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How you can protect your business online

If Google can become a victim of cyber mischief, as it recently experienced in its operations in China, what does that tell us about how vulnerable any business is that utilizes the Internet?

Hackers often stay undetected by the companies they target because online security has rarely been a top priority, especially during an environment of cost cutting. But, insurance can play a critical role in addressing risks that even the best safeguards cannot prevent. This is why cyber-insurance should be considered as a part of any business' comprehensive approach to information risk.

Business owners also should be aware of regulatory and compliance issues, and need to ensure that appropriate tools and controls are in place. Many states, including Rhode Island, have enacted tough mandates regarding the protection of consumer information. In fact, Massachusetts has one of the most far-reaching information security requirements anywhere in the United States for any company doing business in Massachusetts or holding Massachusetts personal data, wherever located. The new Massachusetts data breach law, which became effective October 31, 2007, created new compliance obligations for companies when personal information of residents of Massachusetts is improperly accessed and disclosed.

To safeguard your business from the new exposures of conducting business online, you need specialty coverage. Cyber-insurance provides coverage for damages to third parties caused by a breach of network security as well as losses resulting from administrative or operational mistakes. The coverage is extended to acts of an employee or outsourced IT provider. A cyber-insurance policy also includes damages resulting from alleged violations of HIPAA, state and federal privacy protection laws and regulations, including expenses resulting from a breach of consumer protection laws.

Cyber-insurance also covers your business with:

- Customer Notification Expenses Coverage, which reimburses for costs to notify and provide 12 months of credit monitoring;
- Coverage for acts of a rogue employee causing intentional damage to the Insured's Computer Network; and
- Public Relations Expenses Coverage available to repair your reputation as a result of a data breach.

If your business is conducting business online, or if you just want to have a better understanding of the new exposures your business now faces, speak to your agent at AIM who will explain the details of cyber-insurance.

A study conducted by Verizon between 2004 and 2008 determined that 75% of computer breaches were not discovered by the victimized organization, and that 87% could have been prevented with reasonable online protection.

