

Almost every business, no matter how small, collects data and information about their customers in order to better serve them as well as to stay in touch with them and help generate repeat business with them. And with the growth of business applications for smart phones and tablets, this data collection process is now showing up for even the smallest organizations and businesses. But what can you do to protect this data and by implication, the privacy of your clients? What are your responsibilities if the data you keep on them is hacked or stolen? Have you calculated the costs to you and your business if you have to cover the losses and damages from a cyber-intrusion?

Cyber liability risks are increasing for businesses each day. A breach of privacy or a breach of your network data can result from something as simple as misplacing or losing a laptop computer, smartphone or a tablet computer. It can all happen in an instant but leave behind long lasting effects which could severely impact your company. If this all sounds a bit scary and overwhelming, don't worry, there is an insurance solution that can give you instant peace of mind regarding these risks. Below is a short list of the top 5 reasons why you should have a cyber liability insurance policy in place. Don't just assume that this coverage is included in any of your existing policies. While it is possible that you have this protection in place, most package policies do not include this coverage and when they do, there are limitations and exclusions that you will want to be familiar with before you forget about this issue and move on to the next problem facing your business.

Here are 5 top reasons why you should purchase a cyber liability insurance policy for your company:

1. **Breach of Network Security/Privacy** - A data breach can involve the loss of theft of client data, which is personally identifiable information about your client. It may also include loss of company data such as proprietary information or the secret sauce as it were to what makes your business unique and successful. The other area of risk of data loss for you is employee data and third party vendor information. You have a duty and a responsibility to protect this data on their behalf.
2. **Data Recovery Costs** – One of the costs of recovering from a data breach event will be the costs you may incur to protect and recover data that is stolen. You may have to pay for your clients' or your employees' expenses to rehabilitate their financial identity. This can be a long and expensive process, depending on what damage has been done by the thieves.
3. **Breach Notification** – When you discover a breach of your data, you are required to notify all parties that may be affected by the breach. The costs of this communication with them can be very expensive and time consuming.
4. **Regulatory Fines/Penalties** – There are often state and federal fines and penalties which

you may be required to pay after a data breach event.

5. Your Loss of Income – The time and effort that you spend in recovering from a data breach loss can be crippling to your ongoing business. Your reputation may be damaged and you may have to spend money and effort trying to convince your clients to return to you after a data breach. These costs, if not insured, can be so crippling as to force you to shut your doors completely.

There is no doubt that cyber liability losses to businesses are increasing in both frequency and scope. While this is a relatively new concern for business owners, it is a very real and legitimate one. I would advise that you sit down with your insurance agent and take some time to make sure that you have the cyber liability coverage in place that you feel is needed by your organization.

Clinard Insurance Group, located in Winston Salem, NC, insures thousands of small businesses all across North Carolina, South Carolina, Georgia, Tennessee and Virginia. If you need help with your small business insurance, or if you want to explore cyber liability coverage in more detail, please feel free to call us, toll free, at 877-687-7557.