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## PRIVACY LIABILITY - A Pressing Consideration Available Through the BSA Program

The term "Privacy Liability" or "Cyber Liability" has many implications but what does this really mean to the Boy Scouts? The problem with understanding this coverage begins with the words and terms that are used. They are not standardized. What one insurance policy may call a "breach" another may name an "attack". However, two different insurance policies may also define a "breach" completely differently. Why is this? Identity theft, credit card theft and malicious attacks are all part of an ever evolving criminal industry. Therefore the changes in the way a hacker may steal information or corrupt a system changes constantly. This leads to constant changes in the insurance industry as well. Consider this. Buying insurance for a building is simple. It is a tangible item that is easily defined and it is obvious if there has been physical damage or a loss to a building. However, some of the exposures the council may face in the cyber world may not be tangible yet are so very valuable. An employee's personal information or a client's credit score, for example.

The combination of all these factors can create overwhelming feelings. When you have a camp that requires your attention you may end up placing this concern on the back burner. THE CRIMINALS COUNT ON YOU NOT MAKING IT A PRIORITY.

You know you need to do something. But you may not know where to start? You have probably figured out that not all insurance policies are created equal but how do you know what you really need and what insurance policy may provide the best coverage for you? There are so many factors to consider. What kind of security do you have in place? Can an insurance policy substitute for a good security system? A good risk management strategy has at least two different methods. For Cyber liability there are several methods. Here are the top three methods that we see the most:

1. Purchase an insurance policy
2. Risk transference – contract all personally identifiable information out to a third party vendors making them responsible and accountable for credit cards, volunteer and employee information processing, background checks, etc.
3. Hire a security expert to manage the internet security and maintain the servers.

Now that you have decided how you may want to best protect your invaluable information, how do you get the best product for the best price? Contracts should be reviewed by an attorney, security services should be thorough and comprehensive and hold the security expert accountable and insurance policies should provide coverage for things you need most.

Insurance policies for Privacy Liability or Data Breach can cover many different things. There are two main parts to consider. One – First Party coverage or the cost you may incur to recover from an attack. Two – Third Party coverage or the damage to another party that you may be held liable.

Have you ever received one of those letters in the mail that told you that your information may have been compromised and that you get free credit monitoring for three years? Do you know how much that costs the business? The cost is roughly \$200 on average for every person<sup>1</sup>. So, if you have one thousand records and are required by law to provide this service, you can anticipate paying about \$200,000 when nothing is stolen or damaged. This would be considered a First Party loss because you as the council would be the entity that would suffer financial injury. However, if actual money or information had been stolen, then it could be a third party loss as well.

These policies can also cover physical loss of data. A laptop or a paper volunteer application for example. Check to make sure your policy covers this kind of loss as well and not only the loss by electronic means.

When you are ready to buy a policy for this coverage, it would be best to buy a comprehensive policy that includes both third party and first party coverages. Due to the nature of the inconsistent terms, it is best to read the sample policy forms, ask questions and discuss specific claim scenarios that are your main concerns. And, you guessed it, call USI or have your agent call USI for a quote. We can provide a quote based off of your gross sales in five minutes. Prices currently typically range from \$2,500 to \$7,000 for BSA councils.

<sup>1</sup> Ponemon Institute LLC, Cost of a Data Breach Study: Global Analysis, 2009, 2014

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