



USI Affinity - Cyber Liability Program

Cyber Liability

The insurance you don't

think you need...

Until you do...

Cyber Liability Coverage from USI Affinity and Beazley - Beazley Breach Response Select for Lawyers

Because they are entrusted with so much sensitive, private information, including social security numbers, bank and credit card information, law firms are at great risk of data breach (whether intentional or accidental) and the

costs associated with it. Those costs include immediate notification of all parties potentially affected by the data breach, providing credit monitoring to affected parties, investigating the incident, managing the firm's reputation through the event, and more. Costs like these are generally NOT covered by a firm's Lawyers' Professional Liability policy.

How much could a breach of your data cost your firm?

In the event of a breach of your data, response costs alone can be **up to \$30 per record**. That includes sending out notification, call center services and credit monitoring. The TOTAL cost of a data breach includes these costs plus public relations expenses, legal services, investigation, auditing and a lot more and can be as much as **\$200 per record**.* Think about that – if your firm's database holds 5,000 customer records, that's \$1 Million.

The Simple and Affordable Solution: Beazley Breach Response Select for Lawyers

For Law firms with ten or fewer attorneys, USI Affinity and Beazley present an extremely affordable NEW program that goes beyond traditional LPL coverage to address every aspect of data breach. The program features **a flat fee of just \$150 per attorney** and a simple **5-question application**.

Key Highlights of the Cyber Liability offerings include:

- Forensic and legal assistance from a panel of experts to help determine the extent of the breach and the steps needed to comply with applicable laws.
- Legal and forensic expenses coverage up to \$50,000
- Coverage for response costs, including notification and credit monitoring, provided on the basis of the number of affected individuals, not a capped dollar amount (average response costs can be as much as \$30 per record).
- Regulatory defense and penalties coverage up to \$250,000; Public relations and crisis management expenses up to \$50,000
- Free loss control information service provided with each policy, including compliance and breach response information, email alerts of key legal and regulatory developments, and expert on-line support for client questions on data security issues.
- Identity theft-related fraud resolution services for individuals enrolled in credit monitoring who become victims of identity theft.

For law firms with more than ten attorneys, USI Affinity has an expanded Cyber Liability offering for the enhanced protection large firms require. Contact us for more information.

To learn more about this affordable new coverage for NJSBA members, please contact:

Adam Wells

1.855.874.1266

Adam.Wells@usiaffinity.com

*2010 U.S. Cost of a Data Breach Annual Study, Ponemon Institute, LLC. Jan 2011

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Data Breach Costs



The high cost of a data breach is well documented -- but what exactly is on the typical data breach tab for a small law firm? The following Q&A illuminates the major costs incurred by a firm when sensitive data in its care is compromised.

Q1. What is the greatest direct cost associated with responding to a data breach?

For many firms, the lion's share of response costs comes from the duty to notify those whose data has been breached or potentially breached. All told, small businesses can face an estimated \$200,000 in costs associated with breach response services. This includes requisite activities like creating contact databases, retaining outside experts, postal expenditures, and determining regulatory requirements. (Currently 46 states have specific requirements for the notification process; certain industries are subject to additional regulations as well).

Q2. Are response costs generally less for a smaller business than a larger one?

Not necessarily. For example, one of the first expenses any company faces -- hiring a forensics expert to determine the size and scope of a breach -- can range from \$10,000 to \$100,000 - whatever size the business. Moreover, small businesses typically have less internal resources and expertise to handle a breach response, so they are more likely to have to pay outside experts such as specialized attorneys, consultants, crisis management and public relations professionals to assist.

Q3. What other direct expenses can a firm expect after a breach?

Once customers are notified that their information has been breached, they are understandably concerned and upset. Damage control is critical to mitigate the impact of a breach both on the victims and on the business' reputation. Consequently, it has become standard for businesses that suffer a breach to set up a call center to handle questions and issues that arise post-notification and to provide services such as free credit monitoring for victims. Customers who are very upset and suffer financial repercussions from the breach may want to sue. In that case, you can add additional fees to hire an attorney to review the case, legal fees if a claim is involved and even legal liability damages to the cost of a data breach.

Q4. What are the indirect costs associated with a data breach?

It's cheaper to keep old customers than to acquire new ones. Customer turnover and other lost business expenses can be major drivers of data breach costs¹. In addition to abnormal customer turnover, lost business costs can include the price of acquiring new customers via increased marketing efforts, as well as reputational losses and diminished goodwill.

How small businesses can mitigate the costs of a data breach

Privacy and security liability insurance has evolved to support small businesses by addressing the multiple facets of a data breach incident. Beazley Breach Response Select combines legal liability insurance with coverage and services that make responding to an incident with proper notification, credit monitoring, and reputation management all turnkey.

The descriptions contained in this communication are for preliminary informational purposes only. The product is available on an admitted basis in some but not all US jurisdictions through Beazley Insurance Company, Inc., and is available on a surplus lines basis through licensed surplus lines brokers underwritten by Beazley syndicates at Lloyd's. The exact coverage afforded by the product described herein is subject to and governed by the terms and conditions of each policy issued. The publication and delivery of the information contained herein is not intended as a solicitation for the purchase of insurance on any US risk. Beazley USA Services, Inc. is licensed and regulated by insurance regulatory authorities in the respective states of the US and transacts business in the State of California as Beazley Insurance Services (License#: 0G55497).

¹ Ponemon Institute