



Cyber Liability Insurance Via a Captive Ins. Co.

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Disclosures

- No transaction should ever be completed simply or even primarily to achieve tax savings. The IRS may deny deductions for transactions that are motivated primarily by tax considerations and may conclude that a CIC formed primarily for tax purposes is illegitimate. CIC's should only be implemented by those business owners who are primarily motivated by risk management and asset protection concerns, and the non-tax reasons for the CIC should be sufficiently documented.
- In 2016 via IRS Notice 2016-66 the IRS designated certain types of captive insurance transactions as “transactions of interest” necessitating the affirmative disclosure to the IRS by taxpayers of certain information regarding such transactions. Consult your independent tax advisor to determine the applicability and significance of Notice 2016-66 to any captive insurance transaction in which you have engaged or may ultimately engage.

Benefits

- Traditional Insurance Excludes “State” Attacks (Nearly 100% are “State” Attacks)



- Hard Market Protection, Control Cost (Premiums) and Capacity (Limits)
- Captive Policy Language written to benefit Business Owner
- Potential Tax Savings
- Captive Client Retains Cyber + ERM Profit (See Next Slide Example))

Cyber + ERM Captive Financial Projection



Microsoft Word
Document



Adobe Acrobat
Document



Microsoft Excel
Worksheet



Microsoft Excel
Worksheet



Sponsored Captive Ins. Co. Advantages

- **Each Cell's Assets and Liabilities Segregated from Other Cells, (no comingling),**
- **No Regulatory Capitalization Requirement for Each Cell (Lower Entrance Cost),**
- **Annual Cell Regulatory Fees Limited to Nominal Amount**
- **Competitive Advantages of a Group, but Assets and Liabilities not comingled like a Group**



Cyber Liability Sponsored Captive Idea Affirmed

CloudCover Re creates cyber rent-a-captive

15-02-2023



shutterstock/Song_About_Summer

CloudCover Re has established what it says is the world's first cybersecurity "rent-a-captive" insurance programme, called CloudCover CyberCell.

This cyber security captive insurance offering is in partnership with Hylant Global Captive Solutions.

According to CloudCover Re the offering comes at a key time, as cyber insurance solutions are lacking cyber coverage as premiums have dramatically increased over the past decade due to significant insurance underwriting losses which point to the rise in cyber-attacks that continue to devastate companies

