

Preparing companies for the new SEC Cyber Regulations

How Cyber Insurance & Directors and Officers Liability can be the key to navigating new regulations.



In a constantly changing world of risk and regulation, public companies face mounting pressure to their directors and officers (Ds&Os) from increased cyber reporting requirements and risks. Effective December 18, 2023, the U.S. Securities and Exchange Commission (SEC) requires that publicly traded companies report cyber breach events within four business days after the discovery of a material breach. This is just one example of ever-evolving challenges facing public companies, which need a strong insurance partner to help them navigate the changing landscapes of shareholders, government regulations and their employees.

As one of the leading insurers in the United States working with both domestic and multinational companies, we recognize the need for a holistic approach to risk. We offer a large breadth of resources, expertise, and solutions tailored to help public companies address risk. Armed with world-class tools and risk specialists, Chubb is on the front lines of protecting public companies and reducing risk.

Protection for Cyber Incidents

- **Access to a Full Range of Expert Guidance** – Chubb cyber insurance policyholders have access to a vetted panel of Cyber Incident Response Coaches with regulatory experience regarding notification requirements and privacy rules, including materiality assessments. This includes knowledge and recognition of the recently released exceptions to SEC disclosure rules.
- **Reducing Risk** – Policyholders have access to a wide range of services that can help prevent a cyber incident before it happens and improve resilience should an event occur. Services include cyber security tools, incident response preparation, and vulnerability alerting to assist in preventing potentially malicious activity in your network.

Protection for Leadership

- **Global Reach** – As one of the world's leading writers of D&O liability insurance, Chubb offers coverage in multiple markets. We are capable of issuing local D&O liability insurance policies in more than 40 countries.
- **Complementary Coverage** – Chubb's Director and Officer coverage is designed to complement our cyber insurance by offering an integrated approach to risk management.

Mullen Coughlin LLC

In the ever-evolving landscape of financial regulations, our esteemed partner Mullen Coughlin LLC share their wealth of insights and expertise to navigate the intricacies of the recent SEC ruling.

Following the effective date of December 18, 2023 for the United States Securities and Exchange Commission's (SEC) [Final Rule on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure by Public Companies](#) (the SEC Rule), public companies should consult with a trusted legal advisor to better understand its impact, including but not limited to the three (3) disclosure components described therein:

- 1. Disclosure of Material Cybersecurity Incidents.** Preparing to disclose material cybersecurity incidents should involve considering the materiality standard set out in securities law and developing a playbook or incident response plan documents to address how materiality will be assessed in the context of cybersecurity threats.
- 2. Disclosure of Cyber Risk Management and Strategy.** Preparing to annually summarize a company's cyber risk management and strategy requires a thorough understanding of (1) the organization's processes, if any, for the assessment, identification and management of material risks from cybersecurity threats, and (2) whether any risks from cybersecurity threats have materially affected or are reasonably likely to materially affect their business strategy, results of operations or financial condition.
- 3. Disclosure of Cybersecurity Governance.** Preparing to describe cybersecurity governance practices requires a firm grasp on the Board of Directors' oversight of risks from cybersecurity threats and management's role in assessing and managing material risks from cybersecurity threats.

Public companies should also consider engaging legal counsel to conduct a *privileged* assessment of their overall current compliance posture in the context of the SEC Rule. This assessment can be followed by the revision of existing policies and procedures to better align with the requirements of the SEC Rule, as well as the development of deliverables to document diligence and compliance from a governance standpoint.

Mullen Coughlin is a leading data privacy and security law firm with unmatched experience managing the incident response process for organizations of all sizes and across all industry sectors. Mullen Coughlin can assist your company with navigation of the SEC Rule and other data privacy and security incident preparedness efforts.

Contact Us

For more information, or to speak with a Mullen Coughlin attorney about the SEC Rule, please contact Kevin Dolan via email at kdolan@mullen.law or via phone at (267) 930-4861.

Chubb's commitment to excellence drives us to offer clients coverage with a wide array of risk management tools – all to help mitigate risk in this new age of digital and regulatory changes. To learn more about Chubb's industry-leading cyber risk management experience and expertise, visit chubb.com/cyber or email cyber@chubb.com.



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About Chubb

Chubb is a world leader in insurance. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. The company is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. Parent company Chubb Limited is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb maintains executive offices in Zurich, New York, London, Paris and other locations, and employs approximately 40,000 people worldwide. Additional information can be found at: www.chubb.com.