

**AON**

**MARIM**

Tackling the Double  
Whammy of Cyber-Attack &  
Non-Payment Losses

**July 2024**





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# Poll Question 1

Which of the following are the **Top 3 Global Risks** that companies are facing today?  
Choose 3 answers from below:

- Cyber Attack or Data Breach
- Business Interruption
- Increasing Competition
- Failure to Retain or Attract Top Talent
- Economic Slowdown or Slow Recovery
- Supply Chain or Distribution Failure



1

# Global Risk Management Survey 2023/2024

Confidential & Proprietary



# Current versus future top ten risks

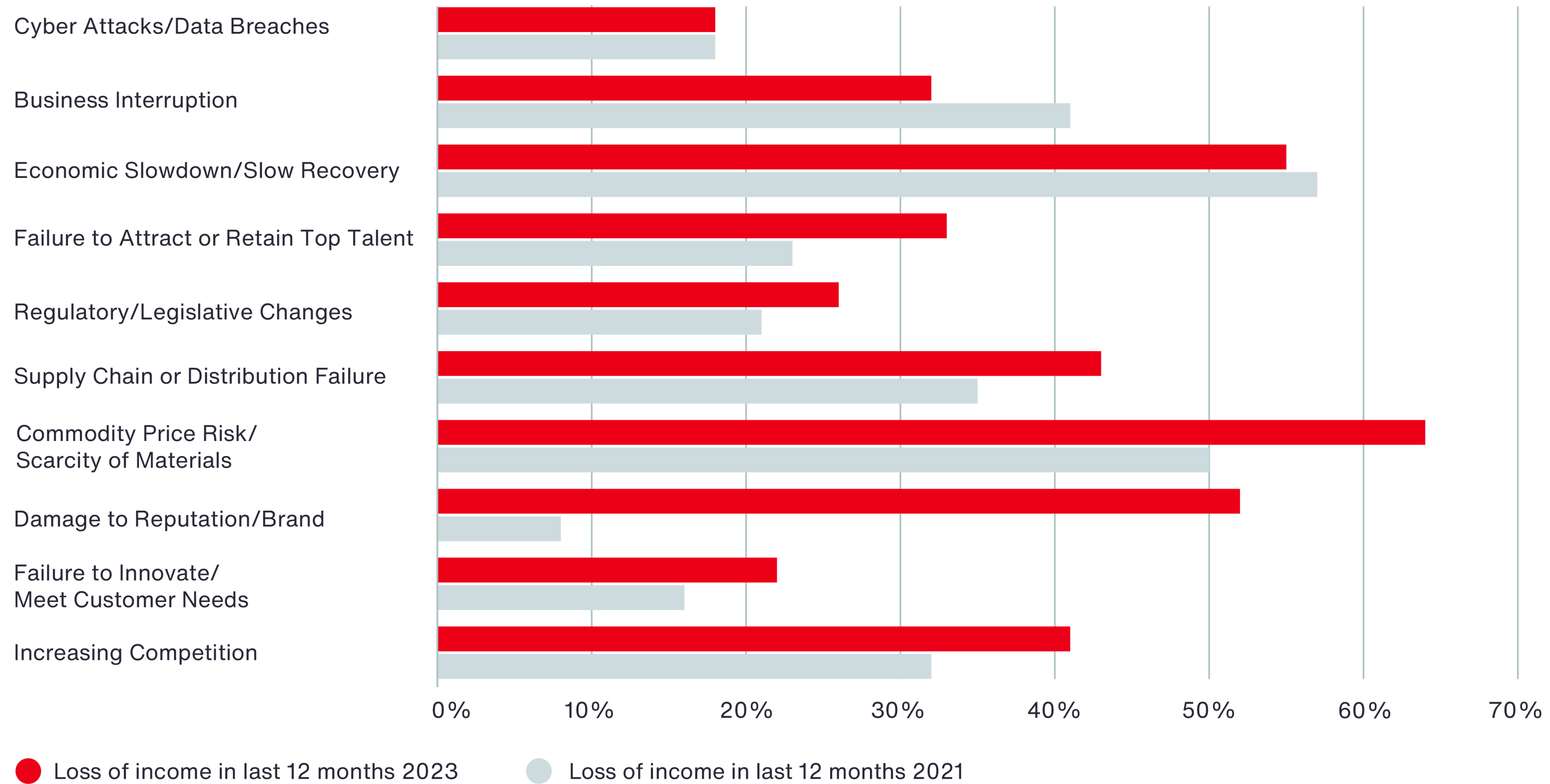
Cyber remains the number one most critical risk, with further talent issues break into the top ten by 2026

| Top 10 in 2023                                   |   |   |  |
|--|---|---|--|
|  | 1   | 2   |  |
|  | Cyber Attacks/<br>Data Breach                 | Business<br>Interruption                      |  |
| 3  | 4   | 5   | 6  |
| Economic<br>Slowdown/Slow<br>Recovery            | Failure to Attract<br>or Retain Top<br>Talent | Regulatory/<br>Legislative<br>Changes         | Supply Chain<br>or Distribution<br>Failure |
| 7  | 8   | 9   | 10   |
| Commodity Price<br>Risk/Scarcity of<br>Materials | Damage to<br>Reputation/<br>Brand             | Failure to<br>Innovate/Meet<br>Customer Needs | Increasing<br>Competition                  |

| Predicted to be Top 10 in 2026                   |   |   |                              |
|--|---|---|------------------------------|
|  | 1 ↔   | 2 ↑   |                              |
|  | Cyber Attacks/<br>Data Breach                 | Economic<br>Slowdown/Slow<br>Recovery         |                              |
| 3 ↑  | 4 ↔   | 5 ↔   | 6 ↓                          |
| Commodity Price<br>Risk/Scarcity of<br>Materials | Failure to Attract<br>or Retain Top<br>Talent | Regulatory/<br>Legislative<br>Changes         | Business<br>Interruption     |
| 7 ↑  | 8 ↑   | 9 ↔   | 10 ↑                         |
| Increasing<br>Competition                        | Workforce<br>Shortage                         | Failure to<br>Innovate/Meet<br>Customer Needs | Cash Flow/<br>Liquidity Risk |

# Loss of income related to global top ten risks

Despite record reported readiness, 39 percent of respondents reported a loss of income related to the top ten risks in the past 12 months



# 2

## Cyber Risks



## Poll Question 2

You are the **CRO** of a diverse, publicly listed conglomerate with **RM 5B annual revenue**. You have a meeting with the CISO to discuss your presentation to the Audit and Risk Committee on cyber resilience.

You have been asked to **identify a single area of investment**.

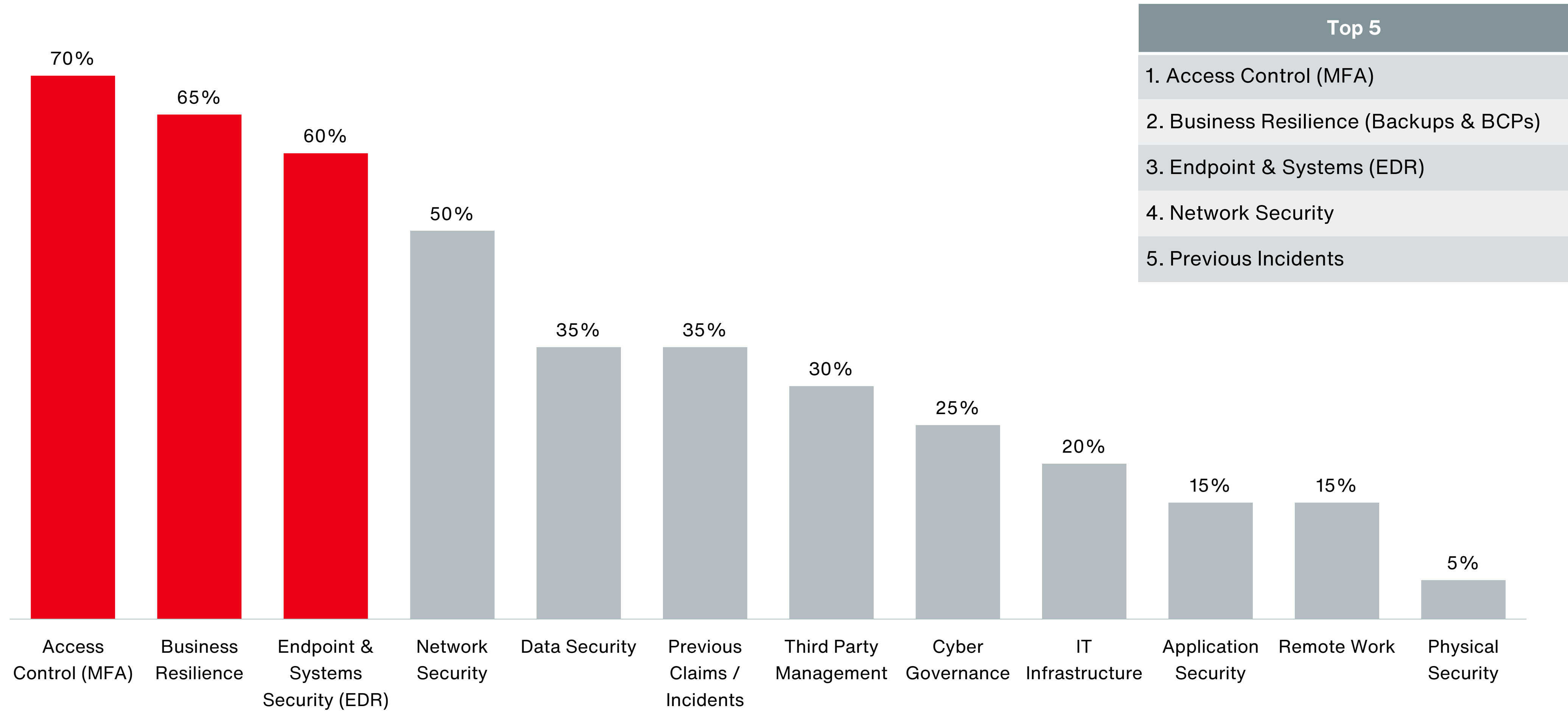
- a) Multi-Factor Authentication (MFA)
- b) Endpoint Detection & Response (EDR)
- c) Cyber Insurance

