



PCI Privacy and Network Liability Insurance

If you haven't been hit by a virus, spyware or data theft – LOOK OUT! YOU COULD BE NEXT! Several high profile Canadian companies have experienced privacy breaches including retailers, banks, government agencies, utilities, grocers and hotels. Although today's technology provides companies with more speed and convenience than ever before, the benefits to all parties are fraught with new and complex risks. Vast amounts of sensitive, private information stored in accessible formats can fall into criminal hands by sophisticated hackers breaching network security, or by simple human error and negligence. The resulting loss to the company includes not only the cost to repair corrupted data, but also costs to notify and compensate those affected. Furthermore, companies accepting credit and debit cards have come under increased risk as a result of industry rules and standards developed to encourage and enhance data security.

Given the potentially devastating result of data and privacy breaches, companies are recognizing this new area of risk and their obligation to mitigate through increased security, contractual provisions with service providers and vendors, and through insurance. In the process, they are finding:

- ➔ Most organizations are exposed
- ➔ Companies accepting credit and debit cards are subject to exposure via mandatory industry standards and rules
- ➔ Most insurance policies do not cover these risks
- ➔ A privacy breach would have a major impact on brand and reputation
- ➔ No system can be designed to eliminate the potential for all loss, as people and process failures cannot be eliminated and insiders may be perpetrators
- ➔ Many functions are conducted by outside vendors and contractors who may lack insurance and assets to respond.

Recognizing the unique needs of the Canadian privacy environment specifically as it applies to companies with payment card industry exposures, Executive Risk Insurance Services (ERIS) in collaboration with and for the clients of Moneris Solutions Corporation ("Moneris") have developed a Canadian PCI Privacy and Network Liability insurance policy. The policy is designed to respond to Canadian privacy and network security issues along with the unique data security exposures payment card transactions create for companies operating worldwide.



Overview of Coverage

4 Insuring Agreements

➤ A. Privacy Liability

- Covers third party damages and claim expenses arising out of a Privacy Breach (including non-compliance with PCI Standards, Visa & MasterCard cardholder data security rules & contractual obligations)
- Covers downstream liability flowing to the Insured from Visa and MasterCard for losses associated with breach of PCI Standards, Visa & MasterCard cardholder data security rules & contractual obligations
- Recognizes potential and suspected breaches as a claim trigger
- Covers amounts the insured is legally obligated to pay, including claims expenses, as a result of a penalty or sanction imposed by a federal, state or local regulatory body

➤ B. Crisis Management and Notification Expenses

- Covers the expense incurred in attempting to mitigate reputational damage as a result of a Privacy Breach and the costs involved in notifying customers or employees

➤ C. Network Security Liability

- Covers third party damages and claim expenses arising out of data being accessed, used, stolen, or service being denied, or malicious code transmitted to the Insured's computer system

➤ D. Payment Card Industry Fines

- Covers fines and non-compliance assessments arising out of an actual or potential breach of PCI Standards, and Visa & MasterCard cardholder data security rules where the Insured is compliant with PCI Standards and unable to pay the fine as a result of financial impairment

For further information and a detailed **ERIS-PCI Privacy and Network Liability Insurance** policy discussion, please contact your insurance broker, www.execurisk.com or an **ERIS** representative:

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