

Network Security and Privacy Injury

Management Liability

Directors and Officers

Employment Practices

Fiduciary

Professional Liability

Media

Miscellaneous

Network Security and Privacy Injury

Technology and Telecommunications

Crime

Management and Professional Liability

Network security and privacy risks are becoming commonplace.

- As businesses of all types increase their reliance on technology to store their data or their clients' data on computers, they face increased computer attacks, viruses and security breaches.
- Traditional coverage forms alone typically fall short of covering network security and privacy injury risks.

CNA provides broad insurance coverage to address those risks.

- We offer the underwriting and risk management expertise to help build effective risk strategies.
- We offer various options to address your cyber-risk exposures or needs.

CNA's appetite includes:

- Agricultural/Forestry
- Health Care
- Retail
- Telecommunications
- Mining
- Oil & Gas
- Construction
- Technology
- Manufacturing
- Transportation Services
- Wholesale Trade
- Miscellaneous Service Providers
- ... we will consider many more

Basic Coverage Highlights

• Network Security Liability

- Provides coverage for a claim of network damage alleging a wrongful act that results in a security breach of the insured entity's network.
- Network Damage includes the inability to gain access to the network, and destruction or alteration of a third party's information residing on the network.

• Basic Privacy Injury Liability

- Provides coverage for a claim of privacy injury alleging a wrongful act that results in a security breach of the insured entity's network.
- Privacy injury includes unauthorized disclosure or the insured's failure to prevent unauthorized access to nonpublic personal information or to nonpublic corporate information residing on the insured's network.

Optional Coverages Available

- Laptop Computer Breach Privacy Liability
 - Covers claims for privacy injury as a result of the loss or theft of an insured's laptop or removable storage device.
- Broad Form Privacy Injury Liability
 - Covers information in printed form and in the insured's care, custody or control.
 - Coverage also includes Rogue Employee for whose wrongful act the insured is legally responsible.
- Privacy Regulatory Proceedings
 - Covers loss due to Privacy Regulation Proceedings alleging a violation of any Security Breach Notice Law.
 - Covers civil fines, sanctions or penalties imposed under a Privacy Regulation Proceeding for a violation of a Security Breach Notice Law.
 - Coverage also includes Rogue Employee for whose wrongful act the insured is legally responsible.
- Privacy Event Expense
 - Reimbursement for reasonable expenses incurred by the insured entity to comply with a Security Breach Notice Law or respond to a Privacy Event (including setting up a call center and providing credit monitoring services).
- Network Extortion Expense
 - Reimbursement for reasonable expenses incurred by the insured entity to respond to a network extortion or demand.

Broad coverage for Technology and Telecommunications Professional Liability is provided as one part of the Epack ExtraSM policy. Epack ExtraSM allows insureds to package multiple coverages on one policy form.



Coverage Scenarios

Manufacturing

The Facts: A contract manufacturer stores its customer's designs on its network. The designs are used in the production of custom assemblies in accordance with customer specifications. The manufacturer's network is infected with a virus which corrupts the customer's design specifications, resulting in damage to information in the manufacturer's care. The customer sues the manufacturer seeking recovery of late delivery penalties imposed by its downstream customer.

The Bottom Line: Defense costs totaled \$500,000 and \$250,000 for indemnity, customer damages.

Retail

The Facts: A hacker penetrates a retailer's network security and steals credit card information from a database containing stored transaction data. The hacker uses the harvested information to make purchases and to fraudulently obtain loans in each cardholder's name. Cardholders sue the retailer to recover their cost to repair credit and discharge fraudulent loans and seek damages for emotional distress. The banks who issued the cards compromised in the attack also sue the retailer to recover card re-issuance and cardholder notification costs.

The Bottom Line: Defense costs totaled \$750,000 and \$1.75M to repay banks and cardholders for the damages they incurred.

Healthcare

The Facts: A doctor's practice sustains a network security breach. The attacker steals patient records including financial information and health benefits account data. Data is re-sold to individuals who use benefits information to fraudulently obtain medical services. Legitimate patients sue seeking compensation for emotional distress in addition to other consequential damages. The legitimate patients' health insurance carriers sue the doctor's practice to recover reimbursements made for fraudulently obtained health services.

The Bottom Line: Defense costs totaled \$300,000 and \$500,000 to reimburse the health insurance carriers.

Construction

The Facts: A small construction firm maintains employee and 1099 contractor records on their network. The records contain private personally identifiable information for tax reporting, including social security numbers/tax payer IDs. The firm's network security is breached. The attacker steals personal records. The firm must notify all affected individuals in writing. It also purchases one year's worth of credit monitoring services on their behalf to detect unauthorized activity in their credit accounts. Later, the attacker sells the stolen information to an ID theft ring. The ID thieves age the information for a year (after credit monitoring stops). They then begin using it to fraudulently obtain credit in the name of the compromised individuals. The affected individuals sue the firm for breach of privacy and seek consequential damages.

The Bottom Line: Defense costs totaled \$500,000, privacy expenses were \$100,000 and customer damages were \$900,000.

Technology

The Facts: A mid-sized technology company hosts web sites for retailers. Retailers rely on web site availability to generate e-commerce income. The technology company's site is disrupted by a virus. Their customers' ability to generate income is disrupted. Customers sue the company to recover lost income.

The Bottom Line: Defense costs totaled \$100,000 and \$500,000 for indemnity and customer damages.

To learn more about CNA's Management and Professional Liability offerings, contact your agent or broker.