YOU MAY BE SMALL BUT YOUR DATA BREACH EXPOSURE IS BIGGER THAN YOU THINK

By Crystal Jacobs

National Media news outlets highlight the largest of data breaches – from companies like Target, Sony and Home Depot – we have heard the massive effect of these breaches and perhaps have even been personally affected by them. However, data breaches don’t only affect large companies. In fact, the smaller the company, the more you are at risk generally. According to a 2015 study, 60% of all data breaches targeted small to medium sized businesses.

Most businesses cannot fully function without technology and most businesses store some kind of data. Some store data that is more sensitive than others, but the reality is that the definition of personally identifiable information and other proprietary data is broad. While the continued advancement of technology increases exposure, it is not just hackers that can cause a data breach. Lost laptops, smart phones or even paper files being misplaced or improperly destroyed can leave you vulnerable. Being a smaller business, even if you are lacking technology, does not necessarily mean smaller risk.

The costs of a data breach can be absolutely devastating to your bottom line. The expenses affiliated with handling a data breach are unique and can be quite costly.

Not only are you likely to suffer business interruption, there are also costs associated with data recovery, handling affected customers, notification, legal expenses, fines & penalties and many others. In addition, there also has to be a certain level of expertise to ensure a breach is handled appropriately to minimize or avoid fines and to properly protect your reputation.

BUSINESS INTERRUPTION
What would it cost if you lost access to your systems for 24, 48 or 72 hours? What about more? Your entire company shut down – no access to your computers, no access to your accounts. No money coming in while you are incurring additional expenses to address the data breach.

DATA RECOVERY EXPENSES
If a data breach damages your company’s systems or your customer’s systems, there are costs associated with restoring and/or replacing computers and attempting to restore files that you will be responsible for. Depending on the amount of data and equipment, these costs can be significant.

CUSTOMER NOTIFICATIONS/COMMUNICATIONS
Once a data breach occurs, you are responsible for notifying potentially affected customers. Once those notifications are issued, you will get hit with a large volume of phone calls from customers that will need to be handled. In addition to incurring business interruption, dealing with regulatory authorities and trying to get your systems up and running, will you have the capacity not only to pay for notifications, but to take on the large call volume?

LEGAL EXPENSES
If a data breach results in legal action against you, legal counsel will have to be hired in order to defend the cases against you. Generally, more than one lawsuit and quite possibly a class action lawsuit will be filed. To defend a lawsuit through a motion for summary judgement can cost over $100,000 in just legal fees.

The average costs of a data breach for small to mid-sized companies is upwards of $200,000 not including legal fees. Imagine if you could protect your business with inexpensive, but broad coverage form. The new Breach Response Coverage Endorsement available to Security America insureds is a complete privacy breach response management and information security insurance solution tailored to the needs of small businesses. With pricing starting at $79 annually, this endorsement provides the most comprehensive solution to privacy breaches and information security exposures. When a breach occurs, a small business needs to be ready to respond quickly and effectively to mitigate its exposure to brand damage and legal liability.

Call Security America at 866-315-3838 to get more information on our cyber offering as well as other lines of business including, but not limited to General Liability, Professional Liability, Workers Comp and Umbrella/Excess Coverage.