

## Cyber Liability Insurance

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Risk managers and business owners face increasingly serious information technology challenges. Regardless of business size, nearly 80% of companies that deal with computer transactions report that they suffer at least one computer security breach yearly and that they have been victimized by computer related vandalism (including denial of service attacks where operations are jammed). Of these businesses, nearly 70% admit that such problems generated significant financial losses.

Most security breaches have involved attempts by criminals to acquire sensitive company information, usually concerning their customers or clients. Besides retailers, other businesses and entities that are targeted for such theft include:

- Banks
- Hospitals
- United States military
- Universities

Even when the attempts are unsuccessful, the financial and human resource costs associated with handling these and other cyber liability risks are staggering.

### The Insurance Solution

In recent years, a market has developed to offer specific Cyber Liability Insurance coverage. This was necessary because traditional property and liability coverage forms do not meaningfully address cyber risks.

Typically, a cyber liability policy covers such things as copyright & trademark infringement, unauthorized access, introduction of virus and generally any activities involving business use of the Internet. General factors to be evaluated by a business and its insurance professional in determining their cyber liability insurance needs are their scope of Internet activities, the breadth of coverage (such as named peril or "All Risk), whether the coverage should include professional liability and the amount of the coverage deductibles or coinsurance. A business should also determine if it should also arrange excess (catastrophic) levels of coverage. If business operations extend beyond the U.S., coverage should consider the need for global protection.

Cyber liability risk is complex and is also dynamic. Businesses must include the need to address such risks in their regular planning.

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