**What do you choose?**

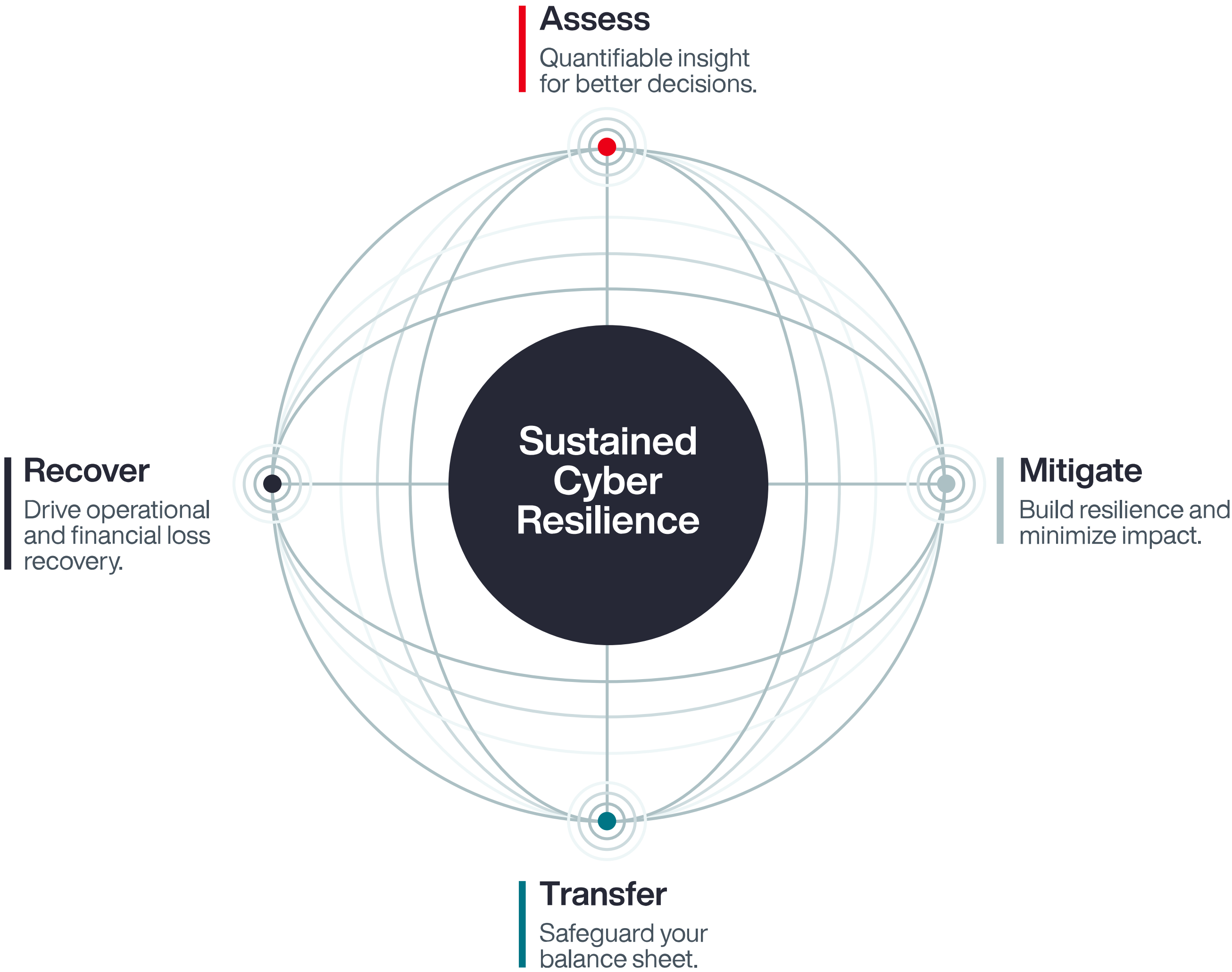




# Why do Insurers say “No”?

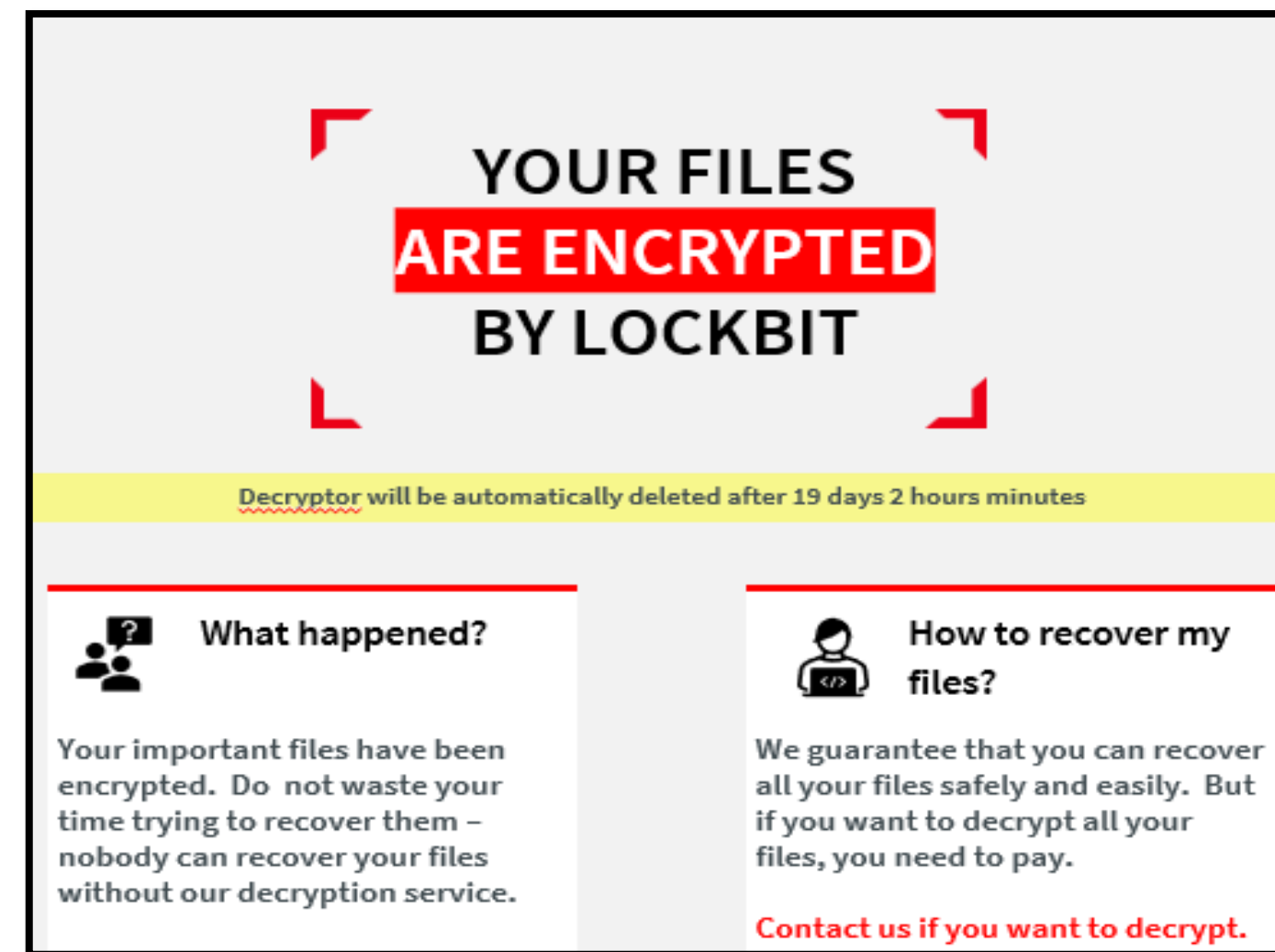


# The Cyber Loop



- ### Aon Capabilities
- CyQu
  - Cyber Impact Analysis
  - CyberScan
  - Adversarial Simulations
  - Managed Detection & Response
  - Cyber Captive Utilisation
  - Cyber Insurance
  - Incident Response
  - Claims Advocacy and Preparation

## Poll Question 3



Your organization's network has been infected with malware, and a ransom demand has been made by the third-party hacker. Do you pay the ransom?

