

Cyber Extortion

Criminals Use Your Data to Fine-Tune Demands



CYBER CRIMINALS are increasingly stealing companies' data to bolster their ransomware extortion demands, according to a new report by cyber insurer Resilience.

As part of these tactics, hackers are infiltrating company databases before launching attacks to better understand their defenses and the value of their data and maximize ransom demands. They are also searching for companies' cyber insurance policies to tailor demands to coverage and maximize payouts.

The results emphasize the importance of employers adapting their defenses to evolving cyberattacks that, if large enough, can cripple an organization's ability to recover.

This shift toward a focus on data has been rapid. Data theft-only attacks rose from 49% of extortion claims in the first half of 2025 to 65% in the second half, according to the "Resilience 2025 Cyber Risk Report."

Criminals now infiltrate networks, quietly move through databases and assess which data has the highest regulatory, legal or competitive value — then structure ransom demands accordingly.

In some cases, threat groups have gone further by searching stolen files for cyber insurance policies. Groups such as Interlock have reviewed policy details to calibrate ransom demands within coverage limits and increase the odds of payment.

Extortion has also become layered. Attackers may:

- Demand payment to decrypt systems.
- Demand additional payment to suppress stolen data.
- Threaten customers or business partners directly.

Points of failure: Where attackers are getting in

The report emphasizes that hackers are primarily focused on gaining access by stealing or abusing employees' login credentials.

According to the Resilience report, key points of failure include:

Phishing: The resurgence of phishing in 2025 suggests AI is making campaigns more believable and scalable. AI-generated phishing campaigns are achieving success rates as high as 54% compared with 12% for traditional methods.

New tools allow attackers to craft highly personalized messages, impersonate executives and bypass language barriers. Deepfake audio and video are expected to raise the risk of executive impersonation and fraudulent wire transfers next year.

Vendor compromise: When critical vendors are breached, losses can cascade across entire industries.

Ways vendors are compromised

- Vendor ransomware that spreads business interruption to clients
- Vendor data breaches that expose customer information
- Non-malicious vendor outages that disrupt operations

Credential theft via infostealers: More than 2 billion credentials were harvested in 2025, often serving as an early warning sign of a larger ransomware attack.

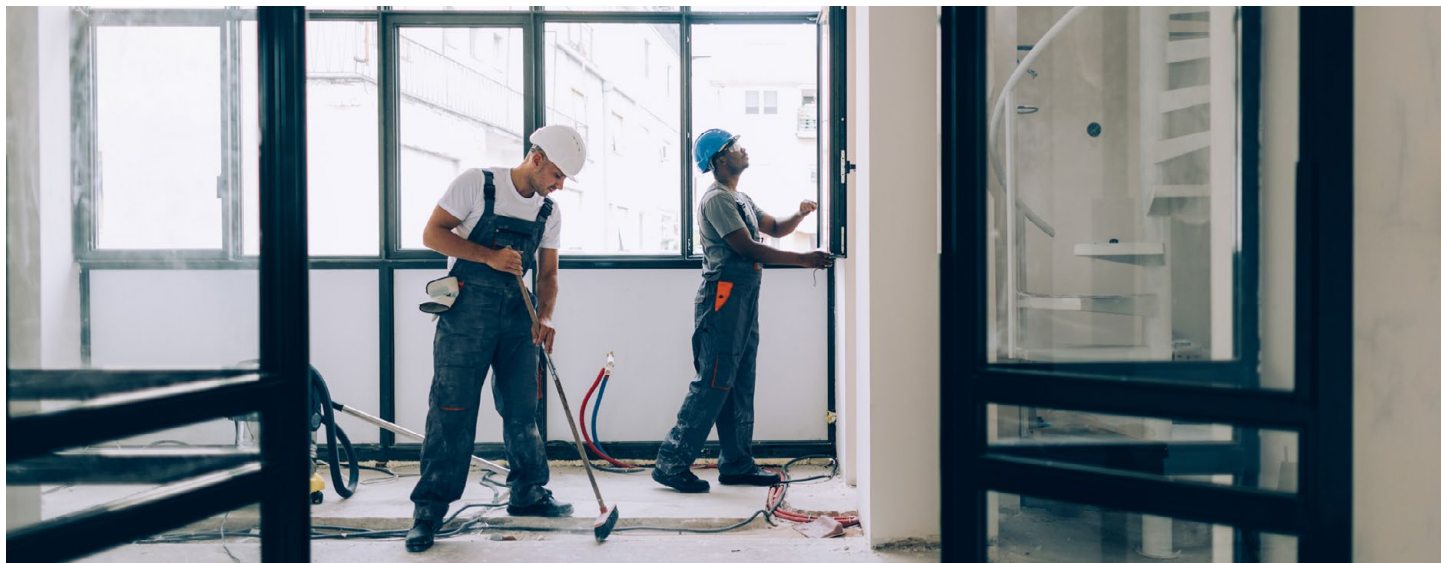
How to protect your firm

As threats evolve and cyber attackers use new tactics, employers will need to react accordingly. Organizations may consider:

