

TechT016 : Cybersecurity and Professional Indemnity Protection

16 June 2022, Thursday
3.30pm – 5.00pm



Agenda and Introduction of Speakers



Topic	Speaker	Company
1. Your Preferred Partner – Windward Insurance Broker Pte Ltd	Mr David Lee, CEO	 Windward Insurance Broker Pte Ltd
2. The Cybersecurity Landscape – Scenarios, Challenges and Solutions	Mr Alvin Neo, Director of Technology	 Crowe Crowe Singapore
3. Importance of PI Insurance and Introduction of Markel Accountants PI Product	Mr Simon Moi, Head of Professional & Financial Risks Asia	 Markel International Singapore Pte Ltd
4. Overview of Professional Liability: Accountants and Auditors	Mr Justyn Jagger, Advocate & Solicitor	SHARPE & JAGGER _{LLC} Sharpe & Jagger LLC

Introduction by *David Lee, CEO of* Windward Insurance Brokers



Professional Experience

- Appointed CEO of Windward Insurance Broker Pte Ltd, having more than 15 years' experience in General Insurance
- Dec 2021:
 - Successfully Worked with Insurer to provide client with a specialised D&O cover, after they have failed to obtain a solution from the markets for 4 months
 - Successfully brokered a major financial lines policy for a key client who was turned down by most insurers in the market.
- Jun 2022: Successfully secured a Trade Credit Insurance solution after close collaboration with Insurer and Client in order to secure a banking credit facility for the client BAU operations

Key Skills and Education

- ✓ B. Civil Engineering, *National University of Singapore*
- ✓ Diploma in Financial Planning, *Singapore College of Insurance*