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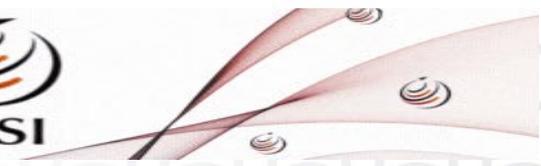
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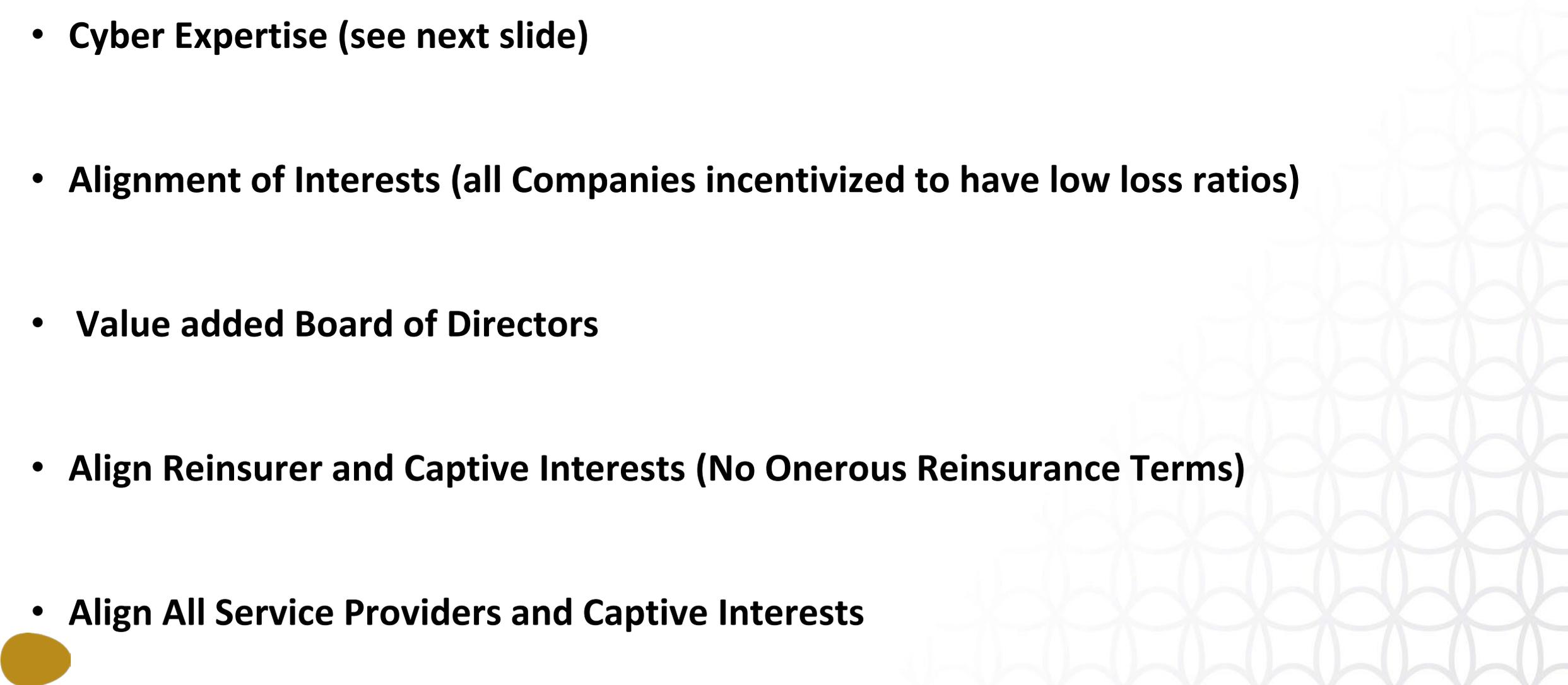


CAPTIVE INSURANCE

insurance.mo.gov/captive



Why Cyber SCIC Will Succeed – A Better Model

- **Cyber Expertise (see next slide)**
 - **Alignment of Interests (all Companies incentivized to have low loss ratios)**
 - **Value added Board of Directors**
 - **Align Reinsurer and Captive Interests (No Onerous Reinsurance Terms)**
 - **Align All Service Providers and Captive Interests**
- 

SeCAP Cyber SCIC Why we are Succeeding - Founder



- Damien Thomas, Principal Partner - Core Business Services, LLC, 2003 – Present, Primary Principal SeCAP Inc. 2022 - Present
- Design/Implement/Manage global CCaaS/Ucaas/Security/Cloud/Network deployments
- Corporate Cloud/Telecommunications Compute Strategies/Proven Process
- Inventory/Assess Infrastructure/Application/Security Stack/WAN topologies/CPE/SLA
- Produce core to edge compute strategies to meet current and future needs
- Implement/Oversee Resultant Plan, With Customer for Project Life

Cyber Facts Impacting Cybersecurity Insurance – Why Premiums are Increasing and Coverage Decreasing?

- **3.5 Million Vacant Cybersecurity Jobs**
- **Average Breach Cost \$3.8 Million**
- **43% of SMB's have no Cyber Security Posture**
- **52% of SMB's do not Have Access to Cyber Security Expertise**
- **75% of Organizations Lack Breach Cybersecurity Plan**
- **90,000 CISSPs & 106,000 Job Openings**
- **17,000 CISM's & 40,000 Job Openings**

Source: <https://www.cyberseek.org/>



(Source: <https://www.gartner.com/en/articles/7-top-trends-in-cybersecurity-for-2022>)

Why SeCAP Captive Succeeds – We Have Dedicated Cyber Security Design, Engineering and Solutions Architects

Engineer Assigned to Core Business Services

Solutions Architect Assigned to Core Business Services



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Why SeCAP Succeeds – Tech Legacy

