



Hibbs ♦ Hallmark & Company



## CYBER LIABILITY:

*"Who is Responsible for Confidential Data?"*

### Cyber Liability Insurance

Many businesses today are **increasingly exposed** to a **new form of liability** of which they may be unaware. Cyber liability incidents are occurring in greater number and very often without the benefit of insurance to cover the loss and related defense expenses. In order to better understand "cyber liability", let's first consider the **types of information at risk**:

- Credit Card Information
- Personal Financial Information (Social Security Numbers, Drivers License Numbers, Bank Information, Employment and Insurance Information)
- Personal Health Information

Obviously **some businesses are at greater risk** than others, but hardly a week goes by that data breaches are not in the media. **Common causes include:** negligent release of information, stolen or misplaced laptop computers, stolen or improperly handled backup computer tapes, improperly disposed papers, malicious software, and disgruntled employees.



General Liability and Crime insurance have limited coverage because they are concerned with damage to tangible property.

Knowing that traditional insurance is not the answer, a careful review of your exposures will help to determine the type(s) and amounts of cyber liability insurance needed:

- **First-Party** - *Direct loss due to "injury" to electronic data or systems resulting from acts of others.*
  - Coverage should include Crisis Management, Extortion, Restoration Costs, and Business Interruption
- **Third-Party** - *Liability for financial losses or costs sustained by others resulting from Internet or other electronic activities*
  - Coverage should include Network Liability, Electronic Media Liability, Regulatory Defense Costs, Privacy Liability
- **Combination of both First-Party and Third-Party coverage**

Who needs this coverage the most? This question is best answered by another question: ***Who is responsible for confidential data?*** Today businesses of all sorts are becoming more electronic and handling more and more confidential data. Industries such as Healthcare, Government, Financial Institutions, Schools/Universities, Online Merchants, and Church/Philanthropic Organizations are particularly exposed. **It would seem that cyber liability is no longer a matter of "if" an incident will occur but "when".**

**Please contact your Hibbs-Hallmark representative for more information on Cyber Liability insurance.**

Sincerely,

*Gerald Barker, CIC*

Vice President/Risk Manager

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