- a. Yes
- b. No



## Poll Question 4

Your organization's network has been infected with malware, and a ransom demand has been made by the third-party hacker.

The attacker has also corrupted your back ups, and if you do not pay the ransom, you will have to reconstruct the entire data pool (and you may not even succeed). Knowing this, do you pay the ransom?

- Yes
- No

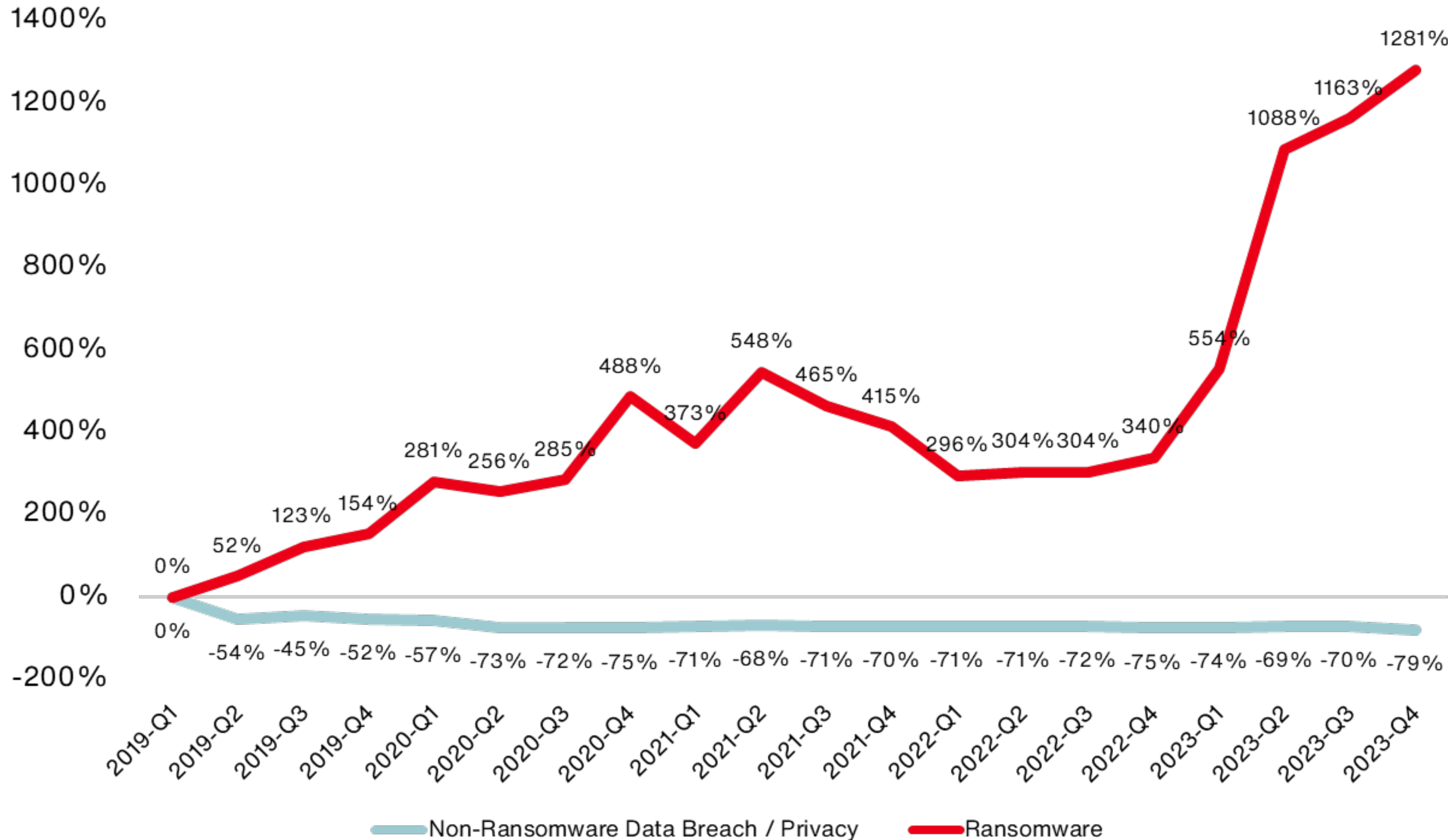


Average loss of shareholder value from a cyber event

**\$3bn.**

Managing the first 10 days of a cyber crisis was linked to **66%** of total shareholder value loss.





**Key Observations:**

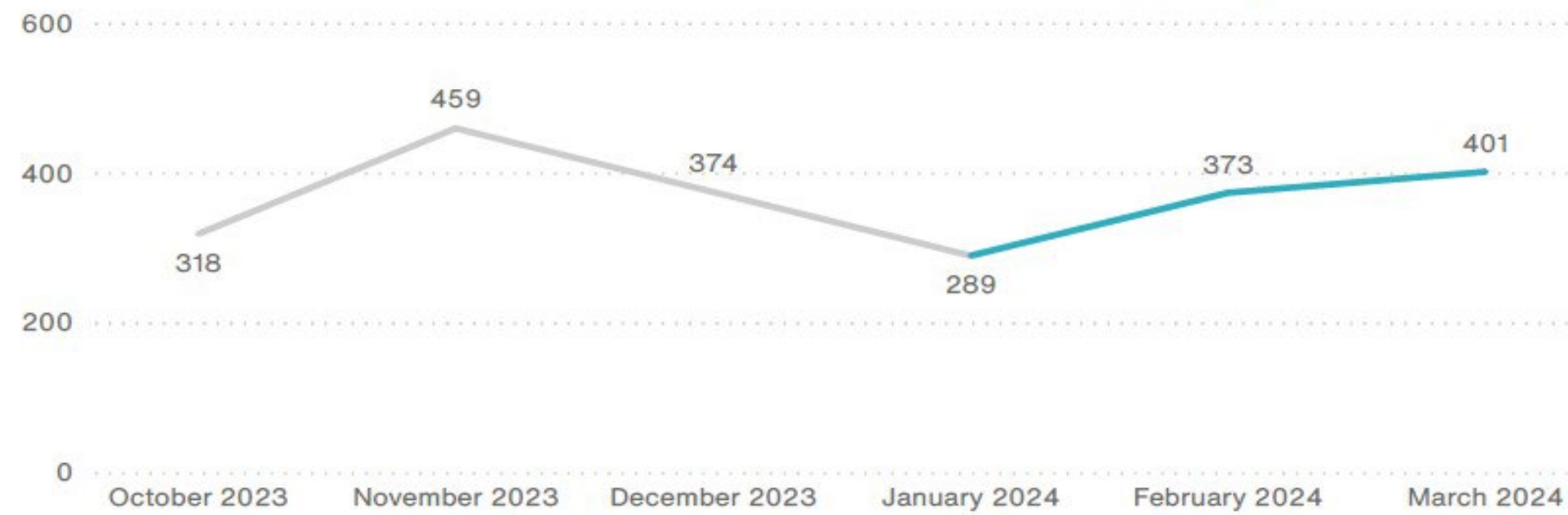
- Ransomware activity has continued to **accelerate through Q4 2023**
- **Ransomware Events are up 1,281%** from Q1 2019 to Q4 2023
- Compared to Q3 2023:
  - Ransomware Events are up 9%
  - Non-Ransomware Data Breach/Privacy Events are down 32%
- The most commonly impacted industries by Ransomware in Q4 2023 were:
  - Business Professional Services
  - Manufacturing
  - Healthcare
  - Real Estate / Construction
  - Education
  - Public Entities

Source: Risk Based Security, analysis by Aon. Data as of 1/1/2024; Claim count development may cause these percentages to change over time

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Observed ransomware breaches (ORBs) represent instances of organizations having their data published on ransomware group data leak sites.

