

## Data Breaches:

***It is not a matter of if a data breach will occur in your organization, it is a matter of when.***

*By: Steve Miller, Senior Vice President, Brown & Brown Northwest Insurance*

High profile cyber attacks and data breaches against large, well-known companies like Target and Marriott continue to dominate the media headlines. The reality is that small and midsize businesses including nonprofits are much more common targets of cyber attacks and data breaches. It only takes minutes for a resourceful hacker, virus or system glitch to shut down your entire network and impact the privacy of your customers, employees, donors, and others. A single cyber event or data security breach could result in damaging consequences to your financials. Nonprofit organizations are especially vulnerable because they retain physical or electronic records for employees, customers, and other third parties.

A common misconception about cyber threats and data breaches to an organization is that all attacks come from sophisticated, high tech schemes launched in a café in a distant country. In fact, most events are triggered by human error, rogue employees, lost/stolen devices, and/or privacy policy issues.

A nonprofit has an obligation to protect the privacy of the data they maintain. Fortunately, the insurance industry has responded to this increasing threat and there are economical options for a nonprofit organization to transfer the risk of cyber and data breaches with a Cyber Insurance Policy. These broad policies are structured to insure both your third-party and first-party liability exposures which include protection for the following:

### **Third-Party Coverages**

- **Privacy and Security:** Claims arising from the unauthorized access to data, failure to provide notification of a data breach where required by law, failure to destroy confidential information and DDoS attacks
- **Media:** Copyright infringement, plagiarism, defamation, libel, slander and violation of individual rights
- **Regulatory:** Claims brought by governmental organizations for failure to protect third-party data

### **First-Party Coverages**

- **Breach Notification:** Call center services, notification costs, credit monitoring and identity fraud protection
- **Computer, Legal Experts and Public Relations:** Costs associated with analyzing and containing breaches
- **Extortion:** Ransom and related costs for threats to expose your data

- **Data Restoration:** Restore and recover electronic data, computer programs or software
- **Business Interruption:** Loss of income and expenses while you restore business operations
- **Reputational Harm:** Lost business resulting from an actual or potential cyber event

### Crime Coverages

- **Computer Fraud and Funds Transfer:** Loss of money, securities or other property due to unauthorized access to your system
- **Social Engineering:** Loss of money or securities due to fraudulent instruction

When buying a Cyber Insurance Policy, you are getting far more than just insurance limits. Insurance carriers have established resources to help prevent cyber attacks and have negotiated service contracts should a cyber attack occur. A “Pre-Breach” coach or risk analysis is a standard service offered by the insurance carrier so that they can limit the exposure and protect the limit of insurance coverage being offered. These services typically include online assessments, security coaching hotlines and training videos. The insurance carriers have also established preferred contract arrangements with specialists to help support you in a “post-breach” situation with services for forensics, public relations, legal assistance and credit monitoring.

Nonprofits, like all other industries, are becoming increasingly dependent upon technology, which leaves you more vulnerable to cyber losses. The level of exposure that your nonprofit faces will vary on many factors, including the level of Personally Identifiable Information (PII) you retain. Organizations that collect health information, social security cards or credit card information are more vulnerable to losses. How dependent are your daily operations to having access to your system? Do you have the financial and/or partnership resources that could help you respond to a cyber attack?

If you have not already purchased a Cyber Insurance Policy, you should consider it as a cost of doing business in today’s risk environment.

### **About the author**



*Steve has more than 28 years of experience in the insurance industry specializing in Property & Casualty, Workers’ Compensation and Risk Management. He began his career in 1992 as a workers’ compensation premium auditor for a SAIF Corporation program administered by JBL&K Insurance. After several years traveling through Oregon and auditing small businesses, Steve transitioned into a sales role for JBL&K Risk Services, which is now Brown & Brown Northwest Insurance. He specializes in the nonprofit industry.*

*Steve currently serves on the SAIF Corporation Agent Advisory Board and is active with both local and national risk and insurance management associations. He is a graduate of Oregon State University with a degree in Business Finance. Steve can be reached at 503-219-3250 or [smiller@bbnw.com](mailto:smiller@bbnw.com).*

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*Because of our national scope, we have access to the most competitive products and services for addressing our clients' risk exposures. BBNW specializes in providing insurance products, claim advocacy and risk management resources to the nonprofit industry.*

*Our culture is one of service, with an emphasis on consulting, innovative solutions and long-term relationships. Internally, we have a strong culture of community involvement. We volunteer as a team with several local charities, including Oregon Food Bank and Big Brothers Big Sisters. In 2018, Portland Business Journal ranked BBNW as the #1 insurance agency and the #10 Most Philanthropic Medium-Sized Company based on cash donations to Oregon and SW Washington charities.*