

## Data Breach - 5 point inspection checklist

Mechanics do it when your car needs a tune up - why should your business be any different? Review these quick points to ensure you are well-covered in the event of a data security breach. Beazley offers Information Security and Cyber Liability Insurance coverage for exposures not typically covered by traditional insurance policies.

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|  <p>Encrypt data stored on portable devices. Keep track of your business laptops and create best practices to keep them safe.</p> | <p><i>Stolen laptops constitute 20% of the total number of data breach incidents.<sup>1</sup> Replacing a laptop lost by an employee may cost \$1,000 but can escalate to \$50,000 factoring in the loss of intellectual property or customer sensitive data.<sup>2</sup> Use locks or restraints on laptops, and refresh password and encryption protocols.</i></p>                                                                                                                                                  |
|  <p>Ensure your data storage system has appropriate safeguards, and conduct periodic vulnerability scans.</p>                     | <p><i>Use backup tapes/third party vendors/servers to keep data safe. Ensure any vendor in charge of storing your customer data has a tightly-buttoned security program in place. Ensure any software protection vendor engaged by your company conducts regularly scheduled vulnerability scans to detect missing security patches, configuration errors, and other weaknesses that allow unauthorized access.</i></p>                                                                                               |
|  <p>Safeguard against insider negligence. Make sure your employees are well-trained.</p>                                         | <p><i>Although not intentional, insider negligence accounts for a large portion of data breach incidents. Ensure employees do not transfer sensitive information to work from their home computers, and that they properly dispose of paper records and computer equipment. Make sure they are not opening emails from unknown sources that could lead to virus issues. Implement data privacy policies and training for all employees to ensure they know how to properly handle your sensitive information.</i></p> |
|  <p>Be aware that customer information in your care could leave your small business vulnerable.</p>                             | <p><i>Hacking attacks were responsible for the majority of personal identity records exposed in 2009.<sup>3</sup> Credit card/Social Security numbers/personal health information/ trade secrets/business information of others - all leave your business vulnerable. Make sure your network security software is updated with the latest available patches. Ensure your insurance protects following a breach for credit file monitoring and other "post event" services.</i></p>                                    |
|  <p>Stay up to date on state and federal data breach notification laws.</p>                                                     | <p><i>Make sure your insurance covers legal issues arising from failure to comply with state or federal breach notification laws or privacy policies and/or to administer a government-mandated identity theft prevention program ("Red Flag Rules").</i></p>                                                                                                                                                                                                                                                         |

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<sup>1</sup> Datalossdb.org/statistics/incidents over time.

<sup>2</sup> Homeland Security Network: <http://homelandsecuritynewswire.com/lost-or-stolen-laptop-costs-companies-nearly-50000>.

<sup>3</sup> Symantec Report Highlights Hacking as Cause for Majority of Data Breach Records, April 21, 2010.