

\$188,242

LOSS PER DATA BREACH¹

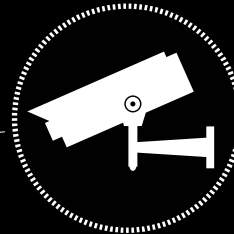
Two-thirds

BUSINESSES CLOSE WITHIN SIX MONTHS¹



CLOSED

DATA BREACH
IMPACT ON SMALL-
TO-MEDIUM SIZED
COMPANIES



Data Breach and Privacy Security Liability Insurance

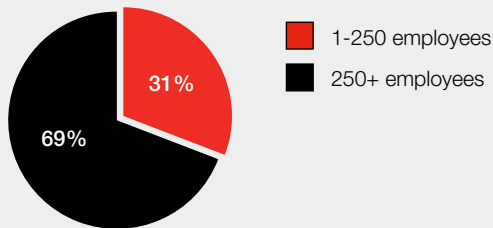
THE RISKS ARE REAL

Data Breach and Privacy Security Liability is a growing risk for professional services firms. Small-to-medium sized companies lose an average of \$188,242 per breach, and two-thirds of them went out of business within six months of the breach.¹ Hiscox helps mitigate the impact of data breach events with our Hiscox PRO solutions, which can include Data Breach and Privacy Security Liability coverage in one policy.


HISCOX PRO™

Data Breach and Privacy Security Liability Insurance

Small businesses victimized by data breach events, 2013¹



Did you know?

- Small businesses (fewer than 250 employees) are often victimized, accounting for 31% of breach events and 20% of the breaches occurring at professional services and information services firms.¹
- A new trend is emerging: hackers are targeting small businesses to facilitate security breaches against the target business's larger clients.²

New coverage available on PL policy

- First-party costs incurred in response to a data breach
- Claims expenses and damages for third-party liability claims
- Civil or regulatory fines or penalties
- Payment Card Industry (PCI) fines/penalties
- Shared or stand-alone limits
- Voluntary notification
- Contractual liability and indemnity
- Expert breach response assistance with 24/7 access to a law firm and team of breach response service providers

Benefits for the insured

- Comprehensive coverage and assistance allowing them to focus on their business
- Coverage for breaches of sensitive employee and client information and for lawsuits from affected individuals or regulators
- Minimize impact to business and reputation - 24/7 data breach response with access to legal assistance and Hiscox Preferred Breach Response Providers
- Fulfills contractual insurance and indemnification requirements
- Coverage from Hiscox, a leading specialist cyber insurer, recognized for superior claims service
- Policy written on paper that is currently rated A (Excellent) by A.M. Best³

Benefits for you

- BIG time saver - ONE submission/underwriter/binder/invoice/policy
- Showcase your expertise and your understanding of these growing exposures:
 - handling/storing of sensitive employee and client information
 - 46 states and federal regulations mandating/governing the insureds' response to data breach events
 - privacy/data breach indemnification and insurance requirements within your clients' business service agreements
- more ways to meet the insureds' changing insurance needs

Claims scenarios

These scenarios are not unique to the professions identified. They could happen to many other professional services firms.

1. Event: consultant discloses Social Security numbers and dates of birth

While preparing content for a client's website, a consultant inadvertently included personal data. It was the consultant's normal practice to randomize sensitive personal data so that individuals could not be identified, but for some unexplainable reason that had not occurred in this case. The consultant had to notify the affected individuals, provide them with free credit monitoring services for a year and access to a toll-free customer care center for additional assistance. Soon after the event and notifications, the consultant was sued by the affected individuals.

Covered losses may include:

- legal and forensics costs
 - notification costs
 - call center services costs
 - credit monitoring services costs
 - defense costs and claim settlements/judgments arising out of third-party claims from the individuals, regulators or their client
 - contractual indemnities owed to the client for their costs related to the breach
 - civil or regulatory fines and penalties
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Data Breach and Privacy Security Liability Insurance

2. Event: printer's error allows unauthorized access to sensitive information

A printing company accidentally included a user name and password in a client's brochure, which was posted on the client's website. The login information enabled access to the client's customers' medical records and other personal information, including names, Social Security numbers, addresses, driver's license numbers and credit information. The printer's client engaged an outside forensics firm, notified the individuals and offered free credit monitoring. The client then sought recovery of these costs from the printing vendor.

Covered losses may include:

- contractual indemnities owed to the client for their costs related to the breach
- defense costs and claim settlements/judgments arising out of third-party claims from the individuals, regulators or their client
- civil or regulatory fines and penalties

3. Event: unencrypted laptop containing employee data stolen from business services firm

A laptop belonging to a business services firm's employee was stolen from his car. The laptop contained unencrypted personal data of a client's employees, including their names, Social Security numbers, and home addresses. Failing to encrypt the data was a direct violation of the firm's contract with their client.

Covered losses may include:

- legal and forensics costs
- call center services costs
- credit monitoring services costs
- defense costs and claim settlements/judgments arising out of third-party claims from the individuals, regulators or their client
- contractual indemnities owed to the client for their costs related to the breach
- civil or regulatory fines and penalties

4. Event: vandal breaks into property manager leasing office and steals computer containing sensitive information

A vandal, believed to be a recently terminated employee, broke into the leasing office of a property manager, stealing several items including a computer. The property manager suspected tenants' sensitive information was stored on the hard drive. In order to make sure they complied with regulations requiring notification of a breach (they could be fined for not properly notifying), the property manager engaged a forensics consultant to determine what information was stored on the hard drive and whether the computer could be used to access other company systems.

Covered losses may include:

- legal and forensics costs
- notification costs
- call center services costs
- identity theft protection services costs
- defense costs and claim settlements/judgments arising out of third-party claims from the individuals or regulators
- civil or regulatory fines and penalties

5. Event: disgruntled former independent contractor steals and destroys personnel, medical, and financial information

For seven years a health-related entity engaged an independent contractor to handle their Information Technology. The IRS contacted the entity requesting they withhold wages from the contractor due to tax issues, and when the company informed him of their intent, he threatened, 'you know companies that lose their data go out of business'. The contractor subsequently locked the company out of their computer servers, and they later discovered the physical hard drives were missing from storage.

Covered losses may include:

- legal and forensics costs
- notification costs
- call center services costs
- identity theft protection services costs
- defense costs and claim settlements/judgments arising out of third-party claims from the individuals or regulators
- civil or regulatory fines and penalties

Other benefits of a Hiscox PRO policy

- Targeted, industry specific policy forms
- Standard general terms and conditions for all lines of business
- Clear, concise policy language
- General Liability coverage available
- Crime coverage available

Data Breach and Privacy Security Liability Insurance

Contact information

Insurance brokers are welcome to contact us.
Two ways to find your regional contact:

hiscoxbroker.com/contact-us/

Northeast: 646 452 2353
Southeast: 404 410 2800
Midwest: 312 380 5555
Northwest: 415 814 1455
Southwest: 213 412 1210

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¹Symantec Corporation. 2013 Internet Security Threat Report. Vol. 18. California: Symantec Corporation, 2013. Print.

²Bordoloi, Chiranjeev. "Why Hackers Love Breaking Into Small Businesses' Email." Business Insider. TopPatch, 26 Mar. 2013. Web. 15 May 2013.

³A.M. Best rating as of July 24, 2014.