SmartOffice

Complying with 23 NYCRR 500

New York's cybersecurity regulation is a wake-up call to the financial services industry

National Association of Insurance Commissioners

News about data breaches has become all too common in recent years, and governmental regulation is starting to catch up to the threat. For the financial services industry, this means adopting new ways of doing business, with a hard focus on data protection. The risks of ignoring this new regulatory climate are stark; a data breach can result in everything from steep fines to the loss of client trust and business.

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New York Gets Tough

New York State Department of Financial Services (NYDFS) regulation 23 NYCRR 500 requires financial services institutions to have a cybersecurity program in place to protect their clients' data from online threats by March 1, 2019.

Specifically, 23 NYCRR 500 requires entities that it supervises to assess their cybersecurity risk and implement a comprehensive plan that recognizes and mitigates that risk. The regulation sets minimum standards to help organizations prevent data breaches, including:

- Risk-based minimum standards for information technology systems, including data protection and encryption, access controls, and penetration testing.
- Requirements that a program be adequately funded, overseen by a chief information security officer (which can include a third-party service provider), and implemented by qualified cybersecurity personnel.
- Effective incident response plans that include preserving data in order to respond to data breaches, including notice within 72 hours to the NYDFS of material events.
- Accountability provided by identification and documentation of deficiencies, remediation plans, and certifications of compliance on an annual basis.
- Audit trails designed to detect and respond to cybersecurity events.
- Annual reports covering the risks faced, all material events, and the impact on protected data.

23 NYCRR 500 reflects an emerging trend in state cybersecurity regulation across the U.S. New York's rule is closely aligned with the National Association of Insurance Commissioners' Insurance Data Security Model Law. The NAIC is working to get its model law adopted by state legislatures nationwide.

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How SmartOffice Addresses the Challenge

The complexities of complying with rules like 23 NYCRR 500 can be daunting, particularly for smaller firms. Fortunately, technological solutions like Ebix's SmartOffice can help make the task more manageable.

As a corporation, Ebix maintains a very robust cybersecurity program, with independently verified security controls already in place to meet the requirements of regulations like 23 NYCRR 500. Ebix incorporates cybersecurity controls into its secure development lifecycle, ensuring that its products, including SmartOffice, adhere to internationally recognized best practices in terms of security.[1]

The following table breaks down the status of SmartOffice's compatibility with specific sections of 23 NYCRR 500.

23 NYCRR 500 Section	SmartOffice Compatibility
500.02 Security Program	Yes
500.03 Security Policy	Yes
500.04 Designated CISO	Yes
500.05 Pen Testing/VTA	Yes
500.06 Audit Trail	Yes [2]
500.07 Access Privilege	Yes
500.08 Application Security	Yes
500.09 Risk Assessment	Yes
500.10 Security Staff	Yes
500.11 3rd Party Policy	Yes
500.12 MF Authentication	Yes [2]
500.13 Data Retention	Yes [2]
500.14 Training & Monitoring	Yes
500.15 Encryption	Yes [2]
500.16 Incident Response	Yes
500.17 Notices to Superintendent	Yes

More Information

This whitepaper briefly outlines SmartOffice's readiness for 23 NYCRR 500, but the regulation (and cybersecurity in general) is a complex topic. The following resources can provide organizations with additional information about cybersecurity compliance.

- Visit the New York State Department of Financial Services Cybersecurity Resource Center for more details about 23 NYCRR 500, including requirements, key dates, and exemptions.
- Visit the National Association of Insurance Commissioners' Key Initiative: Cybersecurity page for more information about the group's efforts to have its Insurance Data Security Model Law adopted across the country.
- Visit Our Commitment to Cybersecurity, SmartOffice's cybersecurity portal, to learn more about how Ebix and SmartOffice approach data protection and other critical aspects of cybersecurity.

[1] While Ebix and its products are designed to help customers meet cybersecurity standards, it is the sole responsibility of the customer to review the ways in which any product's features enforce cybersecurity protections and to ensure that those features meet the customer's regulatory compliance needs.

[2] Some additional configuration or services may be required to meet this standard.

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