emergency Response Team-India (CERT-In) has issued an advisory in this context calling the severity of the threat, being spread by an MP4 file, as "high."

The advisory comes in the backdrop of recent developments where WhatsApp had informed the government in September that over 100 Indian users were targeted by the Israeli spyware Pegasus.

"A vulnerability has been reported in WhatsApp which could be exploited by a remote attacker to execute arbitrary code on the target system," the latest advisory said.

CA-X

# Summary

"For complete financial protection against cyber attacks, the Cyber & Crime Insurance is an essential tool besides other Cyber Protection Protocol."

**For further information, Please Contact**

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Thank you!