- Core Business Services, long standing communications solutions provider,
- Maintain ecosystem of over 592 (and growing) providers in:
 - Cloud Communications as a Service (CCaaS),
 - Unified Communications as a Service (UCaaS),
 - Cloud Migration – Consumption,
 - Cybersecurity threat identification – recovery – isolation – remediation,
 - Information Technology as a Service (ITaaS)
- Larger than the largest, and broader than the broadest,
- End solutions for an internal customer base (Managed Service Providers) as well as end customer clients.
- Ecosystem leverages the expertise and experience of best-of-breed regional, national and international providers
- Inventory, audit and assess clients full compute stack,
- Individuals, applications, equipment, hybrid environments and route dependencies of data in-flight or at-rest,
- Request for Information process for every internal or external client we engage,
 - RFI identifies client current technological posture,
 - Maps technological deployment to remediate business risk, technological risk and financial risk (the trinity of business risk).
- Inventory, audit and assessment specific to cybersecurity open threat surface area
 - Agent/agentless based probes visibility into clients hosted, hybrid, mobile, applications etc. environments,
 - Engage cybersecurity solutions providers to close known open threat vectors,
 - Close 98% of the at risk surface area,
 - Remaining 2% in domain of on-going training (most attacks are phished from a user on the network not following cybersecurity protocol)
 - Develop compliance policy standard and deliver training from this customer policy issuance on behalf of clients.
- Cyber attacked client, we replicate and store-and-forward key data, to protect against ransom ware through low-cost Disaster Recovery as a Service (DRaaS)
- Cut cybersecurity insurance costs; while mobilizing corporate revenue...

Why SeCAP Succeeds

“Our Origin Story Began In Technology, Not Insurance”

- SeCAP Cell Services, LLC Flex Cyber Insurance platform works with clients to deliver a real-time benchmark of a policyholder’s cyber risks,
- SeCAP Cell Services, LLC works with the client to develop a cybersecurity strategy within client benchmarks in conjunction with applicable Frameworks,
- Client at risk surface area are initially assessed through soft pen testing
- SeCAP Cell Services, LLC actively pursues Continual client Framework adherence Through:
 - Risk Audit, Assessment and Design
 - Risk Engineering
 - Risk Monitoring
- Allows policyholders to identify current and emerging threats,
- Along with Flex Cyber Insurance, SeCAP Cell Services, LLC provides a Cyber Insurance platform that works in lock step with Cybersecurity tools and resources to reduce loss-run,



Why SeCAP Succeeds - CYBERSECURITY SPECIFIC AUDITING

Now an Ivanti Company

RiskSense Platform

Ingest

- Infrastructure Scanners**
 - Network
 - Cloud
 - Passive
- Application & Code Scanners**
 - SAST/DAST/OSS
 - Container
- Asset Management**
 - CMDB
 - Reconnaissance
- Manual Findings**
 - Pen Testing
 - Bug Bounties

Threat Contextualization **Data Segmentation** **Actionability** **Reporting** **Automation**

- Threat Contextualization**
 - Exploit Categorization
 - Vulnerability Risk Rating (VRR)
- Data Segmentation**
 - Organize
 - Label
- Actionability**
 - Prioritize
 - Remediate
- Reporting**
 - Dashboards
 - Reports
- Automation**
 - Playbooks
 - Workflows

RiskFusion Threat Aggregation

APIs

- Analytics
- Custom Integration
- Visualization

Incident Management

- Ticketing**
- SOAR**
- SIEM**

Security Operations



SeCAP's Approach – Core Business Services Philosophy of “Everything Starts with Audit-Inventory- Assessment”