- Investing in data loss prevention and zero-trust software.
- Deploying multifactor authentication and e-mail authentication protocols.
- Monitoring for stolen credentials on the dark web and rotating session tokens immediately when a compromise is detected. This will often require contracting with vendors that specialize in this area.
- Developing vendor incident contingency plans that address supply chain failures.
- Conducting tabletop exercises to rehearse coordinated legal, technical and communications responses.
- Reviewing cyber insurance policy limits to ensure coverage reflects current severity levels rather than historical averages.

If you have concerns about potential cyber risks, give us a call to discuss your cyber insurance options.

Is Your Property Covered During Renovations?



COMMERCIAL PROPERTY owners are often surprised to learn how strict insurance policies can be once a building is considered vacant. Under commonly used property insurance forms developed by the Insurance Services Office, coverage for certain types of damage can be sharply limited if a building has been vacant for more than 60 consecutive days.

At the same time, those ISO forms – and decades of court rulings – recognize an important exception: a building that is under construction is not treated as vacant. Just as important for property owners planning upgrades, that exception has been extended to buildings under renovation as well.

How vacancy exclusions work

Most ISO-based commercial property policies include a “vacancy loss condition.” If a covered building has been vacant for more than 60 consecutive days before a loss, coverage is either reduced or eliminated for certain causes of loss.

For buildings vacant beyond that 60-day window, ISO forms typically provide:

- No coverage for vandalism, sprinkler leakage (unless protected against freezing), building glass breakage, water damage and theft or attempted theft.
- Reduced coverage for other covered causes of loss, usually a 15% reduction in the amount paid.

What counts as “vacant” depends on who is insured. For tenants, vacancy generally means the space does not contain enough business personal property to conduct customary operations. For building owners, vacancy usually turns on whether at least 31% of the total square footage is rented or used for normal operations.

These provisions are designed to address higher risk. Empty buildings are more vulnerable to vandalism, undetected water leaks and theft because fewer people are present to spot problems early.

Construction and renovation exemptions

ISO forms carve out an important exception: buildings under construction are not considered vacant, even if they would otherwise meet the definition of vacancy.

Construction sites usually have workers present, materials moving in and out and regular activity that reduces the risks vacancy exclusions are meant to address.

Over time, courts have extended that same reasoning to renovation work on existing buildings. A key case is *TRB Investments, Inc. v. Fireman’s Fund Ins. Co.*, decided by the California Supreme Court in 2006. In that case, the court ruled that a policy’s exception for buildings “under construction” also applied to a building undergoing renovation.

The court reasoned that renovation activity can involve just as much – or more – daily presence as new construction. From a risk standpoint, it would not make sense to treat a building undergoing renovation as vacant while protecting one under construction.

That reasoning is now reflected directly in ISO’s commercial property forms.

The takeaway

Vacancy exclusions are one of the most misunderstood parts of commercial property insurance. ISO forms and court decisions offer meaningful protection for buildings under construction or renovation, but that protection depends on real activity taking place.

Before you start a renovation, call us for a review of your policy language to confirm how your policy defines vacancy and to discuss whether supplemental coverage makes sense. Doing so can help ensure that a temporary period of renovation does not turn into an unexpected coverage problem after a loss.

Budget Checkup: Tax Time Is the Right Time

EVERY YEAR, about 140 million households file their federal tax returns. For many, the process involves digging through shoe boxes or manila folders full of receipts; gathering mortgage, retirement, and investment account statements; and relying on computer software to take advantage of every tax break the code permits.¹

It seems a shame not to make the most of all that effort.

Tax preparation may be the only time of year when many households gather all their financial information in one place. That makes it a perfect time to take a critical look at how much money is coming in and where it's all going. In other words, this is a great time to give the household budget a checkup.

Six-step process

A thorough budget checkup involves six steps.

1. Creating some categories. Start by dividing expenses into useful categories. Some possibilities: home, auto, food, household, debt, clothes, pets, entertainment, and charity.

Don't forget savings and investments. It may also be helpful to create subcategories. Housing, for example, can be divided into mortgage, taxes, insurance, utilities, and maintenance.

2. Following the money. Go through all the receipts and statements gathered to prepare taxes and get a better understanding of where the money went last year.

