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Welcome to the Law Firm CISO Forum #6

How can firms better prepare for and manage incidents covered by Cyber insurance?

Agenda

1. **Introduction & brief update on cyber threat landscape for law firms**

2. **New Lloyd's guidance on ransomware claims**

3. **Law firms and ransomware claims – a dialogue:**

At the onset of ransomware attack – what are the major issues and priorities from a claims perspective?

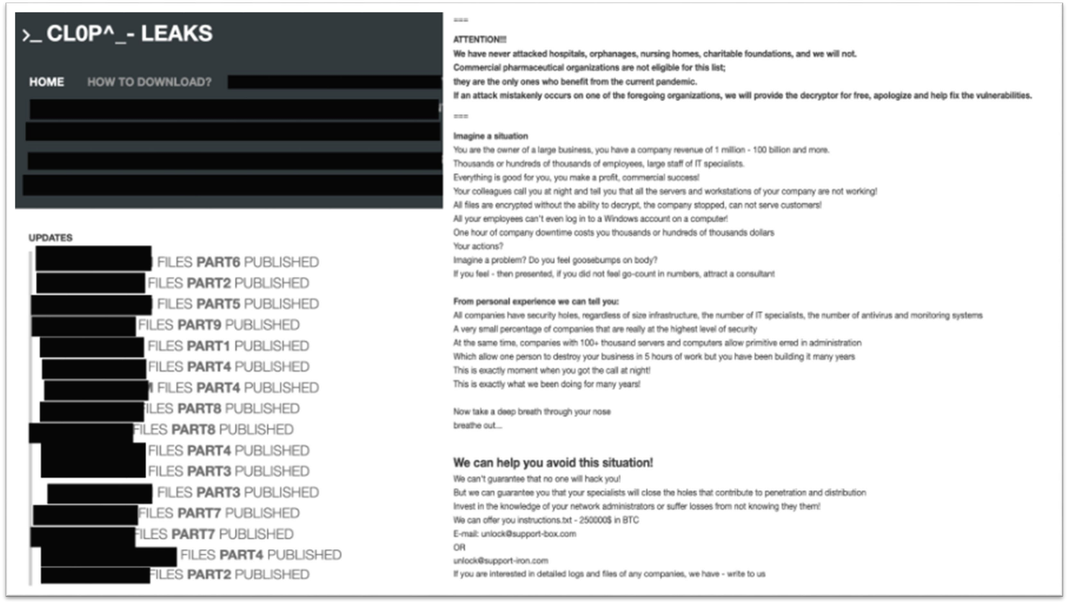
What does good look like for a law firm managing a claim?

How is this different from general guidance for all organisations?

4. **Q&A / Peer discussion**

ICO fine notice for Tuckers Solicitors

First UK monetary penalty of victim of ransomware attack for GDPR violations



Sample Cl0p ransomware notice

Key factors for penalty:

1. Lack of **MFA**
2. Took 5 months to **patch a critical Citrix vulnerability** that targeted remote workers in the pandemic
3. **No encryption** of server holding archives of civil and criminal trial bundles, with **sensitive personal data** on clients and families
4. Keeping sensitive personal data past the firm's own 7-year **retention policy**

Bright side:

The strength of the victim's response (how they react, contain, and remediate the incident) can mitigate the penalties

https://ico.org.uk/media/action-weve-taken/mpns/4019746/tuckers-mpn-20220228.pdf

Lloyd's market guidance on ransomware claims

Insureds should align and updated their incident response plans

Guidance on due diligence:

Discovery and documentation of ransomware attack

Negotiations with threat actor

Ransom payments

Detailed screening and investigation requirements:

Blockchain analysis / Cryptowallet ID/address checks

Threat intelligence requirements (i.e. TTPs, IPs, domains against threat intel and regulatory databases; ransomware variant name, malware campaigns)

Other checks:

- Is it real person? Do they respond?
- Will they provide samples and allow testing of keys?
- Exfiltration analysis (have they taken copies?)
- Assess risk of re-extortion by same threat actor

https://assets.lloyds.com/media/152f8157-8c79-42b1-8a41-792b3dbc88dd/Y5359-Guidance-for-handling-a-ransomware-claim-incident.pdf

Case Study

A law firm is hit with Ransomware...

The CIO responds immediately and triggers the IT Department Incident Response Plan:

1. Assures the Executive Committee that they will work 24/7 until it's resolved
2. The firm engages the Managed Security Services Provider's Emergency Recovery Team
3. They establish that they have viable backups
4. They identify the exploit used by the threat actor and shut it down
5. They track down the backdoors left by the threat actor and delete them
6. They wipe all servers and start restoring from backup
7. The threat actor claims to have exfiltrated sensitive client data and provides file tree snapshots
8. The firm immediately authorises a payment of £10m, threat actor accepts and "deletes the data"
9. With systems back up and running, the GC reaches out to insurers to make a claim

What did they do wrong?

