

Corporate Identity Protection

Expansive Coverage for a Rapidly Growing Exposures

As electronic data exchange, storage, and transmission have become integral to business, identity theft incidents have been steadily rising. A record-setting 285 million records were breached in 2008 – more than the previous four years combined.¹ Forty-six states, the District of Columbia, Puerto Rico and the Virgin Islands have passed laws requiring that businesses notify consumers if their personal information in such businesses' control has or may have been compromised. Failure to do so can result in severe civil and regulatory penalties, administrative expenses, legal liability, defense costs and—most costly of all—damage to reputation and loss of customer confidence.

Small and mid-sized companies now have an insurance solution specifically designed to address most of these exposures: Corporate Identity Protection (CIP) from Executive Liability.

An Effective Solution for Today's Identity Theft Epidemic

CIP offers coverage to a business when its data is compromised resulting in potential identity theft. Whether the loss of information is a result of negligence, security failure, a rogue employee, network security failure, or a lost or stolen laptop/device, the policy offers coverage to the business for the following:

- Legal liability damages
- Defense costs
- Regulatory action expense
- Notification costs
- Crisis expenses
- Identity theft recovery services for victims such as education, assistance and credit monitoring

The Focus

CIP effectively addresses the risk of identity theft that businesses face when entrusted with the personal information of their employees, customers and corporate clients. With limits ranging from \$100,000 up to \$5 million, coverage is suitable for retailers, manufacturers, and wholesalers with revenues up to \$100 million.

Crisis Management Response

Businesses nationwide are required by law to respond to any unauthorized release of their clients' information. Businesses now recognize that damage to their reputations and the loss of customer loyalty after an unauthorized release becomes public could prove costly. The value of an effective and rapid communications program in the face of such a crisis—combined with practical assistance for the victims—cannot be underestimated.

Stolen Identity Liability

Businesses are understandably concerned with the civil liability they may face as a result of identity theft based on the unauthorized release of client information. Several lawsuits already have been filed and it is possible that future settlements of these or other lawsuits will make headlines and adversely affect corporate balance sheets.

Administrative Expenses

In an increasingly regulated business environment, any corporate entity that has experienced an unauthorized release of client information may face administrative actions brought by various regulatory bodies, including: the Federal Trade Commission, federal banking agencies and state attorneys' general.

Protecting Customers and Employees Alike

By providing services for identity theft victims, a business demonstrates its commitment to the needs of consumers. This demonstration of good faith has proved to be a valuable asset in retaining customers, maintaining employee satisfaction and preventing costly actions.

Meaningful Coverage for Companies of All Sizes

With a full suite of security and privacy insurance solutions available, every company — from the very small to the largest enterprise—is able to protect themselves against the growing threat of identity theft and data security. For businesses with revenues above \$100 million and for those seeking network security and privacy liability coverage, Chartis offers Security and Privacy Insurance as part of the Specialty Risk ProtectorSM. Special Risk Protector also offers an event management module which covers public relations expenses, notification expenses and the costs to provide credit monitoring or other remediation services in the event of an identity theft incident.

A sampling of the industries which are best suited for Security & Privacy Insurance are: financial institutions with \$1 billion or more in assets, businesses with revenues exceeding \$100 million or holding over 1 million identities, online retailers, institutions of higher education, healthcare providers, credit reporting agencies, payment transaction service providers and data collection agencies or information brokers.

To learn more about Corporate Identity Protection, please visit www.chartisinsurance.com, e-mail executiveliability@chartisinsurance.com, or contact your insurance broker.

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