David Lee
Windward Insurance Broker Pte
Ltd

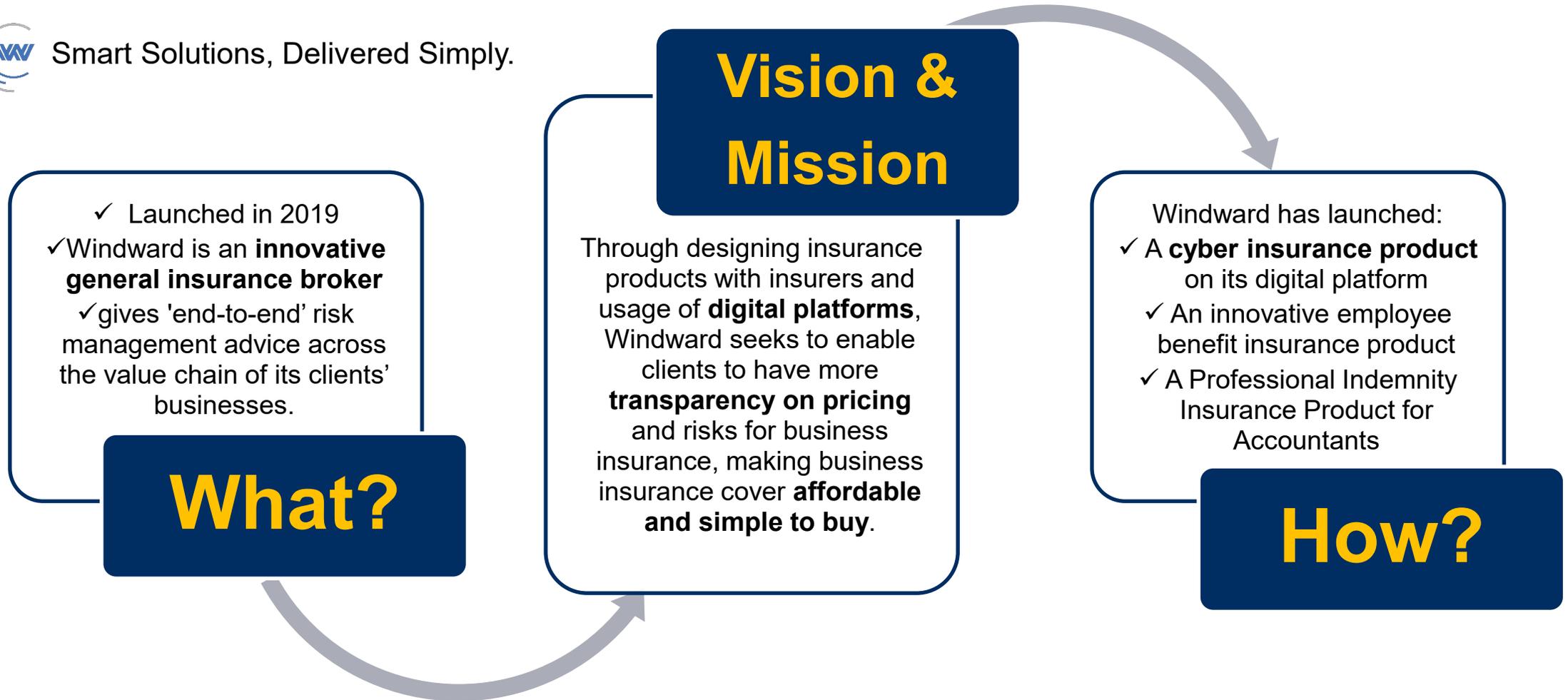
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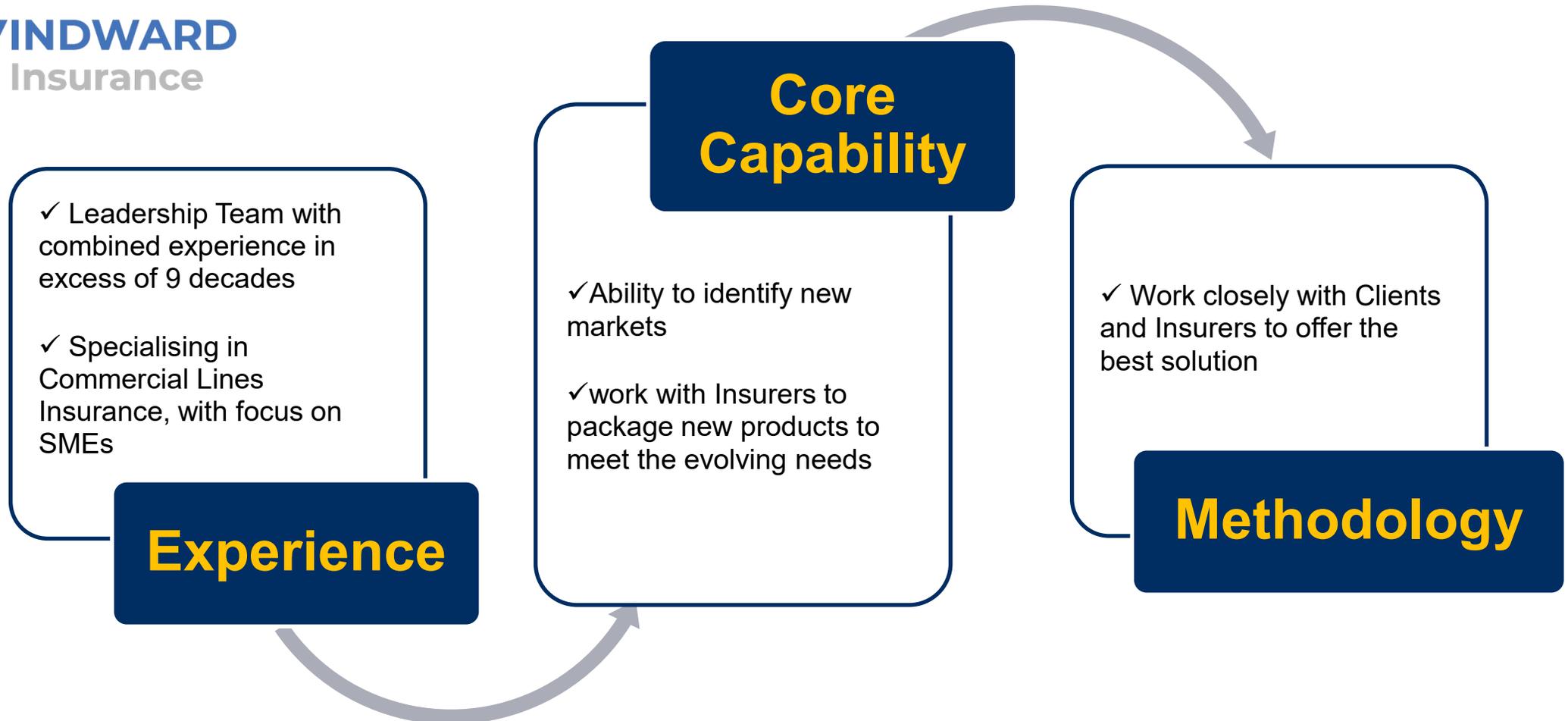
Who Are Windward Insurance Brokers?



