

THE CHANGING CYBER LANDSCAPE



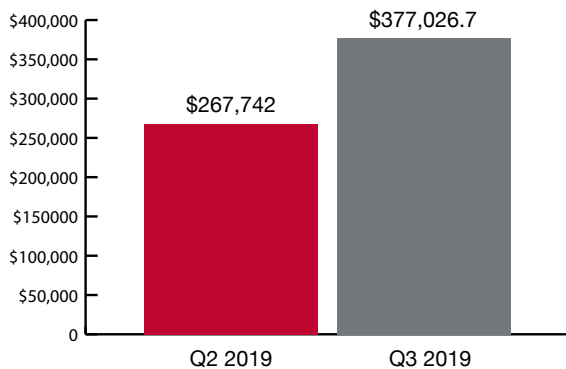
**SOMPO
INTERNATIONAL**
INSURANCE

Cyberattacks continue to impact companies of all sizes irrespective of industry or sector, with challenges from an unprecedented increase in ransomware attacks, a significant rise in data breach response costs and a more complex regulatory environment. The frequency of ransomware attacks and the extortion amounts demanded continue to climb sharply, in some cases, resulting in large extortion payments and significant network downtime resulting in a loss of revenue. A comprehensive cyber risk management program can help companies protect themselves and their bottom lines.

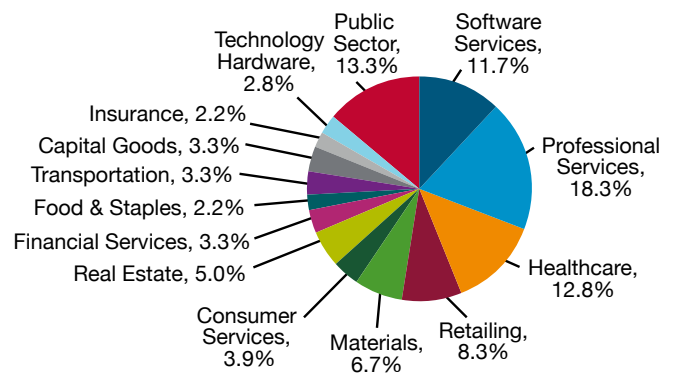
DRAMATIC RISE IN RANSOMWARE EVENTS AND RELATED COSTS

- 118%** Growth in new ransomware (McAfee)¹
- 504** New ransomware threats per minute (McAfee)¹
- 12.1** Average number of days to recover from a ransomware incident (Coveware)²
- #1** Cause of Lost Business Income & Recovery Expense (NetDiligence)³
- UP TO 21%** Ransomware investigation and recovery costs have grown the fastest over the past year (Accenture)⁴

Average Ransom Demand: Ryuk (Coveware)²



Industries Commonly Targeted by Ransomware (Coveware)²



INCREASING IMPACT OF DATA BREACHES

- \$13.0M** Average annual recovery, investigation and incident response costs of cybercrime globally in 2018⁴
12% increase in past year
72% increase in past 5 years
- \$27.4M** Average annual recovery, investigation and incident response costs of cybercrime in the U.S. in 2018⁴
29% increase from prior year
- 54%** Increase in number of reported breaches versus first six months of 2018 (Norton)⁵



NEW REGULATIONS INCREASE PENALTIES FOR DATA BREACHES AND NEGLIGENT PRIVACY PRACTICES⁴

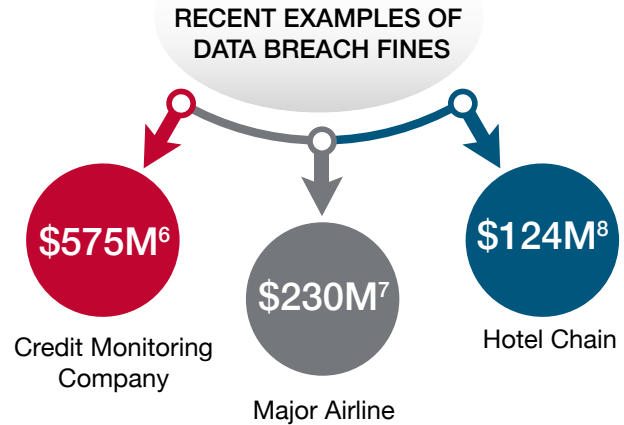
GENERAL DATA PROTECTION REGULATION (GDPR) VIOLATIONS

POTENTIAL FINES ASSESSABLE UP TO \$23M OR

4% OF ANNUAL GLOBAL REVENUES

EXPECTED FINES IMPOSED BY CALIFORNIA CONSUMER PRIVACY ACT (CCPA)

\$7,500 PER VIOLATION



BREACH PREVENTION

- 99% of identity breaches can be blocked with MFA (Microsoft)⁹
- Training can reduce phishing click through rates from 40% to lower than 10%

The following services are available at no cost to Sompo International insureds:

Email Security Reviews SecurIT360 <i>The physics of securing IT</i> CRYP SIS	Bait and Phish Social Engineering Testing and Phishing Campaign BAIT & PHISH	Sompo 'Virtual Chief Information Security Officer' CRYP SIS	BitSight Security Risk Rating Report (vCISO) Service BITSIGHT The Standard in SECURITY RATINGS
---	--	---	---

ABOUT SOMPO INTERNATIONAL

Sompo International offers our insureds comprehensive first and third-party liability coverage that is highly coordinated with risk mitigation and response services. Our globally integrated team has the depth of experience and extensive product knowledge to respond effectively to today's cyber threats. We also work closely with best-in-class specialists who can help prepare our insureds for emerging risks.



IS YOUR ORGANIZATION READY?

Our specialized cyber underwriters, claims professionals and risk control specialists can help you address the exposures created by today's rapidly changing marketplace.

Brad Gow

Global Cyber Product Leader
 T +1 914 468 8059
 E bgow@sompo-intl.com

United States

Richard DePiero
 Senior Vice President,
 U.S. Cyber Product Leader
 T +1 212 471 1761
 E rdepiero@sompo-intl.com

Bermuda

Sarah Spurling
 Senior Vice President,
 Professional Lines
 T +1 441 278 0479
 E sspurling@sompo-intl.com

CLAIMS

Matthew Tucci
 Vice President,
 Cyber Claims Counsel
 T +1 908 376 0888
 E mtucci@sompo-intl.com

Perla Heady

Senior Claims Counsel
 T +1 212 897 6615
 E pheady@sompo-intl.com

¹ McAfee Labs Threats Report; ² Coveware's Q3 2019 Ransomware Marketplace Report; ³ NetDiligence® Cyber Claims Study 2019 Report; ⁴ Accenture 2019 Cost of Cybercrime Study; ⁵ Norton Cyberthreat Trends: 2019 Cybersecurity Threat Review; ⁶ Equifax to Pay \$575 Million as Part of Settlement with FTC, CFPB, and States Related to 2017 Data Breach (FTC, July 22, 2019); ⁷ British Airways faces \$230 million fine. It would be a record under Europe's tough data privacy law (CNN, July 8, 2019); ⁸ Marriott Faces \$123 Million Fine for 2018 Mega-Breach (Forbes, July 9, 2019); ⁹ One simple action you can take to prevent 99.9 percent of attacks on your accounts (Microsoft Security Blog, August 20, 2019).