



ALINK
Captive Insurance Services

Today's Greatest Risk -

Technology

Technology is driving or is involved in all of our businesses today. Data, how it is stored, transferred, where it is transferred to, the processes involved, and the speed in which all of this happens is vital to every business today. This technology is also changing every day. How much time and expense is involved to protect this information, the information used in your business? What if the internet goes down, or your technology is not accessible, or even worse, the data is breached?

There are more than 50 risks covered through **Captive Insurance** policies. These



risks are determined by actuaries, who specialize in business enterprise risk. These exposures are underwritten and re-insured through the captive manager. Many of the exposures are directly related to technology, both from a broad perspective as well as very specific.

Business Interruption

Insurance for this exposure is widely available, and generally can be obtained in a property insurance policy or a general liability policy in the marketplace. This broad exposure summarizes the effects of several specific exposures to a company. Business owners certainly can choose to insure this exposure through a 3rd party, or through their own Captive insurance company.

Breach of Data

Breach/Release of Data related to Hacking and/or Virus Exposure Privacy Liability

There is exposure to the release of critical business information (i.e. financial records, business, key customers, etc.), all very sensitive information that is maintained on a computer system. The potential for the release of employees' personal information also exists. If a breach of data occurs, and it is unrecoverable, there could be major expenses associated with restoring important information necessary for a company to operate. The potential nominal cost of lawsuits and identity theft protection could accumulate quickly, negatively impacting net income. The exposures of Breach/Release of Data and Breach/Release of Data related to Hacking and/or Virus Exposure are exposures that could have a negative impact on net income to every company.

Privacy Liability

Privacy Liability insurance is typically titled "Information Security and Privacy Liability" in the commercial marketplace, it is also known as "**Cyber and Privacy**" insurance. These policies are designed to cover claims caused by data breaches.

Such liability most often results from:

- Loss, theft, or unauthorized disclosure of personally identifiable information in the insured's care, custody, and control;
- Damage to data stored in the insured's computer systems belonging to a third party;
- Transmission of malicious code or denial of service to a third party's computer system;
- Failure to timely disclose a data breach;
- Failure of the insured to comply with its own privacy policy prohibiting disclosure or sharing of personal information;
- Failure to administer an identity theft program required by governmental regulation or to take necessary actions to prevent identity theft.

Computer System Failure

Given the criticality of the software systems to the operations of the business, Computer System Failure is a risk to companies that could potentially be insured through captive insurance.

The expenses associated with finding and implementing new software and making data compatible can quickly add up. These costs are insurable. A possible alternative to insuring this exposure would be to review the user agreements the company has in place with its software vendors to identify any provisions in which the vendor retains liability for the failure of the product. Accordingly, a company should vigilantly monitor innovations in the marketplace for a back-up/replacement system in the event a computer system fails.



Eliminate your technology risk! Insure your company's greatest risk through YOUR Captive Insurance Company.

Through formal coverage of these risks or others you create

Your Link to Security!

Richard Ericson, President

ALINK Captive Insurance Services

• Direct: 720-213-0583 • Email: Rich@ALINKcis.com

www.ALINKcis.com