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Is Your Business at Risk?

In 2008, The CSI Computer Crime and Security Survey reported an average loss of \$288,618 by organizations reporting a security incident within the preceding year.

Storing sensitive information on your network or connecting to the Internet makes your network a resource that can be exploited by criminals. A cyber liability policy can help you avoid these losses in already difficult times. Insurance Partners provides Privacy, Identity Theft and Network Security Liability coverage for any company that relies on electronically stored information.

Risk Assessment is the first step in securing your data environment. Even though data security and privacy concerns are widespread, organizations are often slow to assess the type and extent of their exposures. They also fail to recognize the limited protections, if any, available in traditional insurance policies.

An organization should not rely on any of the standard coverages to protect them in the event of a data breach via cyber or traditional means. Also, they should not rely on cyber extensions and add-ons to fill the gaps in coverage.

The best solution is to customize a policy that fits the organization's specific needs, combining coverages that historically have only been offered in separate pieces. Consider these common coverages:

General Liability - Bodily injury and property damage apply to tangible objects or people. The loss of confidential information falls outside of these definitions. Additionally, GL policies generally exclude loss of electronic equipment that may house valuable information, and intentional acts of employees are also excluded.

Personal & Advertising Injury - Applies to written/printed media. Personal injury and "invasion of privacy" coverage is tied to media (not protecting information).

Property - Applies to physical damage of tangible property; not data coverage.

Crime (Employee Dishonesty) - Excludes the theft of information and does not address crime by outsiders (i.e. cyber hacking, stolen laptops, stolen paper files).

In today's information-rich environment, organizations of all kinds need to consider the following key coverage components:

- a) costs to notify clients as required by law
- b) costs to manage a crisis event and recover reputation
- c) costs to defend a third party
- d) costs to respond to regulatory investigations
- e) costs to pay damages, fines, and penalties

Failure to address these exposures when placing an organization's insurance coverage is not an option.

The High Cost of Cyber Thefts

A single lost or stolen laptop costs a business an average of nearly \$50,000 according to a recent Ponemon Institute study (April 2009). An increasingly mobile workforce is putting corporations' sensitive and confidential information at great risk. Employees are carrying more information on their laptops than ever before. With each lost laptop there is the risk that sensitive data about customers, employees and business operations will end up in the wrong hands. Industries with the highest cost impact:

1. Service Industries
2. Financial Services
3. Healthcare & Pharmaceutical
4. Educational Institutions

Four Reasons All Companies Need Cyber Protection

1. Companies that rely on computers to store information are exposed to network security breaches. Nearly every company in any industry today stores sensitive information about their customers and employees on a network. These businesses may have exposure to security breaches that can compromise or damage sensitive information and disrupt operations upon which their customers depend. Anyone affected by breaches may take action against those who they think are responsible. Insurance Partners provides critical cyber liability coverage to adequately protect and defend businesses who sustain such breaches.

2. Claims can be for identity theft or any information or data, not just Web site content. The sensitive information most businesses hold is not primarily on a Web site or related to Internet operations. Valuable information, such as tax identification numbers, credit card numbers, bank account numbers, others' trade secrets, proprietary or confidential information, or customers' or employees' private information, is more frequently stored on an internal network. Insurance Partners provides broad liability coverage for companies' most sensitive data stored on computer networks, not just Web sites.

3. New laws require businesses to notify anyone affected by a security breach. Recently, laws have been enacted in many jurisdictions that require businesses to notify anyone whose private information may be at risk after a breach occurs. Cyber Protection covers public relations and notification costs, including printing and mailing costs (which could be substantial) with no deductible.

4. Networks and businesses today are "borderless." Claims can originate from anywhere in the world. Insurance Partners covers third-party claims related to privacy injury, identity theft or network damage incidents that can occur anywhere. Insurance Partners offers worldwide coverage.

Insurance Partners is a strong partner, dedicated to staying on top of emerging trends and issues affecting all businesses today.

Excerpt from the Business Insurance Tips & Safety (BITS) series at Insurance Partners.

Please contact Tamara L. Bogner, CIC at 440-248-8000 ext 246, 330-418-8353 (cellular) or tbogner@mrcscins.com today for help and solutions concerning Cyber Liability or any professional exposures. You can also submit a request by going to www.clearlinesolutions.com/lipa2. It's the right choice to protect yourself and your valued assets.

This document is provided for promotional and informational purposes only. For an actual description of coverages, terms and conditions, refer to the insurance policy as coverage terms, conditions, and carriers may change. Coverage may not be available in all states. Issuance of coverage is subject to underwriting.

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