A Different Type of Assessment



Easy, Low Intrusion, Low Customer Effort

No agents to push, no infrastructure to deploy, minimum effort to your resources



Fast

Actionable results in as little as 5-7 days through extreme automation



Comprehensive

The most features, analysis, tools, and outcomes in a single platform



Powerful, Actionable Results

Proprietary analysis, real-time road-mapping, best-fit algorithms



Understand Your Environment and Needs



Plan Your Requirements and Create Your Roadmap



Identify Cost Savings and Best-Fit Products

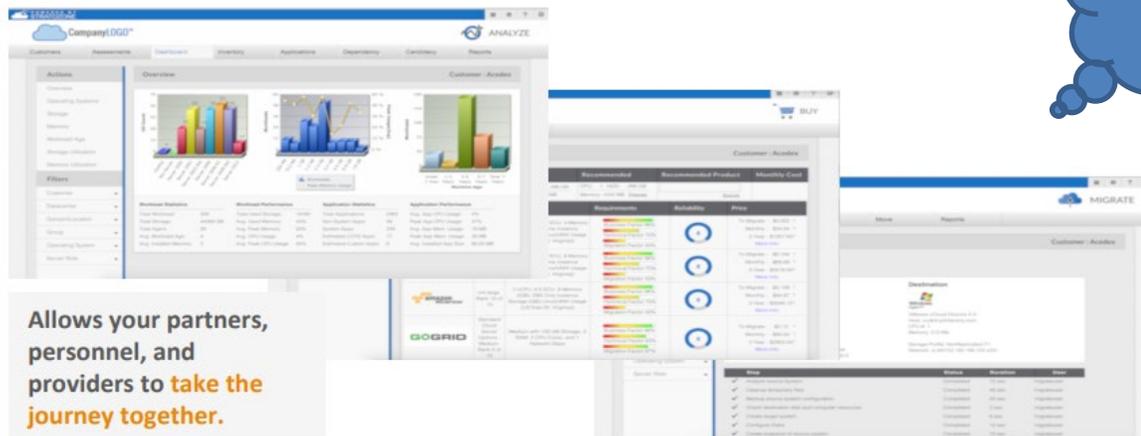


Create Your Migration Plan and Migrate Assets

Fast and actionable results through automation!

A Collaborative SaaS Platform

Analyze & Plan → Match & Order → Migrate



Actual 5 Day IP Scan

Replaced \$50,000.00 in Traditional Cost (300 Workloads):

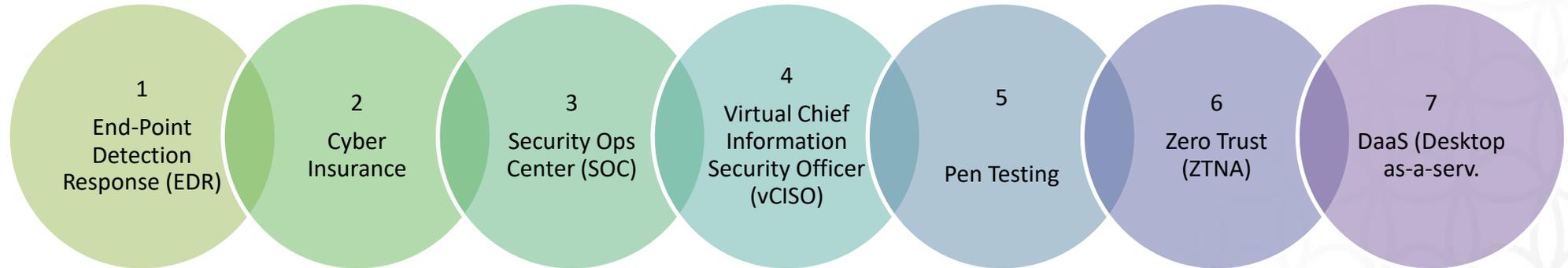
- 4 Tools
- 200+ Service hours
- 3 SkillSets
- 3+ Months
- High Consumer Effort

To Get This

- Inventory Analysis
- Cloud Fit Analysis
- Application Mapping
- Comprehensive Roadmap
- Migration Workflows
- Cost Centric Migrations