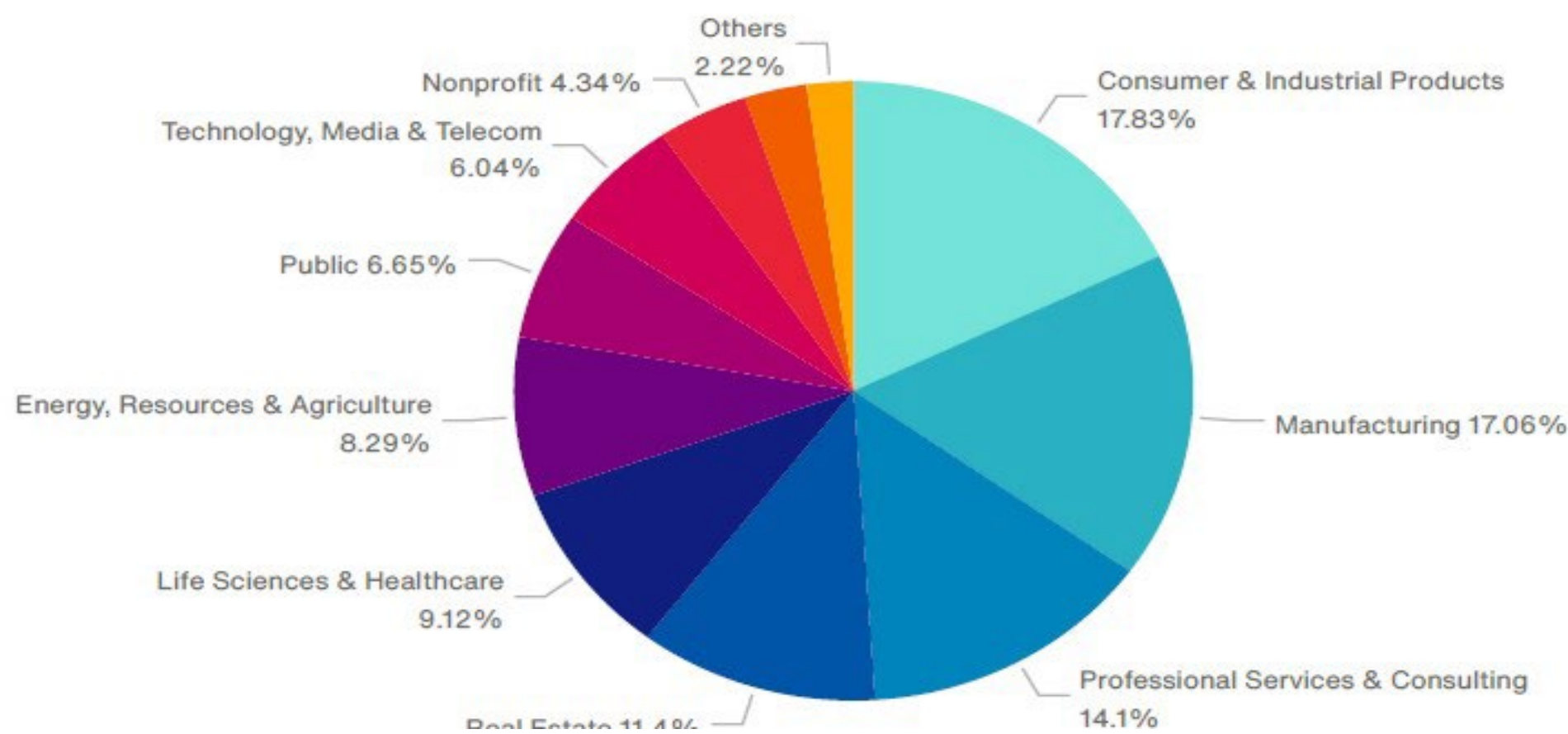
No. of Observed Ransomware Breaches (ORB)



Top 10 Ransomware Groups by ORB

| RW Group                    | Q4 2023 | Q1 2024 | Difference |
|-----------------------------|---------|---------|------------|
| LockBit 3.0                 | 260     | 213     | -47        |
| Black Basta                 | 63      | 90      | 27         |
| Play                        | 128     | 78      | -50        |
| 8BASE                       | 81      | 75      | -6         |
| Akira                       | 67      | 69      | 2          |
| Hunters International       | 24      | 62      | 38         |
| BianLian                    | 32      | 56      | 24         |
| ALPHV                       | 98      | 44      | -54        |
| DragonForce aka DragonLeaks | 15      | 43      | 28         |
| Cactus                      | 32      | 31      | -1         |
| Medusa                      | 2       | 31      | 29         |

ORB Victims by Sector

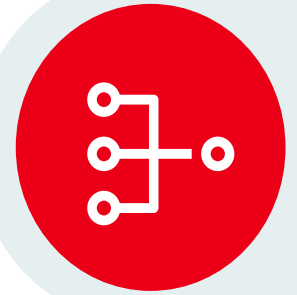


Top 10 Access Types Offered

| Access Type           | Q4 2023 | Q1 2024 | Difference |
|-----------------------|---------|---------|------------|
| Not Listed            | 59.87%  | 48.4%   | -11.5%     |
| Vulnerability Exploit | 16.00%  | 15.4%   | -0.6%      |
| RDWeb                 | 1.80%   | 7.3%    | 5.5%       |
| Fortinet              | 0.30%   | 7.0%    | 6.7%       |
| RDP                   | 12.50%  | 5.5%    | -7.0%      |
| Web Shell             | 1.83%   | 3.8%    | 1.9%       |
| Citrix                | 2.13%   | 3.0%    | 0.8%       |
| VPN (NFI)             | 4.30%   | 2.8%    | -1.5%      |
| GlobalProtect         | 0.90%   | 1.4%    | 0.5%       |



Multi-Factor Authentication (MFA)



Endpoint Detection and Response (EDR)



Phishing Exercise/  
Cyber Awareness Training



Vulnerability Scanning &  
Patch Management



Secure RDP/VPN



Incident Response Plan/  
Ransomware Exercise



Access Control/  
Service Accounts



Disaster Recovery/Backups



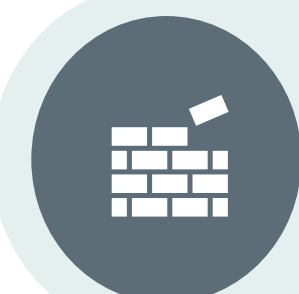
Email Filtering & Security  
(DMARC / DKIM)



