

What is Privacy & Network Security Liability Insurance?

Privacy & Network Security (Cyber) liability insurance provides coverage for the costs associated with the misuse, loss, or theft of data including personally identifiable information, sensitive health information, proprietary data and financial information stored in an electronic or physical format.

Why do I need a Privacy & Network Security Liability policy?

Business professionals need this protection to cover 1st and 3rd party costs arising from claims of a data breach or theft of personally identifiable information or information subject to HIPAA regulations. Privacy & Network Security insurance is a must for small and large firms to protect against this increasingly wide spread exposure.

What does a Privacy & Network Security Liability policy cover?

This policy covers the defense costs and other expenses for an insured's failure to protect confidential data stored in physical records or electronically on a computer network, data storage unit or device. This typically includes coverage for the following:

- **Network Security** – Covers claims made by 3rd parties arising out of a breach of their computer network and data storage units or devices. This includes coverage for both online and offline information, denial of service attacks, and for the failure to prevent the transmission of a virus or malicious code.
- **Privacy Breach Response Costs** – Includes coverage for the reasonable legal fees, public relations fees, advertising, IT/Data forensic services, credit monitoring, notification costs, identity theft restoration and postage expenses incurred by the insured in response to a privacy breach.
- **Network Asset Protection** – Coverage for the reasonable and necessary sums required to recover and/or replace data that is compromised, damaged, lost, erased or corrupted.
- **Regulatory Defense & Penalties** – Coverage for defense costs and fines or penalties for violations of privacy regulations, including, but not limited to, HIPAA, Red Flags Rule and the Hi-Tech Act.
- **Multimedia Insurance** – Coverage for both online and offline media, including claims alleging copyright/trademark infringement, libel/slander, false advertising, plagiarism and personal injury.
- **Business Interruption** – Coverage for income loss or expenses due to a computer system outage or repair.

Why choose Axis Insurance Services?

Unlike most brokers, our professionals specialize in professional liability and are nationally recognized. Our years of expertise in the industry allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize insurance solutions to meet the needs of our clients. Call us for a quick review of your current policy to ensure you and your business are properly protected.

Claim Scenarios:

Stolen Identities

A business was hacked by someone who steals the social security numbers and bank account details of its employees and customers. The information was sold to a website which uses the information to create false identities. The defense and damages resulting from the lawsuits exceeded \$900,000.

Lost Data

An employee's company laptop was lost on the train. The laptop contained files of private financial information of their customers. The company had to pay for notification to their customers that their private financial information was no longer secure. Their customers sued the company for damages resulting from their failure to protect their private financial information. The notification costs and settlement totaled \$350,000.

Troubled Employee

A problematic employee found out that he was about to be terminated and in response, stole personal account details that the business held on its clients, and published them online. When the clients find out about this, they sued for invasion of privacy and demand remediation. Total settlement and defense costs exceeded \$600,000.

Customer Privacy

An employee at an engineering firm found a way through his company's network security defenses and gained access to a customer's trade secret. The employee sold the trade secret to a competitor. The customer sued the engineering firm for the failure to protect the trade secret and was awarded for damages. The customer received over \$500,000.

Physical Files

Confidential paper files containing names and checking account information of an organization's donors were found in a dumpster in an organization's parking lot. The press gained access to the documents and published an article in the local newspaper. The organization needed to notify all affected donors and pay for advertising in the local newspaper. The notification and advertising costs added up to around \$50,000.

Network Security

An employee inadvertently downloaded a destructive computer virus onto the company's network, resulting in widespread data loss and transmission of the virus to a client's computer network. The client sued the company, contending they should have prevented transmission of the virus. Damages of \$750,000 were sought for the lost data and economic loss caused by the network security breach.

These are only claims examples: minor changes from actual suits have been made to protect the confidentiality of all clients.

6/1/15

Contact our experts today to find out how you can protect your business.