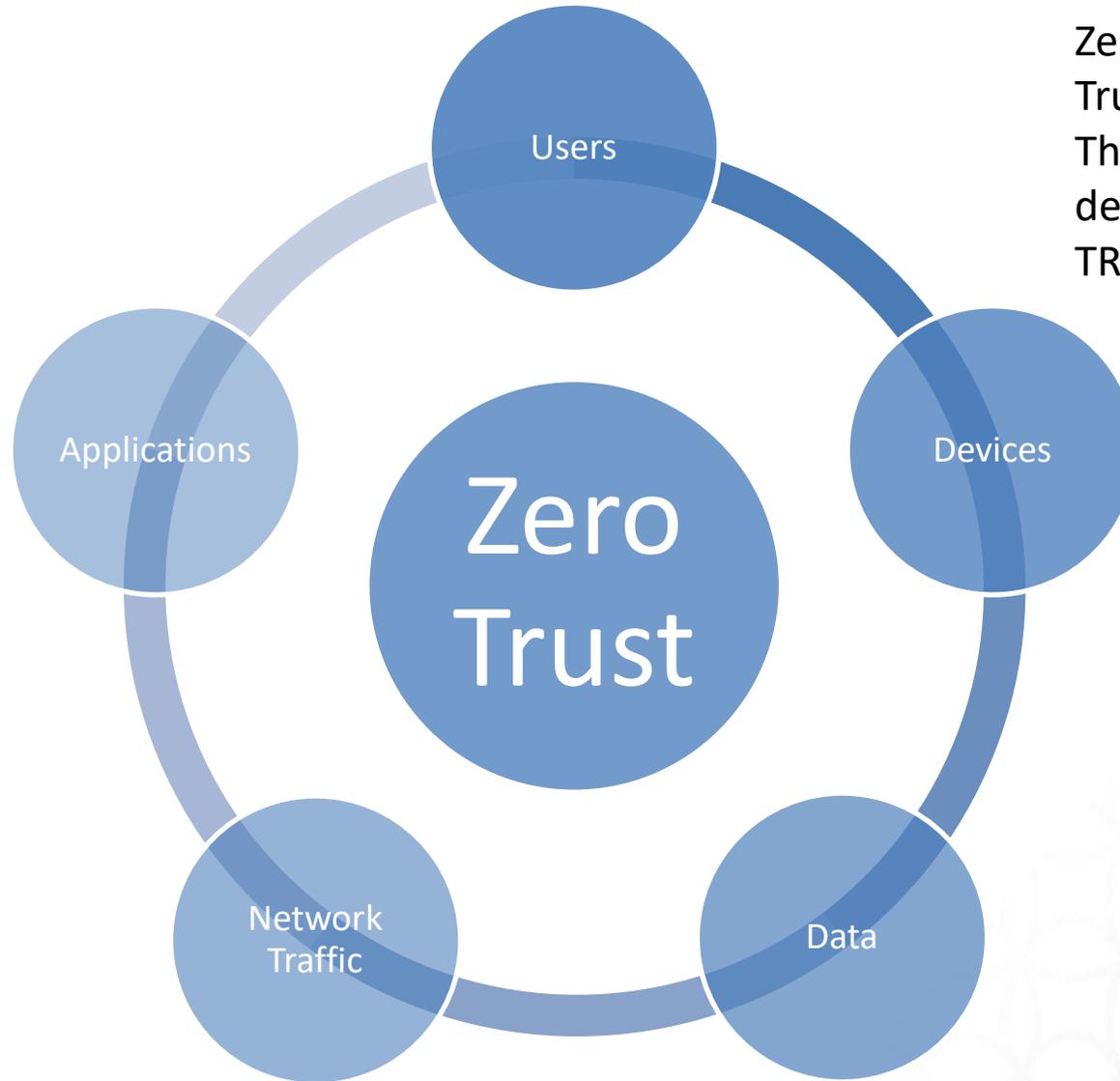
TOP SECURITY SOLUTIONS IN 2022

As a Held Company of Core Business Services SeCAP Leverages the Experience, Network and Knowledge of Core Throughout a Client Security Stack – This places SeCAP in a Unique Position to Render a Unique Cyber Insurance Solution.



