



Affinity Programs

Lawyers Data Breach and Network Security Endorsement

Help Protect Your Clients' Sensitive Data with the CNA Lawyers Data Breach and Network Security Endorsement

Law firms possess vast collections of sensitive client documents – data of significant value to hackers. In 2011, the FBI met with representatives from 200 of the largest U.S. law firms to warn them that they represent a major target of hackers.¹

In fact, information security was ranked as the No. 1 risk management priority by more than half of the firms in the UK and Canada, and by more than one-third of respondents in the U.S. and Australia. Data breaches, data loss and exposure of confidential client information – resulting from cyber attacks and/or internal leaks or failures – were frequently cited as key concerns.²

Confidentiality, security, data control and ownership, ethics, vendor reputation and longevity and other concerns weigh heavily on the minds of lawyers. Yet the employment of precautionary measures is quite low, with no more than 40% of respondents implementing any one of the standard precautionary measures. A shocking 16% reported taking no precautions of the types listed.³ According to the ABA 2015 Legal Technology Survey Report, approximately half of the surveyed law firms either did not have a disaster recovery plan or were unaware whether their firm had a disaster recovery plan in the event of a data breach.⁴

Moreover, as recent data breaches have demonstrated, third-party vendors are becoming a vulnerable point of attack at which hackers can strike. Approximately 40% of law firms currently outsource some non-lawyer functions. Lawyers frequently outsource work such as e-discovery, legal research, copying, IT and other non-legal services to third-party vendors. Interestingly, the legal outsourcing industry is growing at a pace of 28% a year or more.⁵

While there is no foolproof way to stop a data breach, lawyers have an ethical duty to reasonably protect their clients' data. With so many opportunities for hackers to strike, how can lawyers and law firms best insure themselves for the various costs and expenses which can be associated with such situations?

CNA has responded to this need for firms with up to five attorneys with a new Lawyers Data Breach and Network Security Endorsement available on our Lawyers Professional Liability (LPL) policy. The current CNA LPL policy affords coverage for client network damage claims up to the policy limit, as well as coverage up to \$20,000 for certain costs associated with regulatory investigations arising from an actual or alleged violation of privacy breach notice laws that occurred in the rendering of legal services. The policy alone does not provide coverage for network damage claims by third-party, non-clients, nor does it cover costs associated with privacy events.

1 Mandiant 2016 Threat Report, M Trends® Beyond the Breach, 2016.

2 2016 Law Firm Risk Roundtable Survey, US Edition, Produced by Law Firm Risk Roundtable and Sponsored by InTapp, Inc. (2016).

3 Dennis Kennedy, Cloud Computing: ABA TechReport 2015 (2015).

4 ABA 2015 Legal Technology Survey Report (2015).

5 2013 Law Firms in Transition, An Altman Weil Flash Survey.

The Lawyers Data Breach and Network Security Endorsement affords the following additional coverages that are not in our standard LPL policy:

- **Network Damage Claims** – Coverage is afforded, up to the Lawyers Data Breach and Network Security Limit of Liability for Network Damage Claims set forth in the endorsement, for Network Damage Claims brought by non-client third parties.
- **Privacy Event Response** – Coverage is afforded, up to 10% of the Network Damage Claim Limit Liability, for reimbursement of certain expenses incurred by the Named Insured in response to a Privacy Event including:
 - forensics to determine the cause of the data breach;
 - notification of affected individuals;
 - costs associated to determine the actions necessary to comply with privacy breach notice law ; and
 - costs associated with offering credit monitoring to affected individuals.

- **The Network Damage Claim limit and Privacy Event Expenses limit** are separate from and do not erode the LPL Limit.
- **The Limits of Liability for Network Damage Claim Limit** (both per Claim and Aggregate) and the Limit of Liability for all Privacy Event Expenses are sub-limits of the All Network Damage Claims and Privacy Event Expenses in the Aggregate Limit of Liability of the endorsement. The amount of the Aggregate Limit of Liability offered for all Network Damage Claims shall be the same as the amount offered for the All Network Damage Claims and Privacy Event Expenses in the Aggregate Limit of Liability.
- **There are separate deductibles** for this endorsement for Network Damage Claims and Privacy Event Expenses, which would apply in addition to the LPL deductible to the extent coverage is available under both the Policy and the endorsement.

A standalone cyber liability policy is also available.

Why CNA?

CNA is one of the first insurers to offer insurance products and solutions through professionals who have received the Certified Information Privacy Technologist (CIPT) credentials from the International Association of Privacy Professionals (IAPP). CNA professionals with the CIPT credentials can:

1. Review current privacy procedures and help customers improve their privacy controls.
2. Inform customers of key changes in privacy laws that affect their business.
3. Identify privacy laws that govern customers' data.
4. Advise customers on how to enter an agreement with a third party to utilize private information for marketing purposes.
5. Explain the differences between domestic and international privacy laws.
6. Provide guidance on cookies and other tracking technologies.

We strive to be the industry's best claim organization and, according to our clients, we are on the right track. Our customer survey results reflect our clients' satisfaction with our claim services. Our professionals are here to support you, whenever you need us – across the country and around the clock.

CNA is the largest writer of Lawyers Professional Liability insurance for firms of every size in the U.S. With more than 60 years of experience insuring attorneys in the private practice of law, we are endorsed by some of the largest state and local bar programs in the country. CNA insures more than 200,000 attorneys through its Lawyers Professional Liability insurance program and is an insurance company that is rated "A" (Excellent), XV (> \$2 billion) by A.M. Best.

For more information visit cna.com/lawyers.

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