Data Privacy Risks

Data security and privacy is of paramount concern to businesses around the world. Whether a business keeps confidential employee data, customer information or confidential client information, maintaining the security and privacy of this information is critical. An enterprise security event could be detrimental in terms of costs to comply with state notification requirements, potential liability claims, and damage to a company’s reputation.

An enterprise security event can encompass any of the following:

1. accidental release, unauthorized disclosure, theft, or loss of protected data by the named insured or subsidiary or independent contractor

2. unauthorized access to or unauthorized use of protected data on the insured’s computer system that directly results in alteration, destruction, deletion, corruption or damage of protected data

3. transmitting or receiving malicious code via the insured’s computer system

4. unauthorized access to or unauthorized use of the insured’s computer system that directly results in denial or disruption of access of authorized parties to online services or computer systems

The American Association of Advertising Agencies Multimedia Liability Policy provides options to protect against these exposures:

**SECURITY AND PRIVACY LIABILITY COVERAGE ENDORSEMENT**

- Security and Privacy Liability provides coverage for liabilities arising from claims involving disclosure or theft of protected personal or corporate data – online and offline

- Regulatory Action Defense provides coverage for privacy regulation violations

**CRISIS MANAGEMENT AND COMPUTER SYSTEM EXTORTION COVERAGE ENDORSEMENT**

*First Party Coverage*

- Crisis Management and Public Relations Expense reimburses costs associated with an enterprise security event, such as public relations expenses, and notification costs and credit monitoring services where required by law

- Computer System Extortion reimburses costs demanding payment of funds to a third party to avoid a system failure

These optional coverages are available by endorsement in the 4A program.