Insuring Agreements

Agreement	Covers	Exposures
Liability lines		
Technology E&O	Claims for financial damages because business services or technology products did not meet a required standard	Potential damages depend on the tort: what was lost and how much it cost? Software and hardware vendors warrant that wares are secure, stable, and up to industry standards. Should there be errors, omissions, or negligence claims might include data corruption, transmission delays, unanticipated downtime, weak IT architecture, etc.
Privacy & Net Security	Claims for financial-damage from unauthorized access or breach of confidentiality and privacy	Covers torts alleging breaches of security, privacy, or confidentiality. Privacy-breach costs depend on the kinds of data lost and the scale of the loss, so per-record costs span from $12 to $307. A common survey result is $50-$60 per record. Of greater concern for hardware vendors is a breach of confidentiality, because products are tested with unreleased value-chain products. One local firm lost $44 million for revealing a partner's product to a competitor.
Media	Claims for financial-damage from libel, slander, and infringements of copyright and trademark	Infringement claims are the most frequent cause of insurer losses. Severity ranges from $7 million dollars for copying the lips of Jennifer Aniston to $50 million for appropriating a pitching image of Satchel Paige. Personal-injury claims vary by tort and channel, but frequency is increasing because of social media.
First-party lines		
Regulatory defense & fines	Investigations and resulting damages for violations of privacy laws	State fines can range from $5,000 per unencrypted record in MA to $1,000 per lost healthcare record in California. The state of California has 81 privacy laws and has fined many HC firms. Fines range from $60,000 to $8,000,000. Under HIPAA, the OCR and HHS have begun to aggressively fine. The FTC also fines and demands corrective actions. To date, the largest FTC privacy fine was Choicepoint: $10 million. Most federal regulatory actions settle for $2 million with 20 years of supervision and audits.
PCI-DSS fines	Investigations and resulting damages for violations of payment-card industry standards	When firms take credit-card payments, they can fall under the Payment-Card Industry guidelines. These vary amongst four tiers, but fines can be $50 per lost account and payment vendors can demand audits. There are five payment vendors. Several firms have paid multi-million dollar fines.
Breach costs	Notification of victims; credit-file & identity restoration services; forensic investigations	Privacy-breach costs will include personnel records and any other personal data for which the firm accepts responsibility.
Data restoration	Cost to restore data and system resulting from malicious agents or software	Problems in backup systems or hard-disk failures can cause data loss or corruption. Depending on the policy form, insurers will pay for restoration. Better forms cover physical failures, buggy software, and natural disasters; weaker forms only cover malicious attacks.
Network interruption	Lost profits from downtime caused by denial of service attacks or malicious agents and wares	All form carry a waiting-period deductible. They cover burn rates and net profits as well as extra expense. Better forms provide coverage for contingent interruptions caused by an extended IT value chain.
Extortion	Expert assistance and payment of ransoms should sites, systems, or data face extortion threats	Ransom ware is a growing problem. Targeted attacks have led to demands of $2 million (Bloomberg) to $5 million (Escripts).