



Cherry Bekaert Benefits Consulting: Risk Management
Cyber Liability Insurance
Programs



Protecting Your Business from a Cyber Breach

Data breaches containing sensitive and personal information have grown in recent years — surpassing 500 million records — with expected cybercrime costs to hit \$400 billion by the end of 2015.

77%

of small businesses **DO NOT** have a formal written Internet security policy for employees.

94%

of small businesses **DO NOT** have a contingency plan should a breach occur.

31%

of **ALL** cyberattacks occur at companies with fewer than **250 employees**

75%

of **ALL** cyber breaches are a result of human error.

\$188

Average cost post-breach per compromised record.

\$5.5M

Average cost of a breach for a large company.

\$750,000

Average cost of a breach for a small company.

What Does Cyber Liability Insurance Cover?

- ▶ Post-breach legal consultations costs
- ▶ Forensic investigation costs to discover cause of breach
- ▶ Regulatory authority notifications costs
- ▶ Lost customers and business income losses
- ▶ Affected individuals notification costs
- ▶ Credit monitoring costs
- ▶ Damaged Reputation: crisis communications/public relations consulting costs
- ▶ Regulatory fines at home and abroad

Cyber Liabilities

- ▶ Using email
- ▶ Relying on networks, computers and electronic data to conduct business
- ▶ Browsing the Internet/having your own website
- ▶ Handling valuable or personal information on your or another's network
- ▶ Generating revenue online/e-commerce
- ▶ Using your network to control production, manufacturing, inventory or a supply chain
- ▶ Interacting or collaborating with others (clients, suppliers, partners, or the public) via the Internet
- ▶ Advertising or promoting your business online, or the publishing digital content

Qualifications

- ▶ Lost/stolen portable computers, media backup
- ▶ Computer hacking
- ▶ Employee error or misuse
- ▶ Computer or application glitch
- ▶ Vendor negligence
- ▶ Improper disposal of paper records or computer equipment

Compromised Data

- ▶ Credit card information
- ▶ Personal financial information
- ▶ Personal health information
- ▶ Business information of others
- ▶ Confidential customer data

Typical Allegations Arising from Breaches

- ▶ Failure to protect customer information/privacy
- ▶ Failure to notify or timely notification
- ▶ Cost to cancel or reissue payment cards/open new accounts
- ▶ Costs of fraudulent purchase
- ▶ Credit monitoring
- ▶ Regulatory actions - penalties and fines

What the Coverage Provides

Policies can be tailored to include:

- ▶ Third-party coverage in response to unauthorized access, theft of or destruction of data, denial of service attacks and virus transmission
- ▶ Theft of personally identifiable non-public information
- ▶ Liability arising from failure to comply with state breach notice laws
- ▶ Privacy breach notification costs and credit monitoring services
- ▶ Defense costs for regulatory proceedings and penalties resulting from privacy incidents when allowable by law
- ▶ First-party coverage including coverage for destruction and loss of data, as well as network business interruption and cyber extortion

The Threat is Real, but Coverage is Affordable!

Let us be your guide forward



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ADDITIONAL INFORMATION

Cherry Bekaert Benefits Consulting provides comprehensive consulting and administrative services with respect to all forms of employee benefits, property/casualty insurance, risk management, compensation, human resources consulting, private client and executive life insurance, and qualified and non-qualified retirement plans. For additional information about our services, please contact Kyle Frigon at 404.731.0608 or via e-mail: kfrigon@cherrybekaertbenefits.com