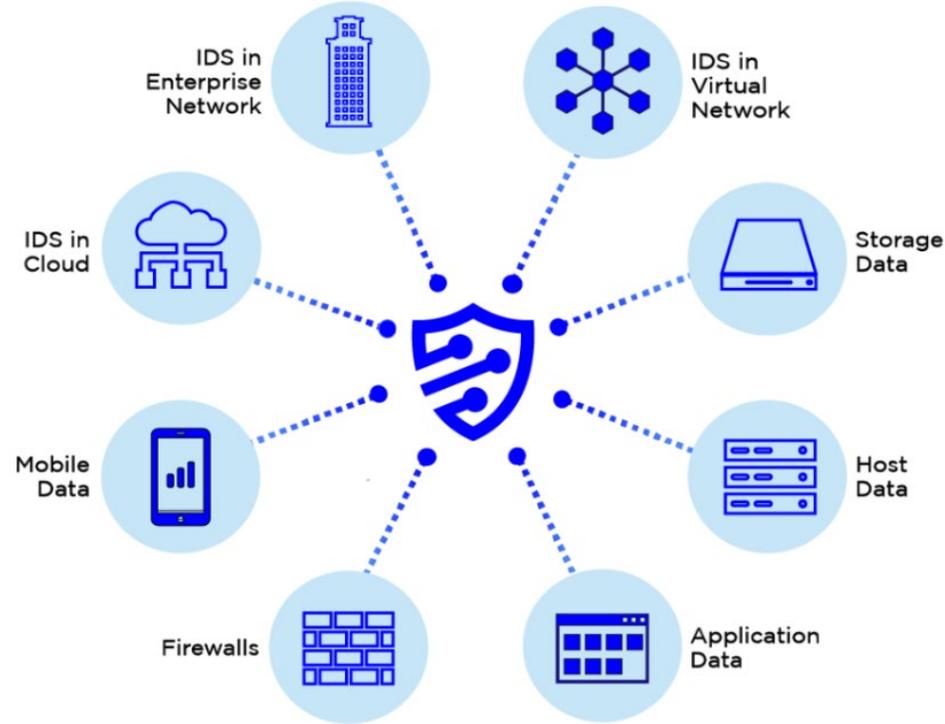
(Source: <https://www.gartner.com/en/articles/7-top-trends-in-cybersecurity-for-2022>)





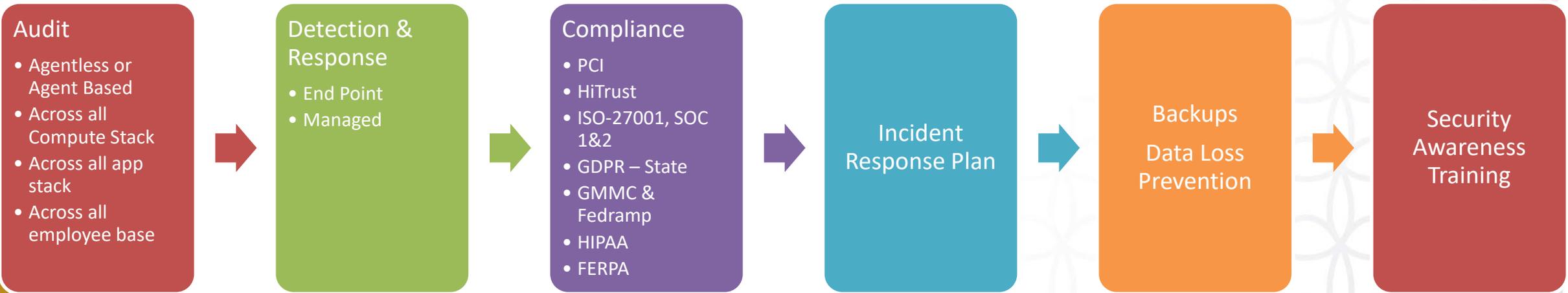
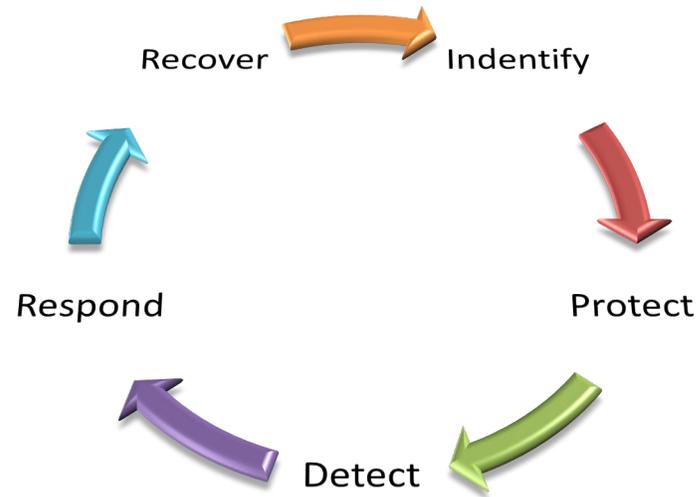
Zero Trust – Based on Belief That Trust is Vulnerability, and Therefore, Security Must be defined by the Philosophy, “NEVER TRUST ALWAYS VERIFY”





