

Project – Article on Data Breach Insurance

Protecting Your Organization with the Right Data Breach Insurance

Understanding Cloud Risks

When your organization stores confidential client and third-party information in the cloud, it takes on major risks that can be costly to your organization. The risk of a data breach is present whether your organization is using the public cloud or the private cloud.

SIDEBAR (or visual)

[title, centered:]The Cloud

[text:]Public Cloud - cloud computing services offered by a third-party

[text:]Private Cloud - cloud computing capabilities within your organization's internal datacenter

The responsibilities associated with a data breach are numerous, from victim notification and forensic investigations to PR and crisis management to court proceedings for lawsuits and fines. The costs associated with those responsibilities can range anywhere from hundreds of thousands to millions of dollars. For example, Hiscox, a specialist insurer based in Bermuda, estimated costs for PCI non-compliance and a data breach for one retailer (name withheld) to be \$156 million. That loss is substantial!

While striving to keep your cloud security system robust with the latest technology is an important part of your organization's cloud computing strategy, it is just one step in protecting your organization's bottom line.

Taking the Next Step

Even though the public cloud is more economical than the private cloud, organizations must weigh the public cloud's economic benefits against its limitations and greater risk of data breaches. Another important consideration is that no known public cloud insurance currently exists.

"The important questions to ask when entering the cloud," says Scott Clark, President of the Chicago Chapter of Cloud Security Alliance, "are: 'What are the risks?' and 'Will our current insurance policy cover a data breach in the cloud?'"

According to Clark, a property and casualty data breach policy should cover a breach that occurred in the private cloud, however, he recommends that organizations understand their policy's coverage before entering the public or private cloud. Ensuring your organization has the right data breach insurance coverage will help your organization cover data breach costs.

Cloud computing means great risks to your organization. That is why it is critical that your organization understands the risks involved with the cloud, whether public or private, has the highest level of cloud security available to protect sensitive data, and has the right data breach insurance coverage to cover costs should a breach occur.

Is your current data breach insurance right for you?