

Cyber liability is a very new area of risk that restaurant owners face. As more and more customer data is obtained and stored by restaurants on their clients, the chances of a data breach, emanating from either the inside or outside of the restaurant increase each year. There are many criminals, often operating beyond the reach of our legal systems who are working hard to find a way to access your data and use it to turn a quick profit for themselves. And in the midst of this are some very dangerous misconceptions and beliefs held by restaurant owners that keep them from taking the steps needed to better understand and perhaps to insure this catastrophic risk. Let's take a look at 4 of the most common mistakes that restaurant owners make in this area of risk management.

**Assuming that general liability insurance will protect them.** Most restaurant owners purchase businessowners insurance policies which have a general liability component built in to the policy. Many mistakenly believe that this general liability insurance will protect them from cyber liability losses. In short, this is just not the case. Your general liability insurance policy alone does not anticipate, or in any way protect you from cyber liability losses. You must purchase cyber liability insurance for this protection.

**Assuming that cyber liability insurance will be unaffordable.** While this protection is not always inexpensive, it is a relatively new form of insurance and is currently evolving. Over time I expect that more and more insurance companies will spread this risk of this protection out over many clients by adding it as an optional coverage on their businessowners insurance policy form. But for now that is rare and you will generally need to purchase cyber liability as a stand-alone product. While it may be expensive, it could also be very affordable and you must go out and shop the marketplace to determine the truth of this question. The risks of loss may be too great to ignore this protection. Not investigating this closely is akin to just sticking your head in the sand, not a great strategy for taking care of your restaurant's risks.

**Assuming that your firewalls and your IT guy will protect you.** Keep in mind here that many data breaches occur because of an employee error or an inside job from rogue employees. From handwritten passwords taped to computer screens to opening suspicious emails or downloading malware or even losing smartphones with connections or memorized passwords, your employees pose huge risks to the safety of your cyber data. And don't forget that a data breach can occur with paper files as well if they are not well protected or disposed of properly.

**Assuming that the use of a third party vendor for reservations or credit card transactions**

**is protection enough.** While this might give a restaurant owner a bit of hope, chances are that you are still responsible for protecting your client's data as it passes through your system. What will the costs be to your restaurant if the third party vendor doesn't agree or fights you on the question of who is responsible?

Cyber liability losses can strike with little to no warning and leave you with tremendous clean up costs from data recovery to rebuilding your restaurant's reputation. If your current quiver of insurance policy policies does not include cyber liability, then you owe it to your restaurant and your employees to investigate this protection and risk in much more detail before you decide to not worry about it. At Clinard Insurance Group, we insure hundreds of restaurants, all across North Carolina, South Carolina, Tennessee and Georgia. If you would like to discuss your cyber liability risks and the possible insurance protections available to you, please call us, toll free, at 877-687-7557.