1. Security Event and Incident Management (SEIM) refers to cyber security products and services that utilize security logs generated by applications, hosts, and network devices for the purposes of
 - Real time analysis
 - Monitoring
 - Alerting on
2. SEIM solutions
 - Collect disparate logs, normalizes data, and runs log entries through algorithms that tease out interesting patterns of behaviors that require human research and confirmation.
 - Assessment of forensic trail of data for generation of compliance reports.
3. SEIM solutions are purchased as software, appliance, or managed services solutions.

Cyber Security Framework – Always in Motion



Security Operations Center (SOC) – Custom or As-a-Service

SOC Risks

- Under scoped and misalignment across the organization.
 - Failure to recognize the benefits between SOC models & options.
 - Static SOC deployment without accounting for changes in organizational requirements and/or threat landscape.
1. Op-Ex vs. CapEx
 2. Capturing and Rol through audit and inventory (open threat vector isolation)
 - a) Devices
 - b) Applications
 - c) Environments
 - d) People (Conduct)



The Secure Access Service Edge (SASE) network. Foil for ransomware, malware, and other cyberattacks, SASE is the solution for locking down infrastructure (Hosted or on Prem), Software (SaaS), Connected Devices (Edge, or Guest), Ingress and Egress Access Points (Wi-Fi, IoT)....

Deploy SASE key elements: Secure Web Gateway (SWG), Zero Trust Network Access (ZTNA), and more.

Advanced Packet-Inspected Software Defined Wide Area Network elements to hybrid cloud Environments - Experiences.

Rely on Domain Name Service (DNS) security and Firewall-as-a-Service (FWaaS) to simplify and fortify their SASE networks.

Use SASE tools to monitor the internet behavior of remote workers and rely on that intel to drive decisions.

Security Requirement Pertaining to Identity in conjunction with the PHYSICAL DEVICE!!!!



SeCAP Cell Services, LLC and & CIC Services, LLC

SeCAP chose to partner with CIC Because Together We Help Businesses Own Their Own Insurance Company

- Establish Asset Protected Loss Reserves
- Increase Profit / Wealth (Generally By Millions Of Dollars)
- Lower / Control Insurance Costs
- Insure Uninsured / Under-Insured Risks (Like COVID-19)
- Benefit From Insurance Company Tax Treatment



About CIC Services, LLC

A Track Record of Standing Up For Clients And The Industry



In May 2021 the Supreme Court ruled in CIC Services' favor by a margin of 9-0 in its lawsuit against the IRS and its unlawful Notice 2016-66.

<https://www.captivatingthinking.com/supreme-court-backs-cic-services/>



About CIC Services, LLC

We Also Stand Up For Clients And Our Industry



In September 2021 a U.S. District Court granted CIC Services an injunction against the IRS' unlawful Notice 2016-66.

<https://www.captivatingthinking.com/cic-services-sees-another-win-in-district-court/>



About CIC Services

Middle Market Captive
Manager Of The Year In
2021



WINNER

Captive Manager of the Year - Less
Than \$1bn of Gross Written Premium

CIC Services

About SeCAP Cell Services, LLC

- SeCAP Cell Services, LLC is a Risk Management consulting firm, specializing in the utilization of Cyber Security Frame Works to stabilize the cost and actual coverage of Cyber Security Insurance through Captive Insurance Companies (Captives). SeCAP delivers value through a working relationship between Core Business Services, LLC and CIC Services, LLC.
- Core Business Services, LLC is a hybrid communications agency focusing on compute enablement for enterprise and government clientele Since 2002. Core is responsible for SeCAP financing, technical position and over-all ownership.
- CIC Services, LLC has provided expertise, and captive management services. CIC Principals has over two centuries of combined experience in the insurance industry. CIC is an integrated consultant to SeCAP focusing on legal formation, statutory compliance and captive organization.



