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Know Your Cybersecurity Options

Real Estate, Property Management Companies Have A Variety of Cybersecurity Insurance Options

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Just about any organization using technology to do business faces potentially devastating cybersecurity risk and data breaches. With access to many forms of personal data (from Social Security and driver's license numbers to banking, credit, and wage information), property and community management companies have become unexpected targets, and insurance companies are stepping up to cover their cyber risk.

Not to be confused with technology errors and omissions insurance sold to providers of technology products and services, or a fidelity (crime) policy, insurance carriers are offering cyber and privacy insurance to cover liability for data breaches. Given the potential exposure property and community management companies face, insurance companies are now providing more cyber coverage options, which would include:

- *Business Interruption.* Coverage for mayhem wreaked upon day-to-day operations, dissatisfied customers, lost business opportunities and financial losses caused by a security breach.
- *Cyber Extortion.* Coverage for extortion costs, including negotiation expenses, ransom/extortion payments and computer security experts for prevention of future extortion. Some carriers offer this coverage under kidnapping and ransom insurance policies.
- *Cyberspace Liability.* Coverage for exposure arising from communicating or conducting business online. Some carriers include this coverage under media liability policies.
- *Network and Information Security Liability.* Coverage for claims caused by hacking, unauthorized access to data or failure to provide mandated data breach notification.
- *Regulatory Defense.* Coverage for defending governmental claims. In addition to the coverage options that insurance companies are making available to property and community management companies, insurance carriers also are providing educational/reference materials to advise and train companies on security protocols and breach avoidance techniques. Furthermore, insurance companies are setting up and providing cyber-response

teams to guide property and community management companies through a data security breach. These teams spearhead response efforts through:

- *Forensics and Legal Analysis.* Carriers will hire forensic and legal teams to determine the size and scope of the breach and advise legal compliance. Compliance is critical because it is based upon the state where the affected individual is located and each state has different rules.

- *Public Relations.* Insurance companies will also utilize public relations teams for post-breach damage control and reputation protection.

- *Notification and Credit Monitoring.* Insurance companies also use monitoring teams to give breach notification and communicate with affected individuals, as well as provide credit-monitoring services following a breach.

As with any insurance policy, clients need to be careful and pay particular attention to what is excluded from coverage in the policy. There have been some instances where coverage fights between carriers and insureds arose when the insurance company applied exclusions such as a "Failure to Follow Minimum Required Practices," which can be cited when the insured failed to follow the data security protocols detailed in its application. Simply put, clients need to make sure that they understand the requirements for cyber liability coverage and that they strictly adhere to them.

As technology becomes more complex and sophisticated, so do the threats that property and community management companies face in their day-to-day operations. With comprehensive cyber liability insurance, insurance companies are becoming vital partners in the fight against cyber risks.

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