

GET YOUR HEAD OUT OF THE CLOUD: WHY YOU NEED CYBER INSURANCE

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With the rapid integration of the Internet into every aspect of our business and personal lives, it is easy to forget just how vulnerable our private data – and the data of our clients and employees – is to prying eyes.

Unfortunately, hackers are becoming more and more clever, and it only takes one employee clicking on one apparently legitimate e-mail to cause a system-wide data breach. The tremendous vulnerability of electronic data has been brought into the spotlight recently with the announcements by companies such as Target, Yahoo, and Equifax, which spend millions of dollars on electronic security, that even their data has been compromised. Given the difficulties even multi-million dollar companies have with preventing and managing data breaches, it appears to be a hopeless situation. However, there are safeguards available to companies and non-profits to mitigate the fallout from data breaches.

What are the risks of a data breach to my organization, clients and employees?

It is easy to conceptualize the potential impact of data breaches on big corporations dealing with significant personal, income and health data, but data breaches can, and do, also impact small non-profits on a daily basis. One study in 2016 found that a whopping **63 percent** of non-profit organizations reported having at least one data breach in the preceding year. Worldwide, about 3,445 records are lost or stolen every single minute of every single day. These astounding figures highlight the pervasive nature of data breaches.



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It is important to note that data breaches can encompass more than just hackers and phishing attacks. For instance, if an employee has access to work e-mails on his or her cellphone, the data may be compromised if the phone is lost or if the employee allows family members and friends to use the phone. Another possible mechanism for companies to lose personal data is if an employee prints physical copies of documents containing personal data of clients or other employees and loses the documents or fails to shred them. As such, even the best cyber security cannot fully prevent a data breach.

While most nonprofits often never touch sensitive health information or banking information of clients, data breaches nevertheless wreak havoc on all aspects of the victim organizations. For organizations that do handle medical information, data breaches may subject them to steep penalties, fines, and civil lawsuits for negligent distribution of data protected by HIPPA. Some government entities also levy fines for the distribution of Personally Identifiable Information (PII) and Protected Health Information (PHI) of customers and employees. Further, once an organization has suffered a data breach, there are added costs to notify customers of the breach, and of course manage public relations.

Other costs of data breaches can include the loss of digital assets from damage or corruption of the stolen electronic data, loss of business income during a period of data restoration, and costs of handling cyber extortion and cyber terrorism. As one can see, the threats of data breaches are far reaching and can impact all aspects of an organization, including customer relations, employee retention, and daily management.

So, how do you manage cyber liability risk?

While companies can, and should, implement data collection and storage policies and train employees about how to spot and handle cyber attacks, it is all but impossible to stay ahead of the ever-changing tactics of cyber criminals. This is why Cyber Liability Insurance Coverage is becoming more and more necessary for organizations – large and small. Cyber Liability Insurance provides protections against expensive threats such as legal liability that can arise from unauthorized access of client and employee personal information.

The good news is that One Connect Insurance Solutions has access to a number of cyber liability carriers that offer exceptional coverage at a low cost and with minimal application requirements. If you wish to learn more about Cyber Liability Insurance or any other insurance needs, please give us a call at (888) 565-1326.

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