

A data breach isn't  
always a disaster  
Mishandling it is.

# *A world of risk*

## 932.7m

Personal records breached in the U.S. since 2005<sup>3</sup>

## 18%

Proportion of U.S. internet users who report having had personal information stolen following breaches of online privacy<sup>2</sup>

## 51%

The proportion of breaches attributable to malware or hacking since 2005<sup>3</sup>

## 47

The number of U.S. states that have their own regulations governing how data breaches should be handled.

## 2.7b

Number of people in the world who are online (approximately 40% of the world's population)<sup>1</sup>

## 1174

Healthcare data breaches affecting more than 500 personal records that have occurred since 2009. Total records breached: 40,906,929<sup>4</sup>

### Notes

1 International Telecommunication Union

2 Pew Research Center

3 [www.privacyrights.org](http://www.privacyrights.org) as of December 31, 2014

4 U.S. Dept. of Health and Human Services database as of December 31, 2014

### Sheer carelessness

With vast amounts of data storable on smaller and smaller devices, the risk of data breaches due to theft or sheer carelessness is huge. Between 2005 and 2014, portable devices carrying more than 172 million personally identifiable records were lost or stolen, according to the Privacy Rights Clearinghouse.



# Not if, but when.

Any business handling customer data will, sooner or later, be confronted with the challenge of a data breach. It's not a matter of "if" but "when".

The incidence of data breaches is massive. In US healthcare alone (the industry for which the most reliable statistics exist), more than 120,000 people are being notified that their data has been breached every week.<sup>1</sup>

Healthcare providers and tens of thousands of other businesses have learned the hard way that there's no such thing as perfect cyber security.

And the stakes are high. You hold personal data on trust for your customers. If they don't think your business can be trusted, the very future of your company may be at risk. A data breach is not a learning opportunity – you have too much to lose to risk mishandling it.

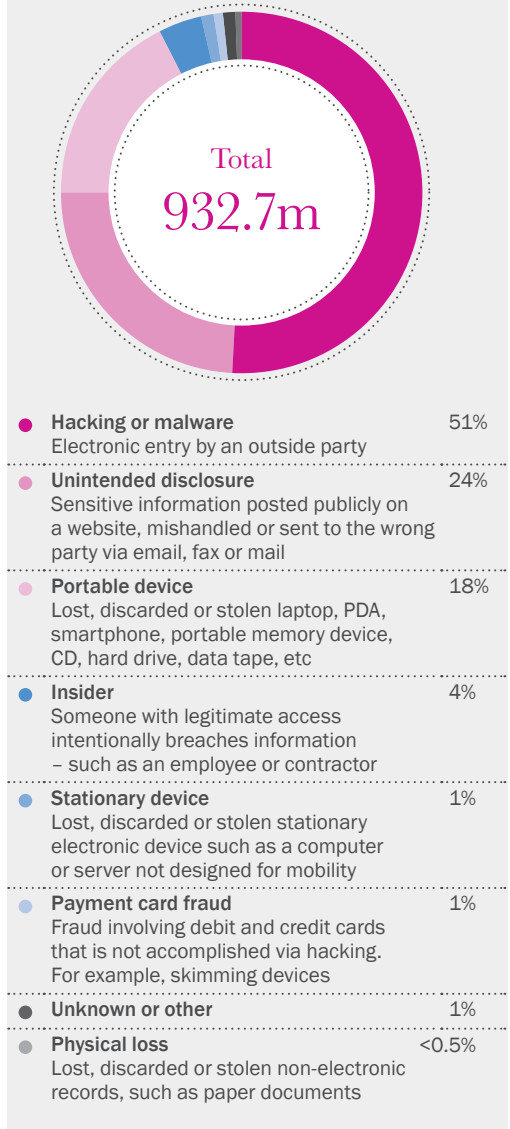
## The case for focusing on response

Many companies focus exclusively on data breach protection – and fail to pay attention to what happens when the walls are breached. Firewalls, encryption and other defenses get the attention. The war is fought on IT turf. But the truly dangerous time is after you've been breached.

After a breach you're fighting to protect your reputation. It's when your customers begin to leave. A study conducted by the Economist Intelligence Unit in 2013 found that more than a third of customers of companies that had suffered a data breach no longer did business with the companies in question "because of the breach." The way you manage a data breach to maintain customer trust is critical.

That doesn't mean you shouldn't protect your system; it does mean you need plans for your response. And the good news is that there's a great deal you can do. Cyber-attacks are beyond your control; breach response is something you can plan for.

## Records breached<sup>2</sup>



1 [www.hhs.gov/ocr](http://www.hhs.gov/ocr)

2 [www.privacyrights.org](http://www.privacyrights.org) as of December 31, 2014

## Our experience

In managing a data breach, you want to make the calls. It's your reputation that's on the line. But it's also smart to have a partner who's been there before. Things happen too quickly; there's too much to learn.

That's why people turn to Beazley. We pioneered the concept of data breach insurance that focuses first and foremost on response. We coordinate the IT experts and specialized lawyers to help you establish what's been compromised; assess your responsibility; and notify those you have to. In addition, we coordinate credit or identity monitoring for your customers and PR advice to help you safeguard your reputation. We also, of course, indemnify your losses from lawsuits or regulatory actions, the risk of which may be reduced by a well-coordinated breach response but can never be completely eliminated. Beazley has been at the forefront of defending clients in the developing and evolving legal arena of privacy class actions and regulatory investigations arising from data breaches.


Beazley invented this comprehensive approach. We do more of it than anybody else. To date we have helped more than 2,000 clients manage data breaches swiftly and successfully. We can't guarantee your cyber security: no one can. But we can put you in control of your response.

## BBR Services – a dedicated team of experts

Beazley is unique among insurers in having a dedicated business unit, BBR Services, that focuses exclusively on helping clients manage data breaches successfully.


A thicket of state and federal regulations governs how and when customers must be notified after a breach has occurred, and the risk of reputational damage from a mishandled breach is high. Our BBR Services team focuses on the coordination of the expert forensic, legal, notification and credit monitoring services that clients need to satisfy all legal requirements and maintain customer confidence.

In addition to coordinating data breach response, BBR Services is responsible for maintaining and developing Beazley's suite of risk management services, designed to minimize the risk of a data breach occurring.



In March 2012, data cartridges containing 800,000 social security records were lost in transit to a storage depot. It was by no means an isolated incident.





Thousands of hospital patients require notification after paper records containing personal financial data – including credit card details – are found blowing through a field several miles from the hospital.

## Beazley Breach Response A comprehensive service

Beazley Breach Response is a unique insurance, loss control and risk mitigation service that provides a comprehensive service to notify and protect the customers of policyholders that have suffered a data breach.

### Coverage includes:

- Response to breach events:
  - Notification services for up to five million affected individuals including foreign notification where applicable
  - Call center services
  - Breach resolution and mitigation services
  - Public relations and crisis management expenses
- Third party liability, including coverage for regulatory actions and payment card industry (PCI) coverage for credit card breaches
- Assistance at every stage of the investigation of, and response to, a data breach incident from Beazley's in-house BBR Services team of data privacy attorneys and technical experts
- Initial breach investigation and consulting:
  - Legal services
  - Computer forensic services
- Complimentary loss control and risk management information including online resources and value-added educational webinars

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