Cyber crime is on the rise globally. And cyber criminals are now focusing their efforts on smaller businesses because these businesses typically don't have the means to protect their data like the larger firms do. This makes them an easier target for cyber criminals. This is part one of a two part blog designed to better educate the restaurant owner about cyber crimes and the risks that they pose to a restaurant owner. This part will deal with an overview of cyber crime in general and the insurance products that have been developed to help protect you from liabilities arising from cyber crime. Part two will be a more in depth look at the areas of your business where you may be vulnerable to cyber crime.

As I mentioned, small businesses are now the focal point for a number of these criminals and restaurants are a particularly juicy target for them. CNBC reported recently that 40% of the security breaches that occurred in 2010 were in the hospitality industry. Point of sale terminals are a primary target for cyber criminals engaging in credit card fraud. More restaurants are embracing social media and mobile devices as part of their marketing and business plan and these operations can increase their exposure to cyber crime.

There are three areas of action that a restaurant owner should take to better protect against losses caused by cyber crime. First of all, take steps to prevent attacks in the first place. Secondly, purchase a cyber liability insurance policy to cover losses that you are unable to avoid. Last of all, you should prepare a crisis management plan that can be implemented quickly in the event of a data breach.

You might be thinking that your general liability insurance will protect you from data breach losses caused by cyber criminals. In almost every case you would be wrong. Insurance companies are taking steps to limit protection for this kind of liability in their general liability policies. This a very new type of exposure and the insurance market for protection is developing at this point in time as separate insurance policies designed just for this type of loss. In 2009 it was estimated that the costs of fixing data breach incidents average $204 per compromised customer record. How much would it take for you to fix the damage if your network systems were invaded and the data stolen and used for fraudulent purposes?

With next week's blog, I will provide you with a checklist of steps to take to better protect your restaurant from cyber liability losses. In the meantime, if you need any help at all with your restaurant insurance, please feel free to call our office, toll free, at 877-687-7557.