 Smart Solutions, Delivered Simply.



Why choose Windward as your Preferred Partner?



Just In 2021: The Horrors of Singapore's Cyber Landscape

Nearly 73,500 patients' data affected in ransomware attack on eye clinic in S'pore

28% of ransomware-hit Singapore firms paid a ransom: study

Singapore unicorn Pine Labs said to have been hit by ransomware

S'pore has moved from preventing cyber threats to assuming breaches have occurred: Josephine Teo

**Tokio Marine Insurance
Singapore hit by
ransomware attack**



Hackers possibly stole personal data of 79,400 MyRepublic customers, including copies of NRICs

Ransomware cases in Singapore rose 154% in 2020

Cyber Risk in the Singapore Market

- Data is now KING – evolving technology
- Est less than 10% buying Cyber Insurance in SG
- PDPC responsibilities
- Unique Product: History or risks doesn't represent future risks
- Broad offering – contracting?
- Weak systems/controls: inability to obtain insurance





Smart decisions. Lasting value.

Cybersecurity Case Studies

Crowe Horwath

16th June 2022





Smart decisions. Lasting value.

Cybersecurity & Blockchain

Crowe Singapore
June 2022

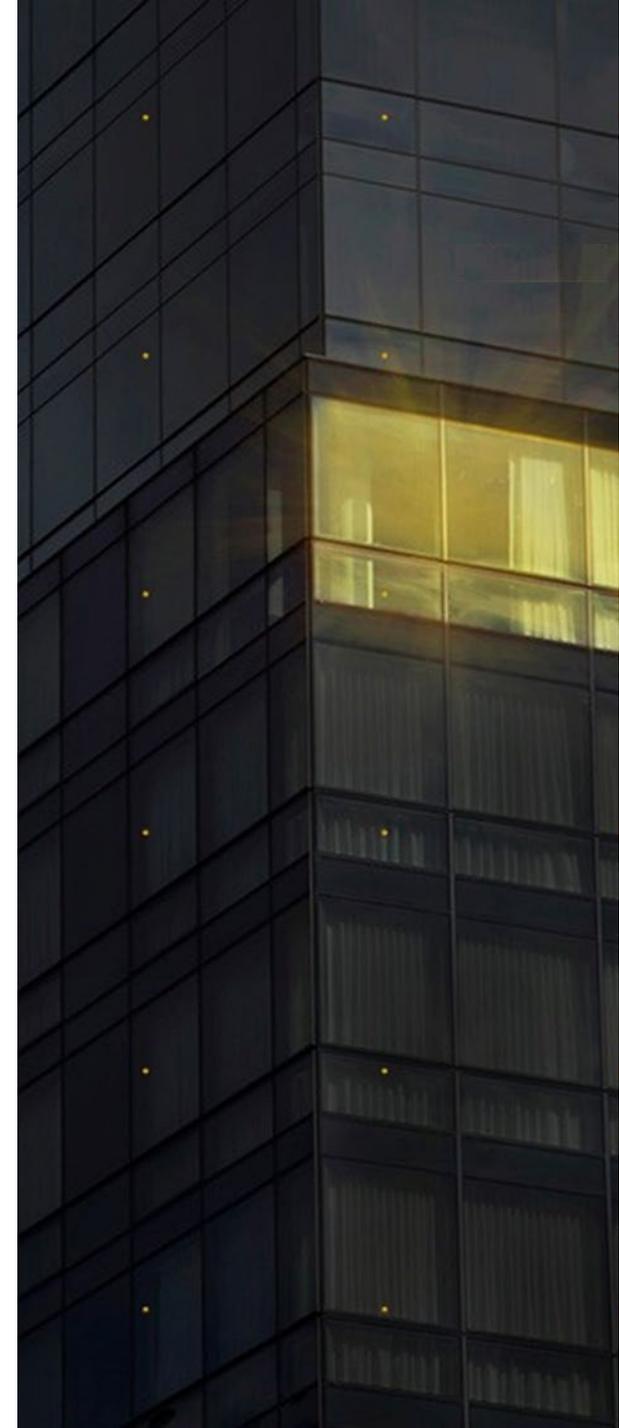
Cybersecurity

Current Landscape

The findings of a survey included in the World Economic Forum's "Global Risks Report 2022", revealed that cybersecurity failure ranks high among respondents' concerns and poses a critical threat to the world.

