



## Cyber Security Liability

Cyber Security Liability may sound like a foreign term to most of us, however when you hear some examples of where insurance like this would come to the rescue, it will not sound so foreign.

Here are some examples where a cyber security liability policy would be essential. \*

**Unauthorized Access:** An international computer hacking group gained access electronically to the computerized cash registers of a restaurant chain and stole credit card information of 5,000 customers, starting a flood of fraudulent purchases around the world.

**Privacy Breach:** An employee of a rehabilitation center improperly disposed of 4,000 client records in violation of the center's privacy policy. The records contained social security numbers, credit and debit card account numbers, names, addresses, telephone numbers as well as sensitive medical information. The center settled the claim with the state of Massachusetts and agreed to pay fines and penalties imposed by the state as well as extend \$890,000 in customer redress funds for credit monitoring on behalf of the victims.

**Human Error:** An employee of a private high school mistakenly distributed via email the names, social security numbers, birthdays and medical information of students and faculty creating a privacy breach.

**Malicious Code:** A juvenile released a computer worm directing infected computers to launch a denial of service attack against a regional computer consulting & application outsourcing firm. The infection caused an 18-hour shutdown of the entity's computer systems. The computer consulting & application outsourcing firm incurred extensive costs and expenses to repair and restore their system as well as business interruption expenses which totaled approximately \$875,000.

**Theft of Digital Assets:** A regional retailer contracted with a third party service provider. A burglar stole two laptops of the service provider containing the data of over 800,000 clients of the retailer. Under applicable notification laws, the retailer – not the service provider – was required to notify affected individuals. Total expenses incurred for notification and crisis management to customers was nearly \$5,000,000.

The threat is real and the risk of data breach has become very common for every business from small to large. Common claims will cite invasion of privacy due to the unauthorized disclosure of private and confidential financial or health-related data, identity theft, and the transmission or receipt of a piece of cyber toxin (aka virus, worm).

As a business owner, you can customize a policy to cover your exposures and prevent what could be a crippling claim.

If you have any questions or would like any additional information on the commercial insurance policies available at Thum Insurance Agency, please call 800-866-0777. Office hours are 8:00 am to 6:00 pm Eastern Time, Monday through Friday.

Thum Insurance Agency has provided personalized insurance packages for customers since 1990.

**\* Examples from Philadelphia Ins Co marketing material 2010).**

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