The Scope of Coverage of Network Security and Privacy Liability – Insuring Agreements and Anecdotal Examples

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Traditional Information Release Event

Data Breach

Forensics

Counsel Review

Notification, Credit Monitoring, Credit Restoration

Regulatory Investigations

Vendor Investigations

Third Party Litigation and Damages

Expenses/Services of Vendors

Liability: Defense, Damages & Fines
Business Interruption Timeline

Network Downtime

Time Retention

Period of Restoration

Operations Restored
## Network Security & Privacy Liability Coverage Overview

### Business Interruption
- Reimbursement coverage for the insured for actual lost net income caused by a network security failure and, as well as associated extra expense
  - Business Interruption
  - System Failure Business Interruption
  - Dependent Business Interruption
  - System Failure Dependent Business Interruption

**TRIGGERED BY A NETWORK SECURITY FAILURE (POSSIBLY SYSTEM FAILURE)**

### Breach Event Expenses
- Computer Forensics
- Public Relations Firms & Related Advertising to Restore Reputation
- Consumer Notification
- Credit Monitoring/ID Monitoring Services
- Legal Expenses
- Call Center Services

**TRIGGERED BY DISCOVERY OF A PRIVACY INCIDENT**

### Security & Privacy Liability
- Coverage for Defense Costs and Damages for financial loss suffered by others due to failure of computer security, including liability caused by:
  - Theft or disclosure of confidential information
  - Unauthorized access
  - Unauthorized use
  - Denial of service attack
  - Transmission of computer virus
- Coverage for Defense Costs and Damages suffered by others for any failure to protect PII, PHI or confidential corporate information, whether or not due to failure of network security
  - Unintentional violation of privacy policy
  - Actions of rogue employees
  - Alleged wrongful collection of confidential information

**TRIGGERED BY A 3RD PARTY DEMAND OR SUIT**

### Regulatory Proceedings
- Defense Costs for proceedings brought by government agency
- Fines and penalties (where insurable)
- Compensatory damages / Consumer Redress Fund

**TRIGGERED BY GOVT REQUEST FOR INFORMATION, INVESTIGATION OR PROCEEDING**

### Additional Coverage Components Available
- PCI-DSS Fines & Penalties
- Digital Asset Protection
- Cyber Extortion
The Devil is in the Details

Preventative
- Engage a firm to help with table top exercises and to test security posture
- Coordinate findings when placing insurance program

Risk Transfer
- Policy should be as broad as possible
- Vendor considerations
- Timing of reporting

Post Loss
- Have an incident response firm on retainer
- Claims management
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