



# Cyber Security Considerations in 2016

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Of increasing concern for all businesses in the past few years is the likelihood of a data breach. All businesses – large and small, for-profit and not – handle personal information that is potentially at risk of exposure. As we enter into 2016, there are a few points relative to cyber security worth keeping in mind for your business.

First, although the risk of a breach from cyberattackers is still very real, the past couple of years have appeared to show a marked shift toward data breaches resulting from the ever-present possibility of human error. From phishing schemes luring unsuspecting employees to provide their login information for “verification,” to use of unsecured mobile devices by employees for business purposes, recent data points to human error as a significant contributor to the majority of data breaches. For this reason, the importance of implementing proper policies and training of employees on data security cannot be overstated.

Every business should also undertake a review of its current insurance to assess whether it maintains appropriate coverage in the case of a data breach. While at one time it could be assumed that a commercial general liability (CGL) policy would provide at least some protection for a data breach, the insurance industry has taken steps recently to eliminate such coverage under many CGL policies. With exclusions of coverage for losses resulting from data breaches now regularly being adopted across the country, businesses need to be aware of what their policies actually cover in the case of a data breach and determine whether additional coverage is necessary and available.

Lastly, businesses that handle financial data such as credit card information must regularly review their internal processes to ensure they are complying with shifting statutory requirements as to how that data is handled. A recent cautionary tale is a small business in the hospitality industry that for years printed receipts revealing their customers’ full credit card numbers. Although likely an inadvertent mistake when the credit card machine was initially set up, it resulted in the filing of a federal class action complaint by a plaintiff demanding millions in damages for the businesses’ alleged violation of the Fair and Accurate Credit Transactions Act of 2003. Although the case ultimately settled for far less, it proves that small businesses are just as susceptible to the litigation from data breaches as the giants such as Target and Anthem.

If you have questions about data security policies or training, or any other aspect of data security, a member of Devine Millimet’s Cyber Security Team ([www.devinemillimet.com/cyber-security](http://www.devinemillimet.com/cyber-security)) can help.

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