



# Information Security and Privacy Insurance - *Coverage Snapshot*

## Why You Need This Coverage

Beazley's Information Security and Privacy Insurance\* offers multi-faceted protection for both the expenses and the legal liabilities associated with data security privacy breaches - **exposures not typically covered by traditional insurance policies.**

## Business Vulnerabilities

Customers or employees who entrust you with personal or private information – such as credit card or social security numbers – also put you at risk. If that data is lost, stolen or compromised, your business could face substantial legal liability and regulatory expenses. "Insider negligence," which can be as innocent as an employee inadvertently tossing sensitive data into the trash, is also a real concern. When personally identifiable information in your care is compromised, you may be legally obligated to alert those impacted by the breach.

Our Information Security and Privacy Coverage helps mitigate the financial impact of data breaches associated with:

- Credit card information
- Personal financial information
- Personal health information
- Business information of others (trade secrets)
- Customer or employee data (confidential information)

### Key events that trigger this need:

- Lost/stolen portable computers or media
- Lost/stolen back-up tapes and drives
- Improper disposal of paper records and computer equipment
- Computer hacking
- Employee misuse
- Vendor negligence

\*Information Security, Privacy Liability, First Party Data Protection and Network Business Interruption Insurance. This product is available in some states on an admitted basis.

## What the Coverage Provides

Beazley's Information Security & Network Privacy Liability Insurance includes:

- broad coverage for the expenses associated with an incident, including:
  - compliance with data breach notification laws
  - securing legal counsel to advise on incident response
  - providing credit file monitoring to victims
  - hiring forensic experts to investigate the breach
  - paying regulatory defense and penalties from privacy law violations
- extensive coverage for legal liabilities including those arising from failure to comply with state or federal breach notification laws or privacy policies and/or to administer a government-mandated identity theft prevention program ("Red Flag Rules").

## Potential Financial Impact

A financial services organization reports a stolen computer from their office. The computer contained the personal information of close to 300 clients. The event triggered a notice requirement for those clients affected, which led to mailing costs for the insured. A study of the data breach experience of 43 U.S. companies puts the average cost of an incident at \$202 *for each customer record compromised.*\*\* The vast majority of that cost is due to lost business from increased turnover or "churn" of existing or future customers. *That means this particular business could be faced with over \$60,000 in lost business and other costs from this one lost computer.*

### This snapshot features coverage written by:

## Beazley Small Business/Private Enterprise

Beazley plc (BEZ.L), is the parent company of global, specialist insurance businesses with operations in the UK, US, France, Germany, Ireland, Singapore, Hong Kong and Australia. Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. Beazley is a market leader in many of its chosen lines, which include professional indemnity, property, marine, reinsurance, accident and life, and political risks and contingency business. This is intended for informational purposes only. Actual coverage is subject to the language of the policies as issued. Coverage may not be available in all jurisdictions and in the US only on a surplus lines basis through licensed surplus lines brokers doing business with Beazley's Lloyd's of London syndicates

\*\* Ponemon Institute Fourth Annual U.S. Cost of Data Breach Study.