Given these circumstances, business awareness and resilience are key to securing sensitive data and avoiding breaches.

Threats are growing and here to stay.

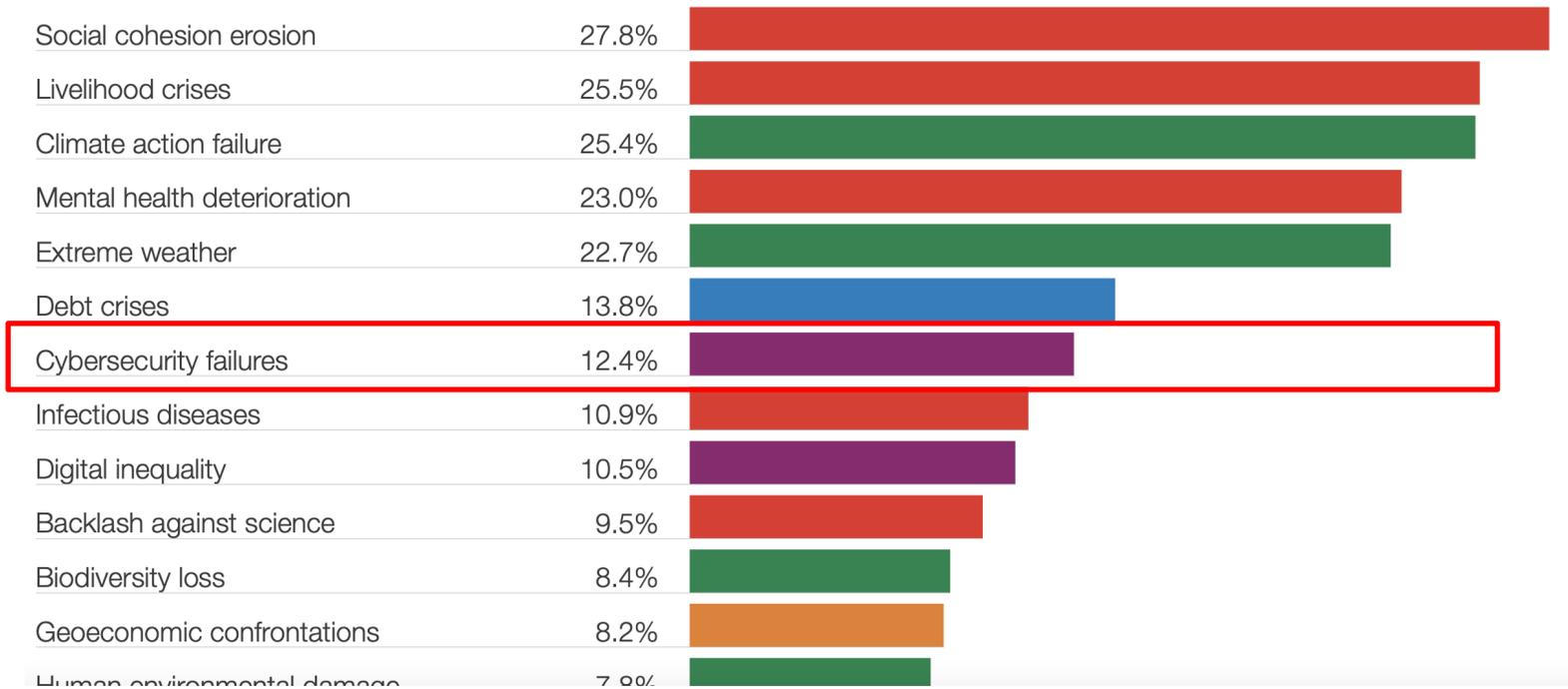


Current Landscape

COVID-19 Hindsight

Risks that worsened the most since the start of the COVID-19 crisis

■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological



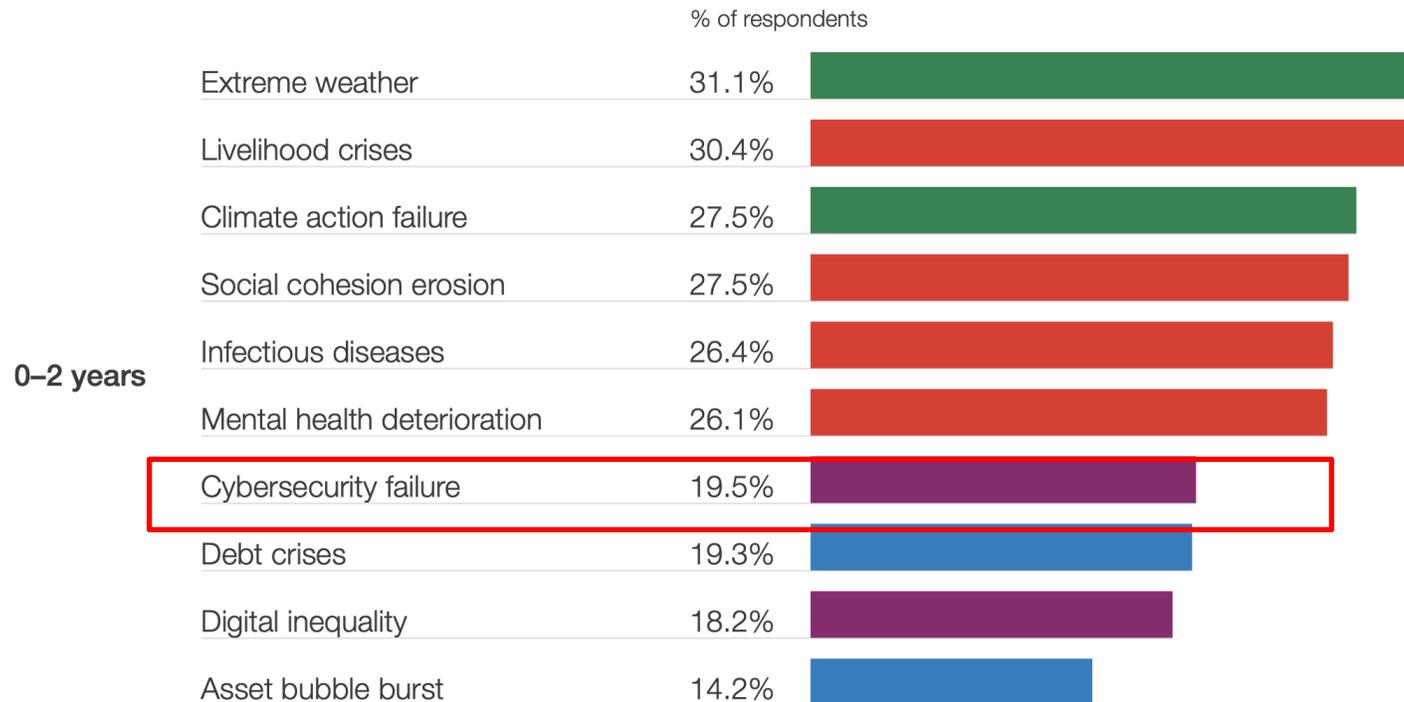
Source: *The Global Risks Report 2022*, The World Economic Forum

Current Landscape

Global Risks Horizon

When will risks become a critical threat to the world?

■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological



Source: *The Global Risks Report 2022*, The World Economic Forum

Top Cybersecurity Threats

Case Study



Social Engineering

- Phishing
- Pretexting
- Baiting



Cloud Vulnerabilities

- Online systems with default or no passwords, low or no encryption
- Unpatched systems with critical vulnerabilities



Vulnerable Devices in Network

- Unpatched software, firmware and operating systems
- Single device the origination of a massive cyber-attack



Ransomware

- Data encrypting or exfiltration
- 25% in 2020, 65% in 2021
- Payouts 6 fold increase 2020 to 2021

Why are SMEs Targeted for Cyber Attacks?

