

Toolkit

BUILDING BUSINESS

Selling Cyber Safety

BY KATHRYN FARRELL



SHUTTERSTOCK/DEN RISE

➤ **FIRE INSURANCE? CHECK.** Flood insurance? Check. Theft insurance? Check. Cyber liability insurance? Ch – wait a second. Cyber what?

“Cyber liability insurance covers breaches of information, whether digital or hard copies,” says Kenny Boddye, senior marketing and underwriting specialist at Kevin Davis Insurance. Even if your building is old-school and keeps paper files, it could still be at risk.

Boddye recalls a co-op that did just that: a building was moving away from a managing agent that stored everything in filing cabinets in the basement of the building. While the new management company was inspecting the basement, those cabinets were moved out to the curb, where someone knocked one over into the street. “All of these files start flying onto the street,” says Boddye. “They find out that there’s applications in there for prospective tenants, and to the point, employee

information for the building’s employees – W2s, Social Security numbers.” Each of those pieces of information, now floating free through the city streets, was a lawsuit waiting to happen.

And yet, many boards aren’t aware of the risk of a breach. Ben Kirschenbaum, vice president and general counsel at FirstService Residential, says. “This is something that we have just started promoting at FirstService Residential in the last few months. Our plan is to present it to our boards each time their main insurance policy comes up for renewal, because that’s an ideal time for the boards to focus on it.”

The policies are generally inexpensive, but you should check with your insurance broker.

At least with cyber liability insurance, the potential for catastrophe is lessened. The policy covers defense

costs: hiring an attorney to defend against any lawsuits brought against the corporation after a breach. It also covers notification costs. Depending on where you live, this could be anything from individual phone calls to a mass mailing to all potentially affected parties.

Additionally, cyber liability insurance covers crisis management – setting up a call center where concerned parties can get more information on their specific questions; paying for credit monitoring for anyone affected; and public relations to help a co-op, condo, or management company rebuild its reputation after a breach.

And finally, if your breach is so big and so bad that you’re slapped with fines from the city or state, cyber liability insurance will help cover those costs as well. So why hasn’t your board signed up yet? ■

Does your insurance broker offer cyber liability insurance?

GLOSSARY

[Annus Mirabilis]

Latin for “year of miracles” or “year of wonders.” For instance, 1666, the year when London survived the Great Fire and other not-so-wonderful calamities, which inspired the poem “Annus Mirabilis” by the English poet John Dryden. Or better yet, 1982, the year when the premier issue of *Habitat* magazine hit the streets of New York City with a cover price of just \$2.