...almost everything

Assumed it to be a tech problem

No account of enterprise impact – internal & external communications

Disregards regulatory and law enforcement implications / requirements

No recognition of client contractual obligations

Breach of insurance notice requirements / obligations / consents

Engaged existing security service provider to investigate & remediate

Conflict of interests

No privilege / confidentiality protections

Not an insurer-approved vendor

Remediation work compromised forensic evidence

What else did they do wrong?

Did not immediately engage law enforcement

No due diligence around the Threat Actor for sanctions purposes

No preservation of forensic evidence

Missed valuable information on the Threat Actor's "TTP's"

Cyber policy requirement on law enforcement

Immediately agreed to Threat Actor demand

No attempt to verify exfiltration

No knowledge of threat actor behaviors

No negotiation of ransom

Failed to check for sanctions

No consent from cyber insurer

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What else did they do wrong?

Only notified insurers once the event was resolved

Late notice compromised insurer’s ability to manage the claim

No approved vendors involved

Failure to recognise regulatory implications exposed firm to investigation

Failure to engage counsel compromised future litigation

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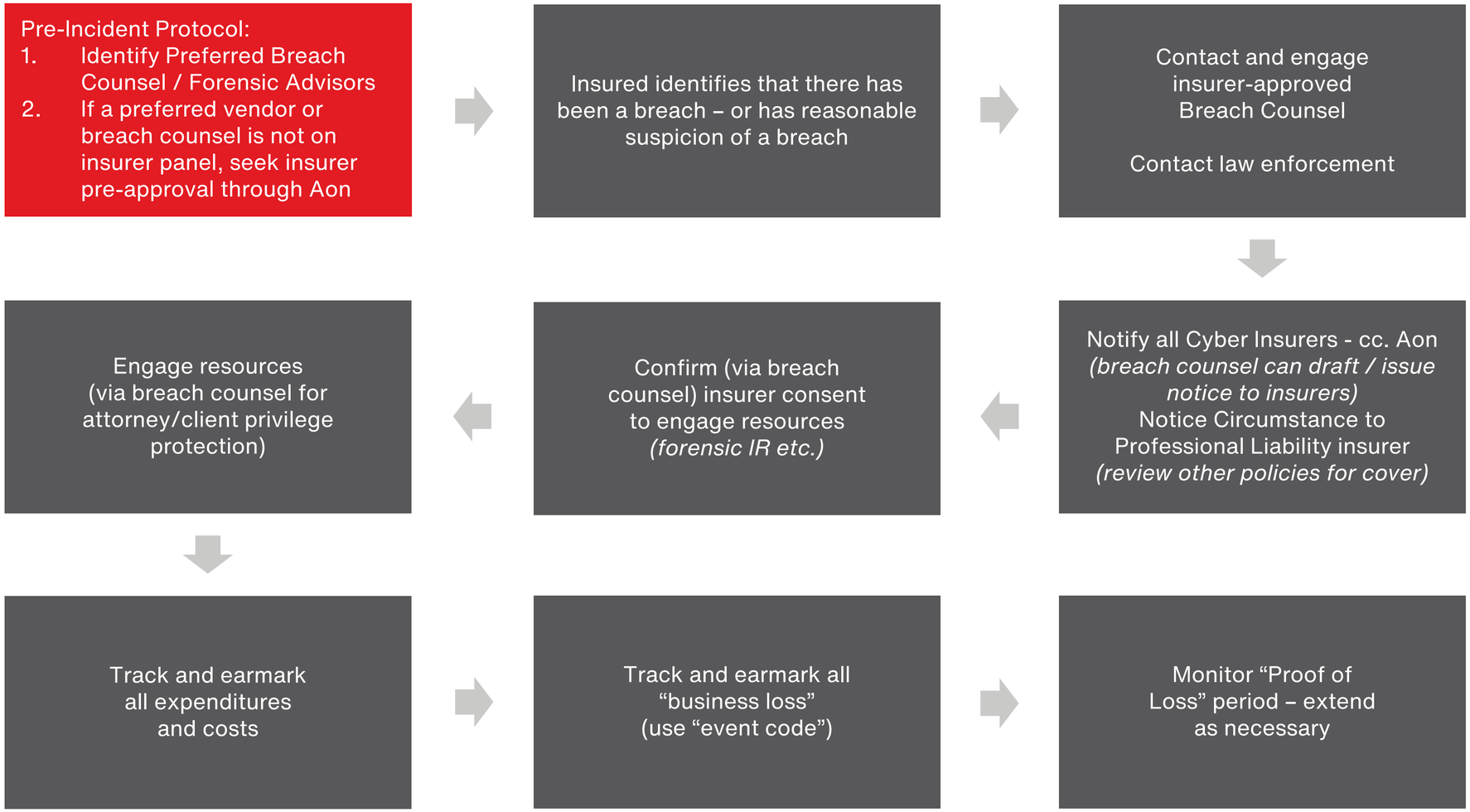
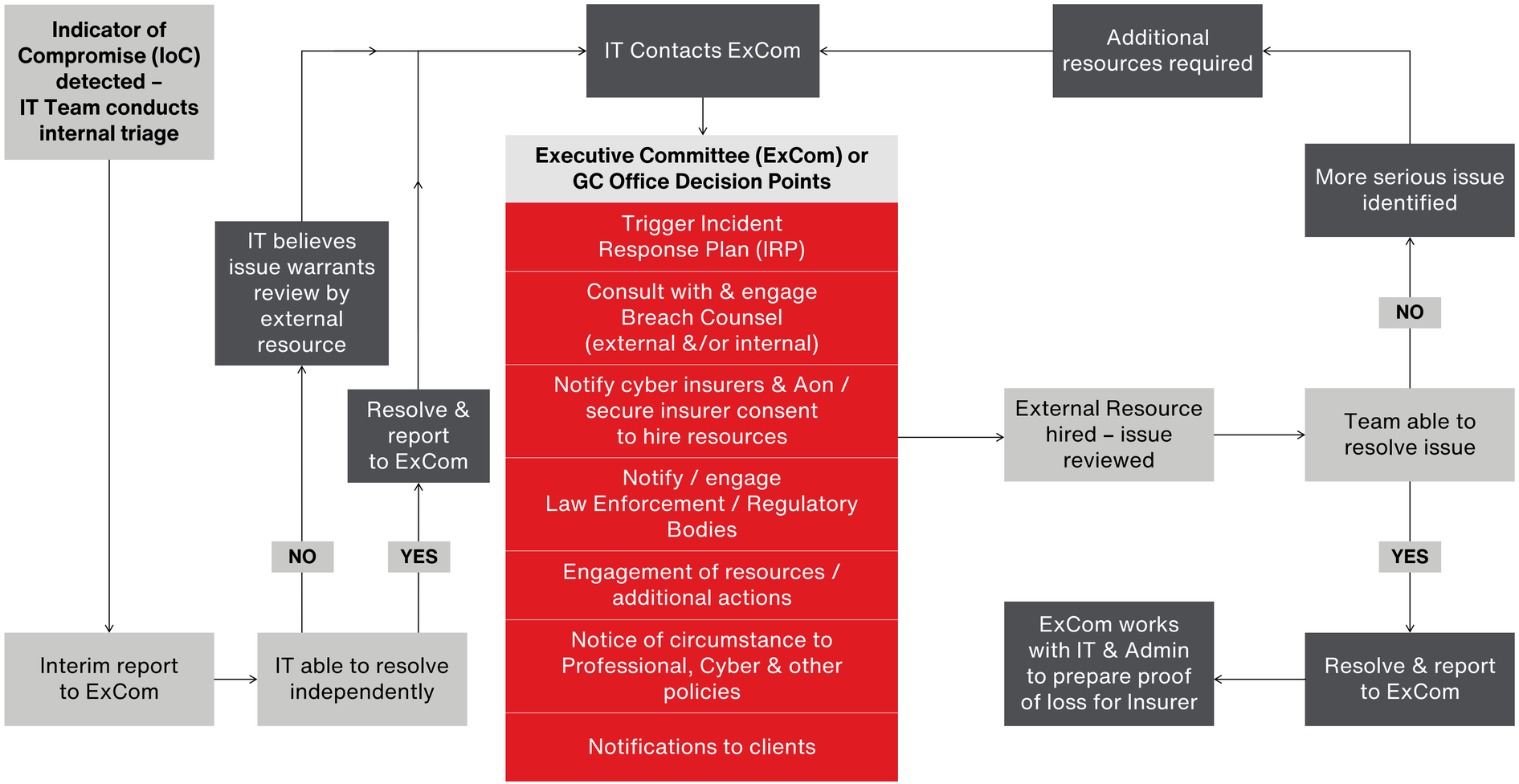
Cyber Incident Flow Chart



Claim Readiness Planning

This diagram illustrates how a cyber event response flow might work in a firm where it is coordinated through the Executive Committee or General Counsel's office. It can be modified to account for different internal reporting structures.



Thank You