Less Educated on Cyber Risk

- Large organisations provide training to employees
- Lost smart phone accidentally, sending an email to wrong person or opening attachments (most common)

Lack of Resources

- SME's account for 43% of Cybercrime targets*
- Focused on their core business offering
- Lack the resources or expertise to understand their cyber exposures



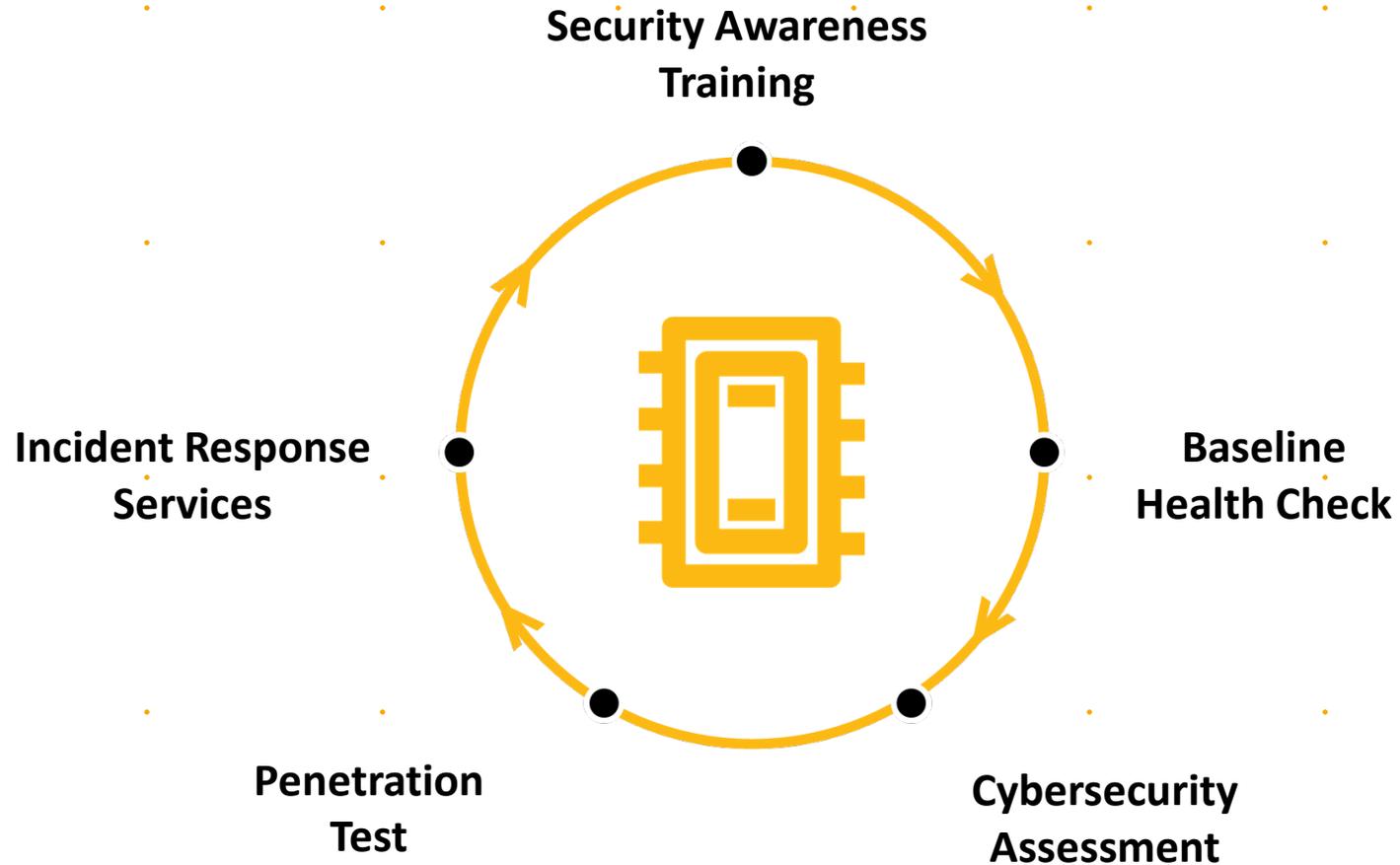
Weaker Network Security or IT Infrastructure

- 87% think using antivirus software alone = safe from cyber attacks**
- Handle their own IT systems and security themselves
 - Outsource IT to third parties