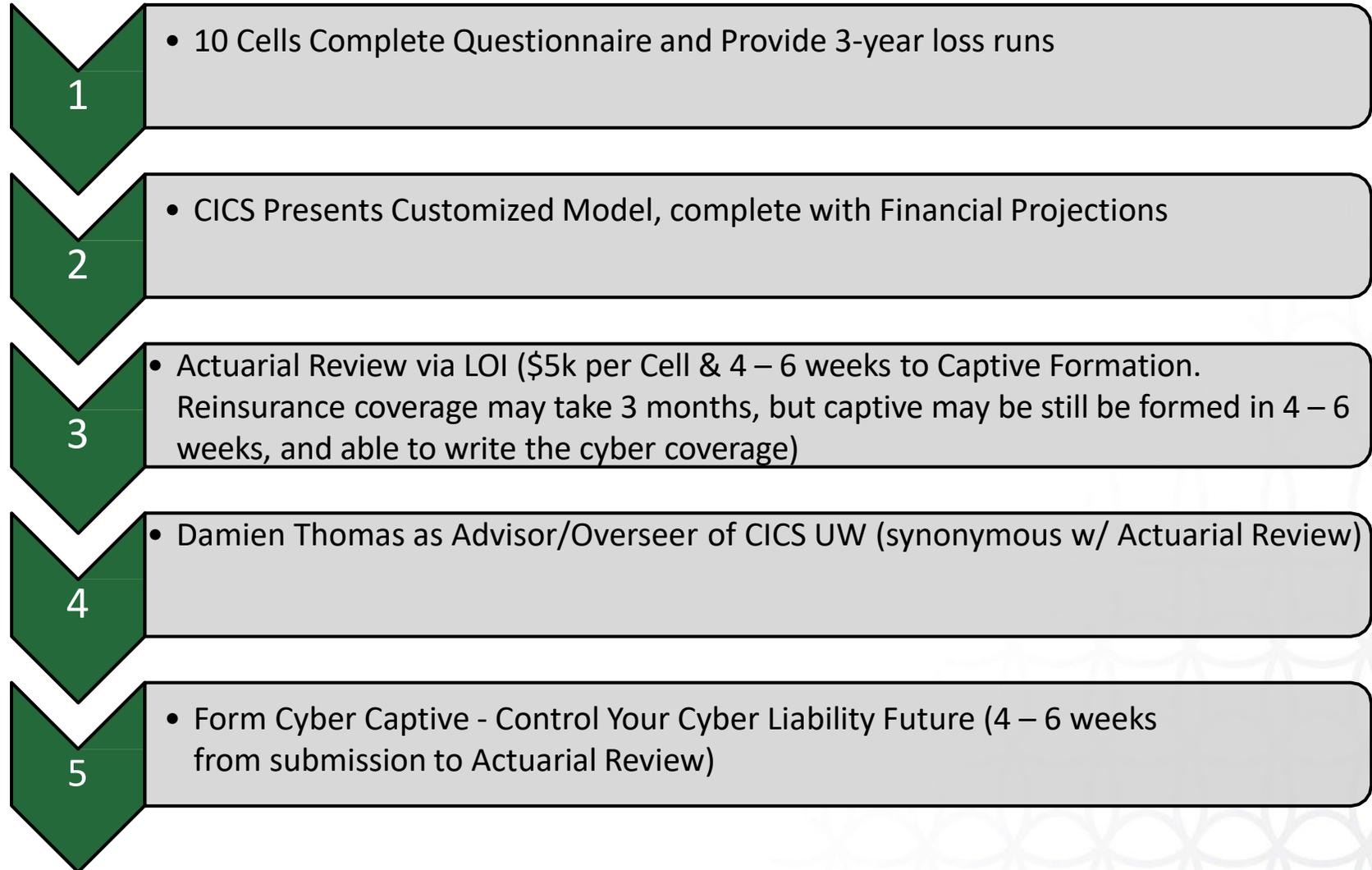
Christopher Gallo

Managing Director – CIC Services, LLC



- Prior to CIC Services, concluded a 35-year Connecticut Ins. Dept. regulatory career
- Career lesson - importance of sustainable liquidity, and cash flow, in any enterprise
- Captives allow business to not only survive, but to thrive, in any economic environment
- BS in Administrative Science from Central Connecticut State University
- Certified Financial Examiner

Next Steps



Questions?

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