Cyber (Database) Insurance

What is Cyber (Database) Insurance?

Database Insurance, also known as 'Privacy and Security' or 'Cyber Liability' provides coverage for risks and exposures associated with the Internet. If you collect information on your customers, or have a database of information such as names, addresses, credit cards, driver's license numbers, social security numbers, medical information, etc., then you have what is called Personally Identifiable Information (PII). PII is information commonly targeted by hackers.

47 states currently have some type of Privacy Law or Database Notification Law. In simple terms, these laws say that if your business loses a database of PII, your company is responsible to notify and provide restitution for all of the individuals in your database from that state. Due to the fact that each state law is different, compliance to each is very expensive and is what makes data breaches so costly. Basic notification cost an average between $20.00 and $40.00 depending on jurisdiction.

Our Database Insurance policy can assist you with the expenses that you will incur, should your business experience a data breach event. These expenses include a victim assistance package, legal defense, damages, notification cost, regulatory fines and penalties, computer forensics, and electronic advertising injury, just to name a few.

Coverage is provided for:

Privacy Liability: Coverage in response to the loss of PII in computer data, hard copy form and the liability from failure to comply with state and breach notice laws. Also covers failure to comply with the insured's privacy policies.

Computer Information Security: Coverage in response to unauthorized access, theft of or destruction of data, denial of service attacks and virus transmission involving the insured's computer systems resulting from a computer security breach.

Ransomware/Cyber Extortion/Phishing Attacks: Phishing has quickly become the common method used by attackers to infiltrate networks. A phishing attack typically consists of faked emails sent to an employee that will entice them to click on a link that unleashes malicious software that can compromise their computers and network. Coverage is available for payments of Ransom/Extortion demands. This coverage is incredibly important when businesses are not able to operate due to their network being locked down (Extorted). This is meaningful coverage who companies who rely heavily on their computers and network.

Electronic Media Liability: Covers display of electronic media (content) on the insured's website; and extends to many Internet-related exposures, including advertising injuries that are not covered or normally excluded from many of today's General Liability policies.

First Party Coverage from Loss due to Network Security Breaches: Coverage is available for the destruction and loss of data, and network business interruption, caused by failure of computer security to prevent a security breach. As well as regulatory defense, fines and penalties, public relations and crisis management expenses. Additional insuring agreement providing for indemnification of Payment Card Industry (PCI) fines and penalties resulting from non-compliance with published PCI data security standards.

How Much Could it Cost Me?

According to Ponemon Institute, the actual cost of a data breach event in 2016 was $158 per record with an average cost of $7 million per company. Two-Thirds of the cost of a breach represented indirect costs, such as diversion of manpower to deal with the breach and loss of customers.

If you don't transfer this risk, then you are self-insured and responsible for 100% of the financial loss, expenses and possible damages. A data breach event could cost you, your entire business, because your company's biggest asset is now the information and data that you store on your computer's network.

Why Does My Business Need Cyber (Database) Insurance?

Like any insurance purchase the answer is simple…. to protect against financial loss. The business that suffers a data breach or loses PII is responsible by law and can be held liable by its customers.

Data Breach events, commonly known as Cyber-Attacks, are becoming more frequent. The size of your business does not matter. 34% of Spear Phishing Attacks occurred to businesses with less than 250 employees. It is only a matter of time before your business or another business your size experiences a data breach event. Studies show that hackers start out small and then work their way up to larger companies.

If a data breach happens, can your business afford the financial loss?

If the answer is "NO"… then you should consider transferring the financial risk by purchasing database insurance. It is just that simple.

If the answer is "YES", then ask yourself how much can you afford to lose?

Database Insurance won't prevent you from losing the data or experiencing a breach event, but if done correctly it can assist your business if an event occurs and will keep you financially whole. In fact, it might just save your entire business!

With the advent of Cloud Storage, your firm has even increased exposure due to your lack of control of the handling and/or security of _your_ data. However, you have to remember that even though you out-source the storage of your data, _YOU_ are still liable for the data.

Is My Business A Target for A Data Breach?

According to the U.S. House Small Business Subcommittee on Health and Technology:
• About 60% of small businesses dissolve within six months of a cyber-attack primarily due to financial reasons.
• Healthcare facilities paid $40,000 to get 250 machines back.
• University spent $20,000 to get infected files back.
• Hackers held a school district hostage for nearly $10,000.

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