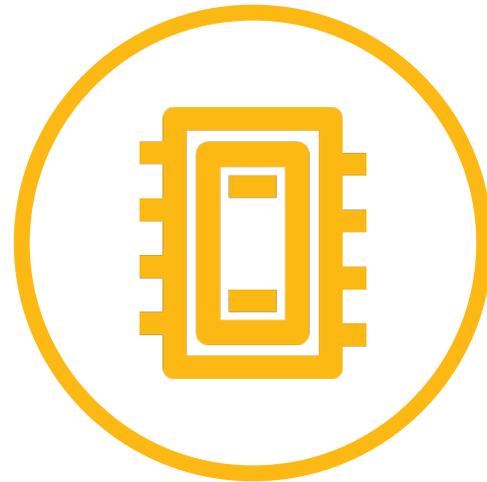
SMEs Hold Valuable Data

- I won't be a target of cyber threats as I do not hold data or information that is worth stealing
- SME data is more valuable than people think

Cybersecurity Solutions



Our solutions to get you started.



Cybersecurity Assessment



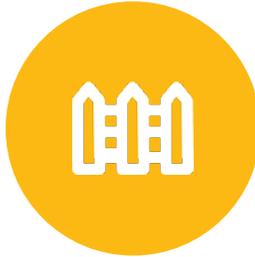
With evolving cybersecurity threats, it is critical for businesses to perform cybersecurity assessments periodically. A Cybersecurity assessment will help to identify potential vulnerabilities and threats that may exist in your current network. This activity also helps to identify weaknesses, so that we can work together with you to build a more resilient environment against threats.

- Evaluate current business process and policy
- Identify vulnerabilities and risks
- Review cybersecurity compliance according to your industry requirements
- Providing a risk matrix on current environment according to various international frameworks
- Aligning the organization with cybersecurity industry standards
- Comprehensive report including recommendation and remediations

Penetration Test

A holistic cybersecurity approach is multi-faceted, integrating various components together to deal with current threats.

Penetration testing is one of the keys to the puzzle, which completes the cybersecurity total defense. A penetration test is a simulated attack done by qualified expert to exploit your network in a controlled manner, under noble intentions. By investing in a regular penetration testing regimen, an organization is able to reap many benefits such as:



- Evaluating how your current defense mechanism fares against simulated cyber attacks
- Quantifying, evaluating and prioritizing your cybersecurity investments
- Discovering hidden vulnerabilities and exploits
- Providing insightful reports on strength and weaknesses of the current infrastructure
- Vulnerability Assessment and Penetration Testing to get your TrustMark certification which can be used for your website and promotional materials

Security Awareness and Training



Employees play a key role in cyber security, so it is important to provide them with training on how to identify and deal with potential threats.

By giving employees the tools they need to stay safe online, companies can help to protect their data and reputation. In addition, employees can play an important role in cybersecurity by reporting any suspicious activity and following best practices for password protection and internet usage.

- IT awareness training is now a general requirement for most certifications and tenders, to be conducted at least once a year
- Conducted online at the convenience of the individuals and reports will be generated based on their awareness
- Training on how to safeguard information assets, the current cyber threat landscape and their implications
- Tests such as email phishing and USB drops can be arranged to validate the level of awareness

Cybersecurity Insurance

We work with our partner **Windward** to provide cybersecurity insurance.



- Crucial criteria
 - ✓ Multi factor authentication on all remote logins
 - ✓ Backup data is kept separate to enterprise system
 - ✓ Email Filtering systems are enabled
 - ✓ Mobile Devices are password/code protected
 - ✓ Anti Virus software
 - ✓ Credit card storage (PCI compliant)
- Important criteria
 - ✓ Staff Training
 - ✓ Incident Response / BCP





Thank You



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About Lloyds' Asia

About Lloyds' Asia

- **Over 20+ years physically in Asia**
- **Lloyds' Security Rating: A+' (Strong) from Standard & Poor's, 'AA-' (Very Strong) from Fitch**
- **<https://www.lloyds.com/singapore>**



About Markel



Our Financial Lines Team in Asia

Andy Ang
Chief Representative
Malaysia



Simon Moi
Head of
Asia



Gordon Lam
Senior Underwriter
Professional Risks



Ada Lam
Senior Underwriter
Professional Risks



Joe Wong
Underwriter –
Southeast Asia



Kitty Yen
Assistant Underwriter



Our Offices in Asia

- Singapore
- Hong Kong
- Kuala Lumpur
- Shanghai
- Mumbai

Our Core Products

- Professional Indemnity Insurance
- Directors and Officers Liability Insurance
 - Cyber Insurance
- Commercial Crime Insurance



Professional Indemnity Insurance for Accountants

- * Importance of PI
- * Introduction - Launch of Markel PI Accountants Insurance Product

Simon Moi – Head of Professional & Financial Risks - Asia



What is in it for you?