Track everything. Be as specific as possible, and don't forget to account for the cost of a latte on the way to the office each day.

3. Projecting expenses forward. Knowing how much was spent per budget category can provide a useful template for projecting future expenses.

Go through each category. Are expenses likely to rise in the coming year? If so, by how much? The results of this projection will form the basis of a budget for the coming year.

4. Determining expected income. Add together all sources of income. Make sure to use net income.

5. Doing the math. It's time for the moment of truth. Subtract projected expenses from expected income. If expenses exceed income, it may be necessary to consider changes.

Prioritize categories and look to reduce those with the lowest importance until the budget is balanced.

6. Sticking to it. If it's not in the budget, don't spend it. If it's an emergency, make adjustments elsewhere.

The takeaway

Tax time can provide an excellent opportunity. You have a chance to give your household budget a thorough checkup. In taking control of your money, you may find you are able to devote more of it to the pursuit of your financial goals.

1. IRS.gov, 2025

Edward C. Rusnak
Joseph Yang
Private Wealth Financial Partners
6101 Bollinger Canyon Road, Suite 225
San Ramon, CA 94583
Phone: (925) 659-0372
Fax: (925) 587-8007
Edward.Rusnak@PWFPartners.com



The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright FMG Suite.

*Securities and investment advisory services offered through **Osaic Wealth, Inc.**, member FINRA/SIPC. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**.*

NLRB Reinstates 2020 Rule on Joint-Employer Liability

THE NATIONAL Labor Relations Board has formally reinstated its 2020 rule governing when a company is deemed a joint employer under labor law, loosening standards put in place during the Biden administration.

This pro-business shift will make it harder for workers to hold parent companies, franchisors or hiring entities liable for labor violations by contractors, subcontractors or franchisees. The rule took effect Feb. 27.

A finding of joint employment can have significant consequences for companies under the National Labor Relations Act. Under established case law, each company found to be a joint employer by the NLRA may be held liable for the unfair labor practices of its co-employers.

Types of cases affected

Franchise disputes: Cases where employees of a franchisee (e.g., a fast-food restaurant) seek to hold the franchisor responsible for unfair labor practices, wage disputes or bargaining.

Staffing agency arrangements: Situations where workers hired through a staffing agency claim that the company they are assigned to is also their employer, particularly in disputes regarding discrimination or union organizing.

Subcontractor relationships: Cases involving construction or logistics firms where a general contractor or larger client is accused of interfering with the labor rights of a sub's employees.

Unfair labor practices: Cases where unions charge a parent company or hiring entity with violating rights will now be harder to prove unless the parent company or hiring entity directly controls hiring, firing or wages.

Collective bargaining: Cases determining whether a large corporation must sit at the bargaining table with workers employed by a vendor or contractor.

Reinstated rule explained

Under the reinstated rule, a business must possess and exercise “substantial direct and immediate control” over at least one essential term and condition of employment of another employer’s staff to be a joint employer.

The rule defines substantial direct control as actions that have “a regular or continuous consequential effect” on several core aspects of a worker’s job. This includes the employer’s ability to:

1. Hire or fire a worker,
2. Supervise and control an employee’s work schedule or conditions of employment to a significant degree,
3. Determine a worker’s rate and method of payment, and
4. Maintain the employee’s employment records.

An employer does not have to meet all four factors to be considered a joint employer. Also, even when an employer exercises direct control over another employer’s workers, it will not be considered a joint employer if the control is exercised on a sporadic, isolated or de minimis basis.

The takeaway

This new rule will provide employers with clarity and certainty in instances where they may be considered joint employers, either when working with contractors or as franchisees.

However, employers still face some risk and should ensure that managers stay within the confines of the rules when establishing project goals and directing the work of third-party providers such as subcontractors and staffing agencies through direct supervision or task assignment. When dealing with these workers, managers should focus on what needs to be done rather than how the vendor’s employees perform it.

For franchisees, it will now be more difficult to pull franchisors into labor disputes and collective bargaining, which may prompt unions to focus on site-specific organizing.



If you have any questions regarding any of these articles or have a coverage question, please contact your broker at:

East Bay Office
1350 Treat Boulevard, 100
Walnut Creek CA 94597
Phone: 925-686-2860

Roseville Office
3010 Lava Ridge Ct. Suite 200
Roseville, CA 95661
Phone: 916-970-2745

San Jose Office
3155 Olsen Drive, 400
San Jose, CA 95117
Phone: 408-842-2131

Santa Rosa Office
100 Stony Point Road Suite 160
Santa Rosa, CA 95401
Phone: 707-546-2300