Zero Day Vulnerability  
and Supply Chain Resilience



Network Segmentation/  
Network Monitoring



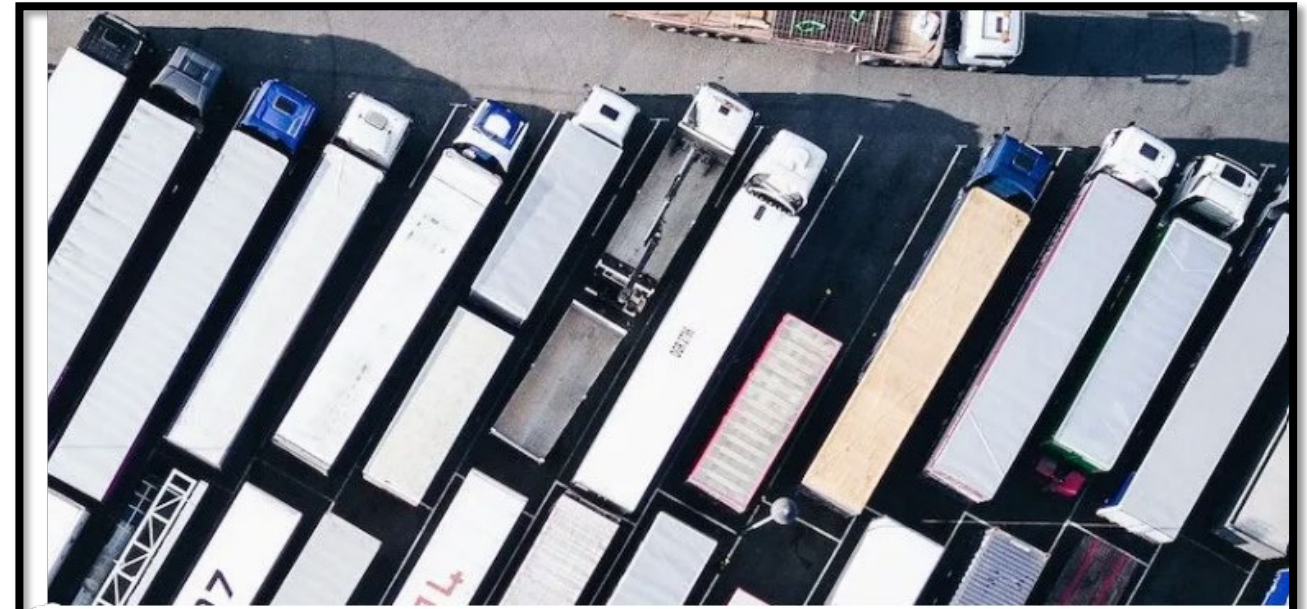
Attack Surface Management



| Event Management Expenses  | Business Interruption Loss  | Data & System Recovery  | Third Party Liability   | Regulatory Action  |
|--|---|---|---|--|
| <ul style="list-style-type: none"><li>• Digital Forensics</li><li>• Legal Services</li><li>• Public Relations</li><li>• Notifications &amp; Monitoring</li></ul> | <ul style="list-style-type: none"><li>• Net Profit Loss</li><li>• Increased Cost of Working</li></ul> | <ul style="list-style-type: none"><li>• Cyber Extortion</li><li>• Data Recovery</li></ul> | <ul style="list-style-type: none"><li>• Privacy Event</li><li>• Security Failure</li><li>• PCI Wrongful Act</li><li>• Media Liability</li><li>• Defence Costs</li></ul> | <ul style="list-style-type: none"><li>• Regulatory Fines<br/>(where insurable)</li><li>• Defence Costs</li></ul> |

According to the latest Hiscox Cyber Readiness Report:

- One in five business owners say a cyber attack could render them insolvent
- Businesses in 87% countries see cyber as their biggest threat
- 12% increase in cyber attacks on businesses in the last 12 months
- Cost of dealing with cyber attacks has risen by almost a third in the past year



#### UK logistics firm blames ransomware attack for insolvency, 730 redundancies

KNP Logistics, described by its administrators as one of the United Kingdom's largest privately owned logistics groups, declared itself insolvent on Monday, blaming a ransomware attack back in June.

Approximately 730 employees will be made redundant as a result of [the administration process](#), although one of the group's key entities has been sold, saving about 170 jobs.

#### Travelex's Ransomware Ordeal Leads to Forced Administration

👤 Luke Irwin 📅 12th August 2020

Travelex has collapsed into administration seven months after it was crippled by ransomware.

The foreign exchange firm suffered [more than a month of disruption](#) after it discovered that it had been hacked on New Year's Eve.

It was later reported that the REvil ransomware gang encrypted more than 5GB of sensitive data and demanded \$6 million (about £4.6 million) for its return.

The damage caused by the attack, combined with the effects of the COVID-19 pandemic, has "acutely impacted the business," [according to PwC](#), which has been appointed joint administrator of Travelex.

## Poll Question 5

Trade Credit Insurance is known to be an effective financial risk management tool, do you know how it works to address non-payment situations?

- Yes
- No, but I would like to know more



# 4

## Risks of Insolvency & Non-Payment



## Cyber attacks strike insolvency fear into businesses

### 60 Percent Of Small Companies Close Within 6 Months Of Being Hacked



MYAirline's suspension, SKS Airways' woes

Despite there being green shoots of recovery in the aviation industry after three challenging years of the Covid-19 pandemic, MYAirline Sdn Bhd could not hold on long enough to survive.



## The Politics of Perwaja Accusations of fraud add to the steelmaker's woes

### 10 Businesses Too Big to Fail That Totally Flopped

#### LOJAS AMERICANAS

BRAZIL - 2023

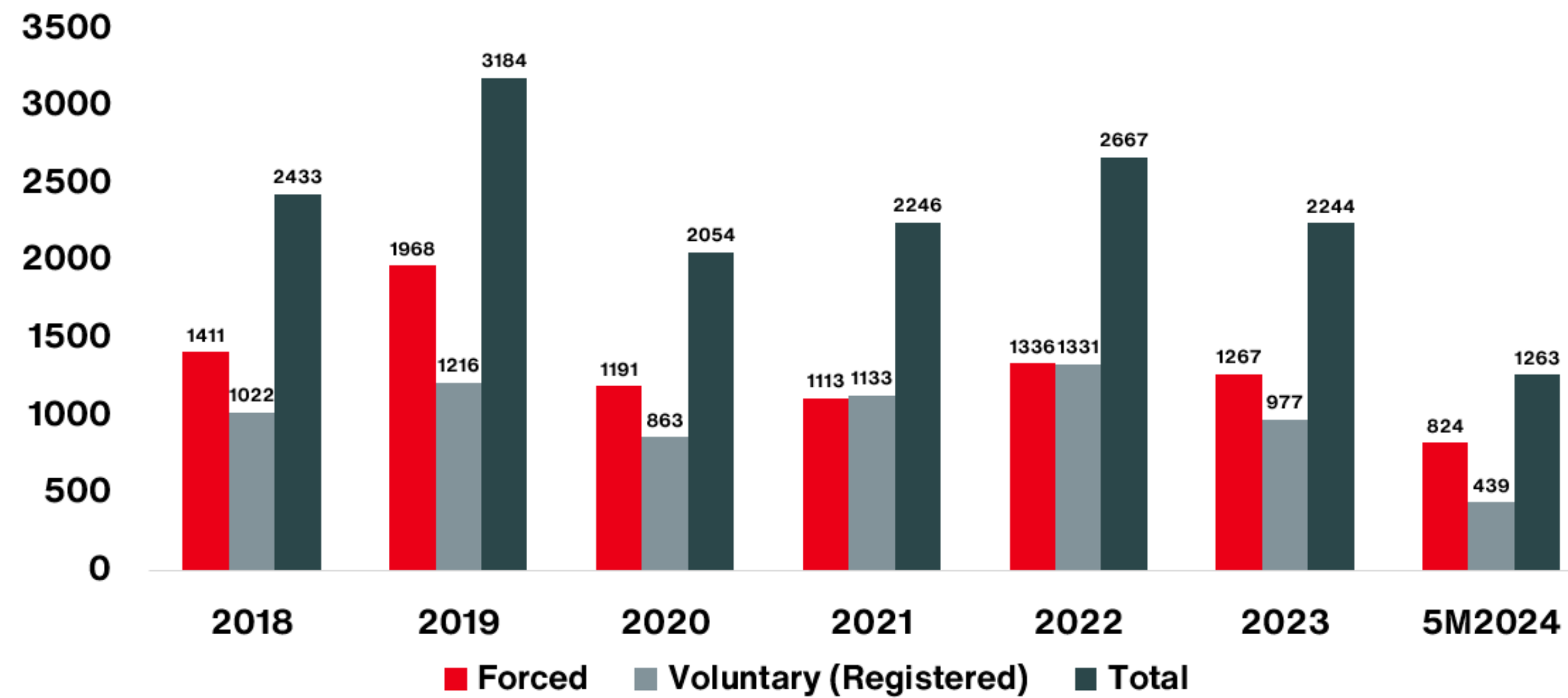
The sixth-largest retailer in Brazil, it filed for bankruptcy after the discovery of "inconsistencies" on their balance sheet. **41.2 billion** reais (\$8.1 billion) in debt owed to almost **8,000** creditors, ranging from small debts with individuals and cities to multi-billion-reals debts with banks.

