

# **Cyber Liability & Data Breach Newsletter**

**Second Quarter 2010**

**Issue 1**

Doing business in today's Cyber world can lead to a host of new risks that may not be covered by conventional property and liability insurance policies. Claims for restoring data, client notification, credit monitoring and other data breach risks usually require a specialized policy to cover these exposures.

## **Consider These Cases**

A financial company experienced an unauthorized access to one of its database servers by a third party. The database included names, addresses and Social Security numbers.

Hackers gain access to thousands of records containing credit card numbers. The firm was required by law to monitor the credit of the victims for a year.

A retail business discovered that a member of the cleaning crew stole a listing of credit card and Social Security numbers when the business was closed for the day.

## **Key Areas of Exposure**

- Financial Account Information
- Credit Card Information
- Health Care Information
- Personally Identifiable Information
- Business Information of others

## **Costs of Data Breach**

- The average cost of a compromised record is \$202
- A review of 35 data breach incidents indicate the total costs ranged from \$225,000 to almost \$35,000,000.
- Victim notification: \$1 - \$2 per person
- Credit monitoring: \$10-\$20 per person per year
- Credit card replacement: \$20-\$30 per card

## **Finally; A Solution**

Insurance coverage for Cyber risks is more affordable that you might think. Insurance coverage for Cyber risks and Data Breach includes the following.

- Liability coverage for breach of privacy, failure to protect client data, transmission of spyware and viruses.
- First party coverage of insured's costs resulting from unauthorized access including:
  - Restoration of a Network
  - Extra Expense
  - Compliance with Security Breach Notice Laws
  - Voluntary Credit Monitoring

Please contact us for a no obligation proposal. We can be reached at 714-739-3177 or [commercial@vicencia.com](mailto:commercial@vicencia.com)

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