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As Cybersecurity Concerns Intensify, the Insurance Industry and Regulators Respond

By Jana M. Landon and Lauren Zychowicz

Over the past several years, the insurance industry has struggled with how best to safeguard consumer data. Two new pronouncements – one by the National Association of Insurance Commissioners (NAIC) and one by the Delaware Department of Insurance – show that regulators are poised to push out new requirements, particularly reporting requirements, for insurance organizations.

On Oct. 24, the NAIC adopted the Insurance Data Security Model Law. Modeled after the New York Department of Financial Services cybersecurity regulations that took effect earlier this year, the new NAIC guidelines create rules for insurers, agents and other licensed entities concerning risk assessment, investigation and notifications following a security breach. The new NAIC model law does not include all the particular requirements of the NY-DFS regulation; however, it does create a requirement for reinsurers to provide notice to insurers of cybersecurity events, an issue that was not in the NY-DFS regulation. The NAIC press release regarding its adoption of the law can be found [here](https://insurance.delaware.gov/wp-content/uploads/sites/15/2017/09/Universally-Applicable-Bulletin-003.pdf) (https://insurance.delaware.gov/wp-content/uploads/sites/15/2017/09/Universally-Applicable-Bulletin-003.pdf).

The Delaware Department of Insurance has similarly requested additional reporting from organizations that fall within its regulations. Specifically, the Department requests that, as a courtesy, an organization notify it within 24 hours of any suspected unauthorized data release, whether or not the release was inadvertent. This is a different and arguably shorter period than is specified by Delaware’s data breach notification law, which requires that a business notify individuals “as soon as possible following a prompt investigation.” A copy of the Department’s Sept. 22 bulletin outlining its request can be found [here](#).

The Department also requests that companies that mail information to their consumers use closed-faced envelopes to prevent the inadvertent disclosure of confidential consumer information through the use of windowed envelopes.

While notifying the Department of a breach is not required, the Department states that being informed of data breaches or other disclosures of confidential consumer information will enable it to provide more accurate responses to inquiries from consumers and other insurance industry stakeholders. Notification can be made by emailing frank.pyle@state.de.us or calling 302-674-7353.

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Given these changes, it is important that insurers remain aware of their reporting obligations for consumer data. We anticipate that additional departments of insurance will be adopting more stringent reporting requirements in the near future.



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People News



Steve Johnson Named AIRROC 2017 Person of the Year

Steve Johnson was recently named the 2017 Person of the Year by the Association of Insurance and Reinsurance Runoff Companies' at the 13th Annual Commutations and Networking Forum in New Brunswick, New Jersey. Steve was recognized

as an international thought leader in the insurance and reinsurance runoff business. In presenting the award, AIRROC's board member Katherine Barker acknowledged Steve's credentials and significant experience. "This year's award winner – as described by their nominator – is someone known for his abilities to balance market and administrative solutions that resulted in more efficient mechanisms to wind down estates to the benefit of policyholders and taxpayers," said Barker.

Stradley Ronon Listed in *U.S. News – Best Lawyers* "Best Law Firms"

Stradley Ronon's insurance practice was honored in the latest edition of *U.S. News – Best Lawyers* "Best Law Firms" list, securing a tier 1 listing in the Philadelphia region. The group was also recognized in the national insurance law listings.

Stradley Ronon Attorneys Named to 2018 *Best Lawyers in America* List

Twenty-five Stradley Ronon attorneys were named to the recently released 2018 edition of *The Best Lawyers in America*. Three attorneys from Stradley Ronon's Insurance Group were included on the list:



Sam Arena



Craig Blackman



Steve Davis

Steve Davis Moderates Panel at Property Casualty Insurers' Northeast General Counsel Seminar

Steve Davis moderated a panel entitled, "Insurance Department General Counsel Discussion," at the American Property Casualty Insurance Association's Northeast General Counsel Seminar in Philadelphia. The discussion included insights and practical advice on various regulatory hot topics from Amanda Baird, General

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Counsel of the Ohio Department of Insurance; Amy Daubert, Chief Counsel of the Pennsylvania Insurance Department; and Gale Simon, Commissioner of Enforcement and Consumer Protection at the New Jersey Department of Banking and Insurance.



Jana Landon Presents at Four Conferences

Jana Landon served as panelist at the Association of Insurance Compliance Professionals 2017 Annual Conference in Seattle. Jana's panel, "Cyber Security – What You Don't Know CAN Hurt You," discussed protection of customer data, company requirements for protecting

data, unique insurer vulnerabilities and new regulatory requirements. She served as a panelist at the Pennsylvania Bar Institute's 22nd Annual Bankruptcy Institute in Philadelphia. Her panel, "Cybersecurity," discussed the latest challenges facing law firms and their clients, practical low or no-tech ways to up your cybersecurity readiness, and privacy and cybersecurity considerations when handling bankruptcy matters. Jana also presented a safety briefing, focusing on data privacy and security when traveling at the Women's International Network of Utility Professionals Conference in Philadelphia. Jana served as was a discussion facilitator at The Sedona Conference Working Group on Data Security and Privacy Liability Midyear Meeting in San Diego. Jana's panel, "Law Firm Data Security," focused on issues relating to

data questionnaires directed to law firms and reasonable practices for protecting client data. The meeting provided an opportunity for working group members to provide commentary on matters including data security and privacy issues in civil litigation, law firm data security, privilege in the data security litigation context, reasonable or unreasonable data security measures, and legal issues in cloud computing.



Karl Myers Records ABA Podcast on Technology in Appellate Practice

Karl Myers recorded a podcast for the American Bar Association, titled, "Optimizing Technology for Appellate Practice." The show included practical advice for practitioners on how to use technology to achieve efficiencies in preparing appellate

briefs and appendices.

Upcoming Event

Steve Johnson will be presenting "Corporate Governance – The Basics," the first webinar in PAMIC's series on Corporate Governance Annual Disclosure, with Lisa Cosentino, Partner at Marcum, LLP, on Dec. 13 at 2 p.m.



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