## Rayani Air Was Short-Lived, 8 Incidents That Led To Their Eventual Downfall

Failures of Malaysia's companies show that govt aid won't last forever: Sin Chew Daily columnist

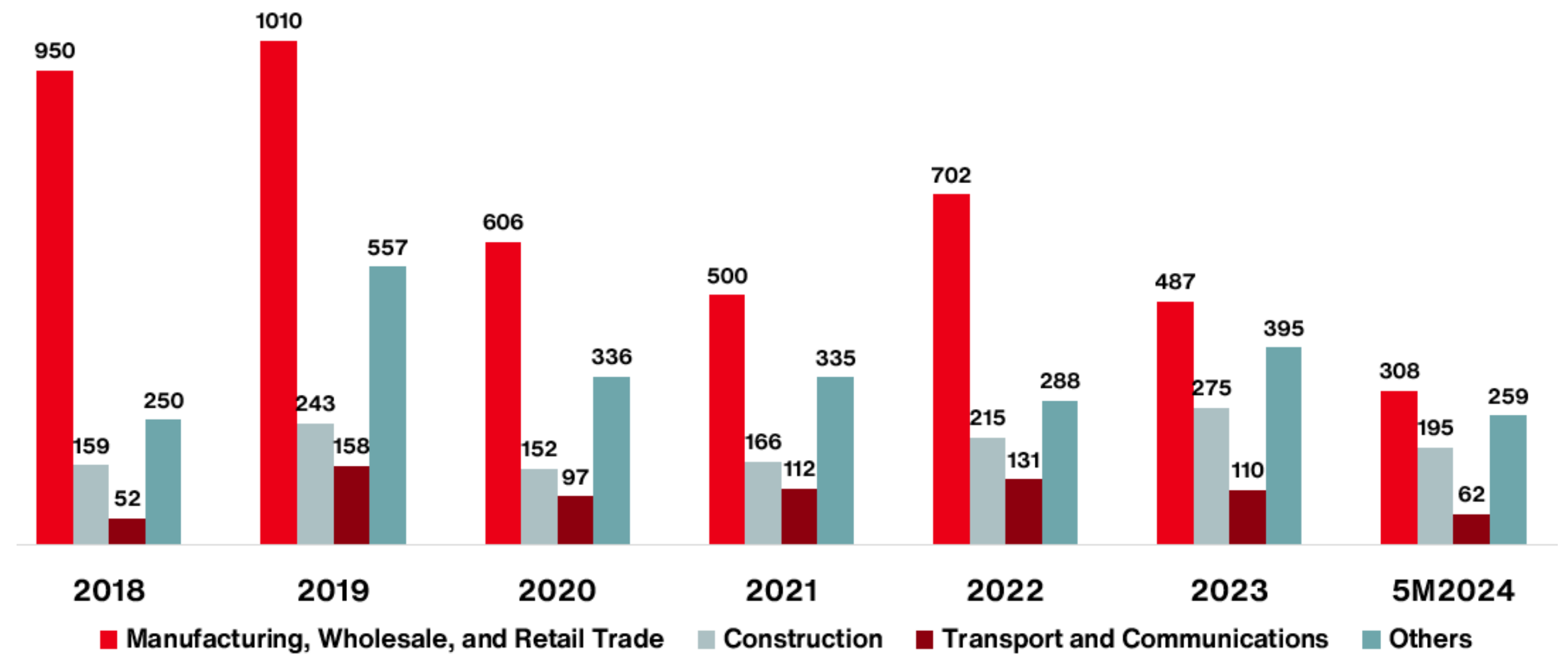
## Business bankruptcies jump as wave of failure speeds up

The numbers



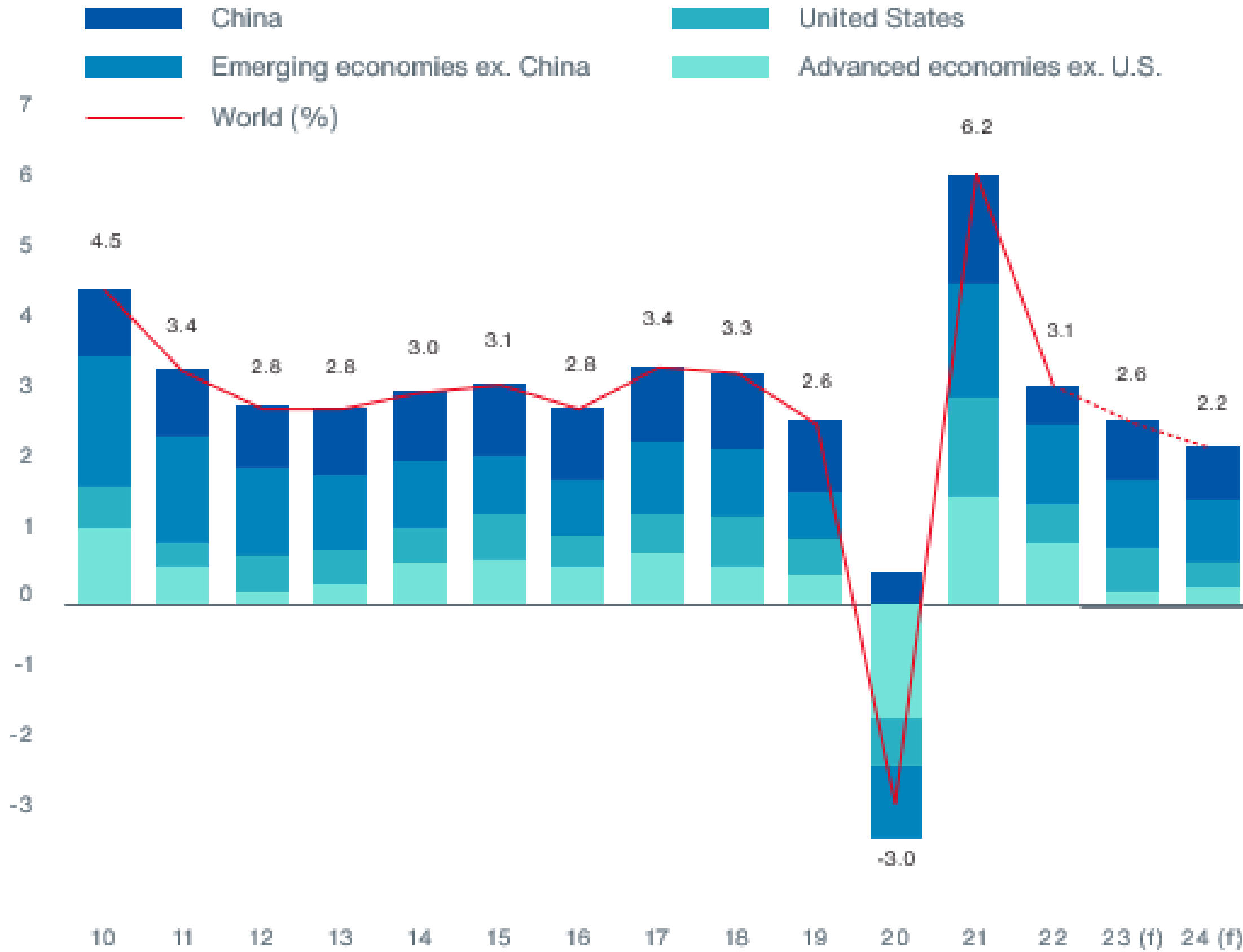
Source: Malaysian Department of Insolvency

By sector (Forced)



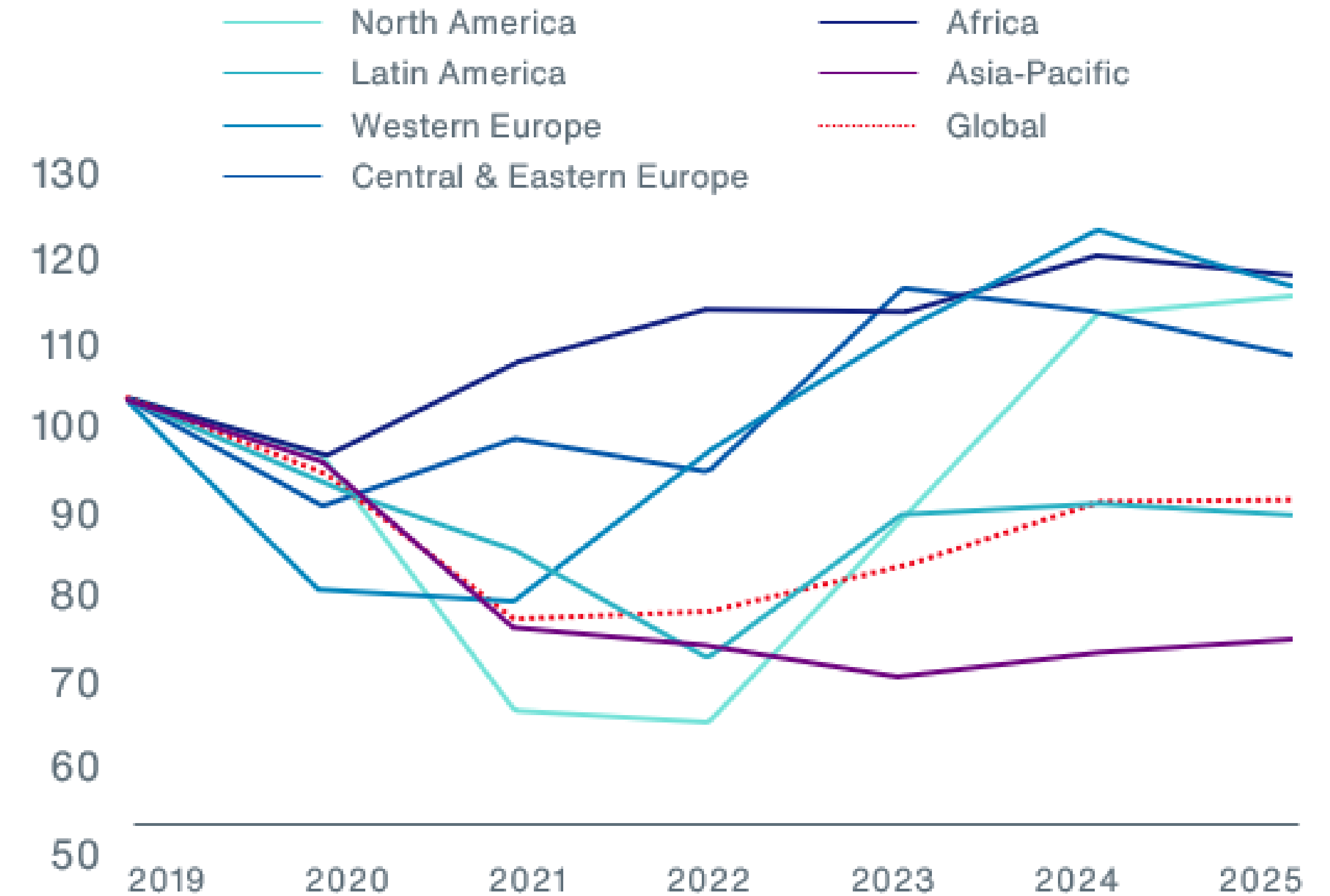
Source: Malaysian Department of Insolvency