- ✓ Instant quotation, certificate of insurance and policy wording in one place.
- ✓ Direct Premium Savings to you as we save on cost of administrating and issuing policies.
- ✓ Economy of Scale (More Premium Savings!) as a member of ISCA.

Scope of Coverage

- ✓ Who is covered - Your Company, yourself and/or any of your employees.
- ✓ Indemnity of Loss - Your potential legal liabilities arising out of your Professional Service to a customer.
- ✓ Costs - Legal Expenses and/or Investigation Costs relating to a claim.

PROFESSIONAL LIABILITY: ACCOUNTANTS AND AUDITORS



JUSTYN JAGGER

SHARPE & JAGGER LLC

WWW.SJLAW.COM.SG

DISCLAIMER

Nothing in this presentation and/or in these presentation slides should be construed or relied upon as legal advice. Please seek independent legal advice as to the issues addressed in this presentation and/or in these presentation slides.

ENGAGEMENT LETTER & STANDARD TERMS AND CONDITIONS

- E.L : IDENTIFIES THE CLIENT
IDENTIFIES TO WHOM THE DUTY OF CARE IS OWED
- E.L: IDENTIFIES THE SCOPE OF WORK
INDENTIFIES FOR WHAT THE DUTY OF CARE IS OWED
- T&C: LIMIT OF LIABILITY
IDENTIFIES THE MAXIMUM LIABILITY AMOUNT

THE LIMIT OF LIABILITY

- Limit of liability must be reasonable in all the circumstances
- If not reasonable: Limit is struck out / not rewritten
- Reasonable: 5 to 10 x professional fees or P.I insurance limits
- Sharpe & Jagger : Limit of SGD 2 million or 10 x professional fees
- Law Society Scheme: Compulsory cover : SGD 2 million
- Excess Insurance : SGD 1 million
- Why Excess Insurance? : Defence costs

PROFESSIONAL LIABILITY : OVERVIEW

- Duty of Care
- Breach of Duty
- Cause of Loss
- Amount of Loss
- Challenges unique to accountants
 - The various parties for whom the professional acts
 - The spectrum of work that the professional performs
 - Hence importance of the engagement letter

DUTY OF CARE

Primary: Duty of care is owed to employer

Secondary: Duty may be owed to:

(i) Party relying on the professional's report

(ii) Party foreseeably likely to be affected by the professional's negligence

General rule : Duty owed only to employer

But :Fact specific

:Evidence of undertaking of responsibility

:Evidence of assumption of responsibility

:Purpose to protect third party interests

BREACH OF DUTY OF CARE

- Professional is required to show that level of skill to be expected of a reasonably competent practitioner in the professional's field
- Following common professional practice is strong but not conclusive evidence of lack of fault
- Auditor: Make a reasonable and proper investigation of accounts and stock sheets and if a reasonably prudent person would have concluded on that investigation that something was wrong then call the employer's attention to that fact
- Auditor: Not liable for failing to find irregularities that a reasonably competent auditor would not find

RELIANCE / CAUSATION

- Claimant must establish that breach caused loss
- No reliance on negligent advice = No action
E.g.: Prior knowledge of inaccuracy of accounts
- No loss as a result of negligent advice = No action
E.g.: No action on basis of negligent advice

MEASURE OF LOSS

- Amount that will put the Claimant in the position it would have enjoyed if the professional had performed to the standard of the reasonable professional
- Legal costs: Defence costs and claimant's costs

THANK YOU



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Smart Solutions, Delivered Simply.

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Insurance:

- ✓ *Professional Indemnity (Accountants)*
- ✓ *Financial Lines Insurance*
- ✓ *Trade Credit insurance*
- ✓ *Business Package Insurance*
- ✓ *Cyber Liability Insurance*
- ✓ *Employee Benefit Insurance*
- ✓ *Workmen Compensation Insurance*
- ✓ *Performance Bond Insurance*
- ✓ *Property Insurance*
- ✓ *Casualty Insurance*

and more...

THANK YOU!

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