### World real GDP growth (annual average %)



Source: IMF forecasts

### Global and regional insolvency indices, yearly level, basis 100 in 2019



Source: Allianz Research

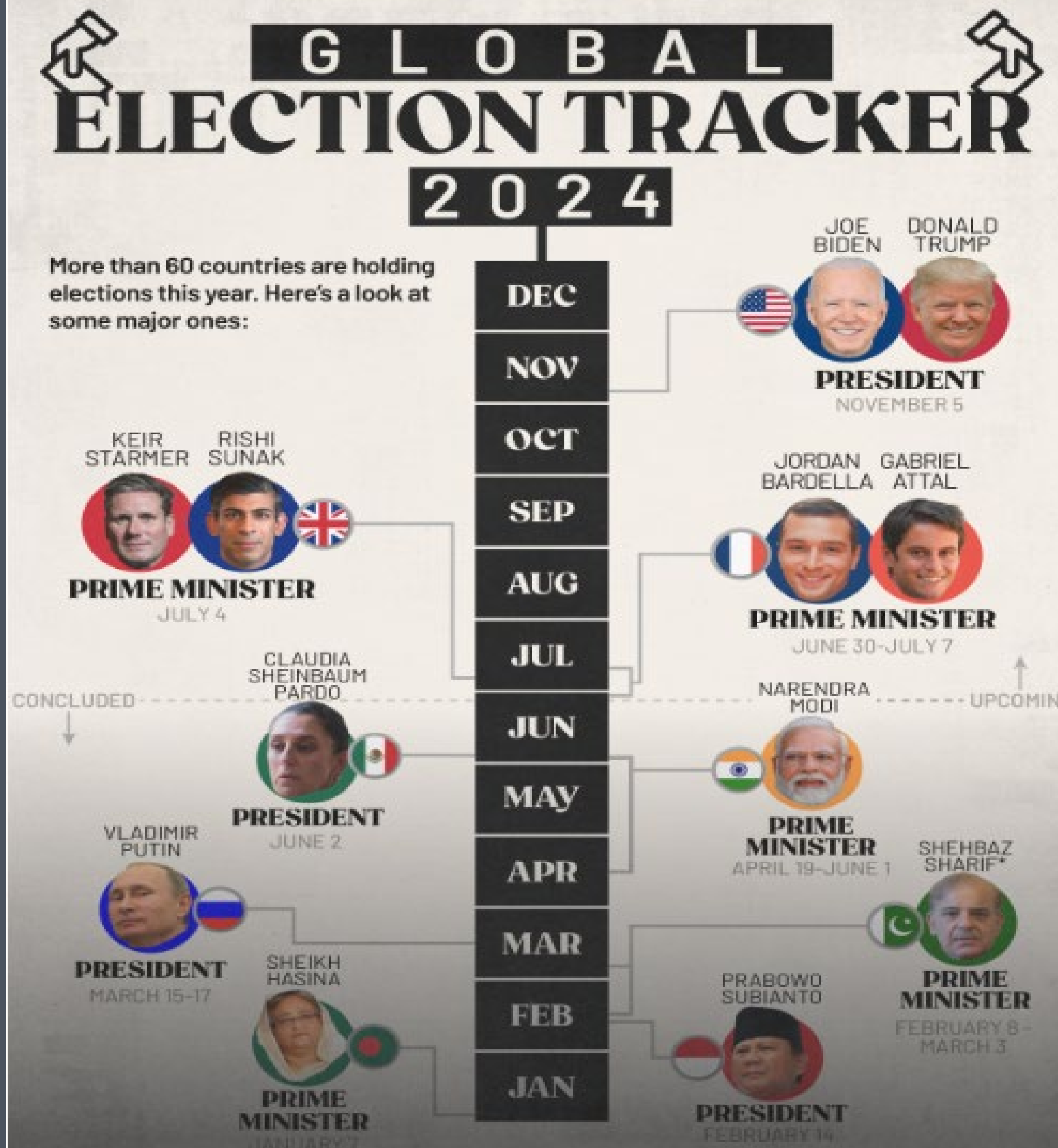
EU will hold parliament elections in June, 2024



Election dates to watch



\*May not occur due to martial law



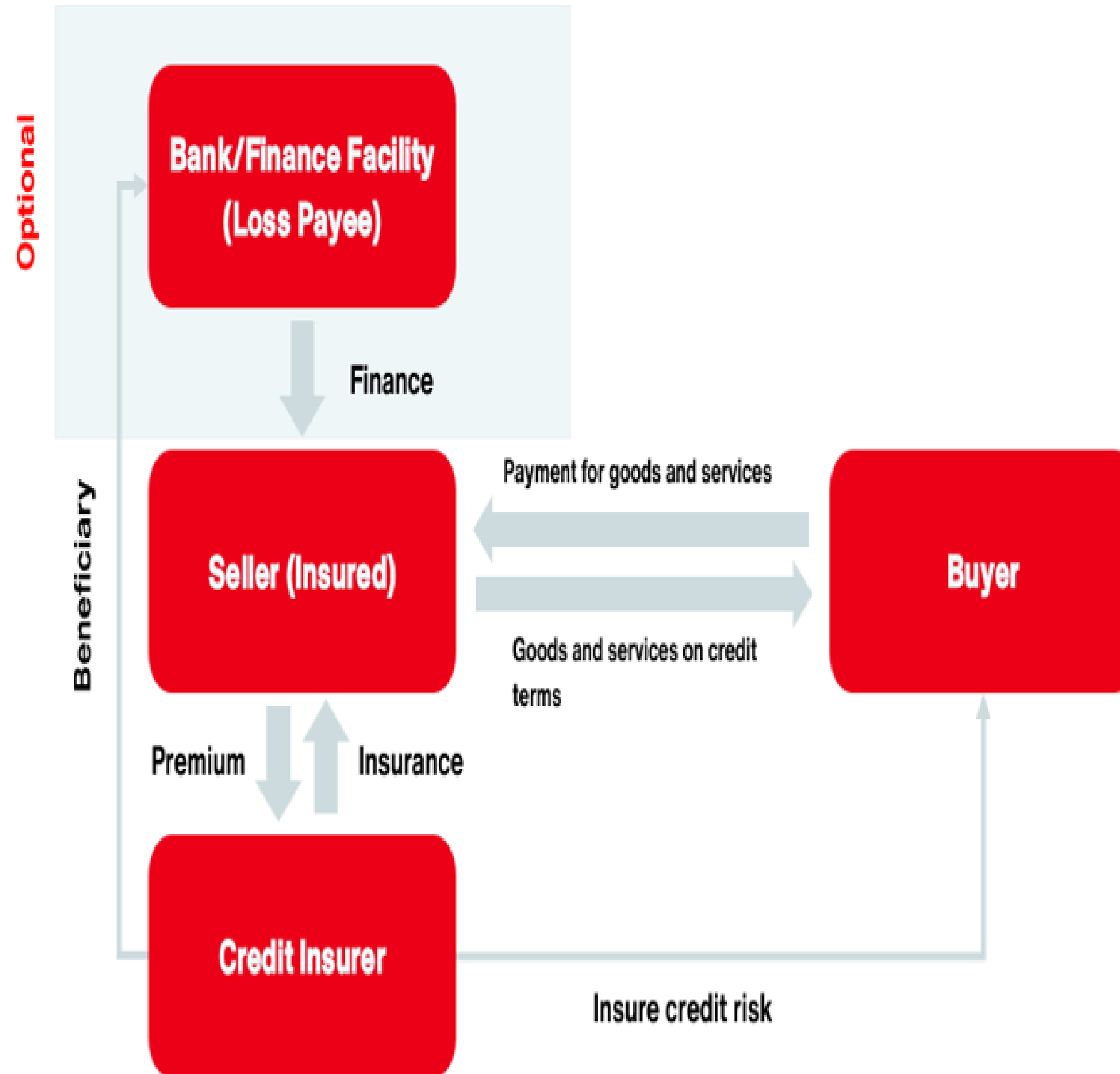
\*Independents backed by the opposition won the most parliamentary seats but did not form the government. Source: BBC, Al Jazeera, UK Parliament, CNN, CNBC, New York Times



Basically, it's insurance to protect you against bad debt. If your customers fail to pay, the insurance kicks in ensuring you're not left with a cash flow problem. However, it's not just about risk transfer.

Trade credit insurance also facilitates growth. As part of your risk analysis process, it helps by giving you more detailed profiles of your customers, allowing you to develop an understanding of markets where growth is an option, underpinned by the confidence that your invoice will be paid.

The risks of customers insolvency, or protracted payment defaults, are covered, which may also enable you to negotiate more favorable terms with banks and financial institutions.



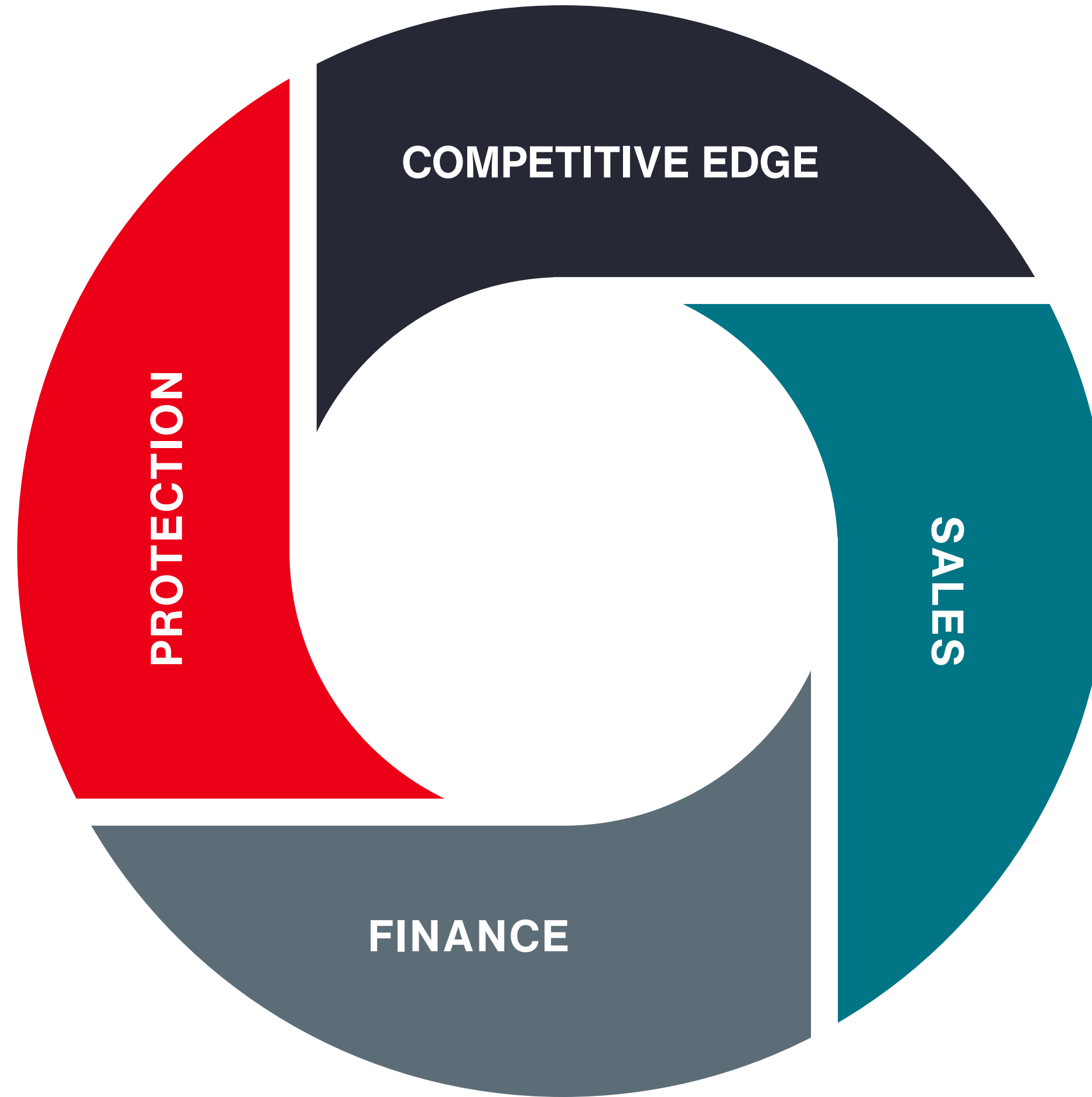
## What Losses are Covered?

Non-Payment by the Buyer of a trade credit debt arising out of provision of goods or services provided and directly attributable to:

- Insolvency
- Protracted Default
- Political Risk

- Risk transfer solution of customer non-payment risk
- Protects profitability and balance sheet
- Promotes sound corporate governance

- Facilitates access to improved financing
- Supports off balance sheet financing
- Supports reduction in bad debt reserves
- Supports reduction in transaction costs (documentary payments)
- Supports lower credit management costs: information, legal costs



- Allows you to compete for new customers on competitive terms
- Transition to open account to attract extra sales from existing customers with more competitive terms
- Focus sales to credit worthy customers
- Target high margin customers and markets for increased sales/profitability

- Enables companies to safely extend unsecured credit terms
- Credit management reinforcement through complementary processes
- Access to credit risk expertise, analysis and monitoring
- Provides reporting functions on receivable “quality”

# 5

## Why Aon



## Recognised as a global leader in Cybersecurity services

Cyber Solutions/Stroz Friedberg, has been named a Leader in The Forrester Wave™: Q2 2024 report.

Using a 25-criterion evaluation, the report scored Aon with the highest marks possible in 11 of the criteria, including products and services, technology, and market approach.

### What this means for our clients:

- They are supported by a leading cybersecurity firm in the industry
- Experienced global team that can leverage data-driven threat, incident, and industry insights to inform decision making on cyber security and cyber insurance
- High-touch and high-tech delivery model to ensure a tailored and efficient outcomes



## Aon Cyber Solutions = Cyber Security + Risk + Insurance Capabilities

Helping protect your organization through cyber assessment, quantification, mitigation, transfer, testing and response solutions

**+600**  
dedicated cyber professionals serving you locally



**+2,000**  
cyber claims handled since 2015



**+54,000**  
incidents and claims in the exposure database



**+1,000**  
cyber analytics projects



**+\$1.9bn**  
total cyber premium placed in 2023



Aon has handled some of the most **high-profile breaches** in the last decade.<sup>1,2,3</sup>



Certified  
cyber security  
technical teams



Awards



Rising Star  
Broker

Training Award

Recognized  
Industry leaders



1. McMillan, Robert and Ryan Knutson. "Yahoo Triples Estimate of Breached Accounts to 3 Billion." The Wall Street Journal, October 3, 2017.  
 2. Finkle, Jim and Anya George Tharakan. "Yahoo says one billion accounts exposed in newly discovered security breach." Reuters.com. December 14, 2016  
 3. Volz, Dustin and Jim Finkle. "U.S. senator seeks SEC probe of Yahoo disclosure on hacking." Reuters.com. September 26, 2016

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Digital Credit Hub Proposition



United Team of Expert Advisors



Strategy and Service Excellence



Global Market Leadership



Credit and Economic Risk Analysis

**100**

locations in 55+ countries

**570+**

credit professionals dedicated to serve you locally

**\$880B**

of trade supported

**\$1.1B**

of managed premium

**The GTR Leaders in Trade Awards**

2023 Best trade credit broker  
2024 Best political risk broker

**#1**

Global credit insurance broker by premium placed

**100%**

Client satisfaction on claims advocacy on complex claims

**81M+**

Financial uplifts by successfully helping clients overturned claims declination by insurers



# Thank You