

Privacy Liability for Nonprofits — How well are we protecting our clients private data?

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Privacy and Cyber Liability are emerging insurance products that are not included in most of your standard liability policies. As a nonprofit you may store and transmit clients, employees or students private information. If that information was re-routed or stolen, your nonprofit organization could be held liable.

A good example is if you store social security numbers for all of your clients within your computer database. A hacker is able to get into your 'secure' server and steal all of the names and social security numbers. The hacker then begins to apply for and use credit cards in your clients names. Your clients would be reasonably upset and turn to you, the nonprofit, for recovery.

There are four key ways in which an 'outsider' could secure your private data:

The internet is one of the most obvious exposures and even using firewalls and software cannot keep out the most savvy hackers.

Second, your employees may have the best intentions of keeping client data private but laptops become lost or left in cars, and the databases within can be hacked into.

Third, break-ins or cleaning crews can access your clients data right in your office in paper files, even if kept under lock and key.

Lastly, the new government regulations are becoming more strict about how we keep data safe and how we discard of data. The best plan of attack is to evaluate where your privacy breaches could occur, try to better safeguard the data and also have a back up plan of privacy insurance in place. Privacy insurance can cover defense costs and expenses to notify affected parties.

These costs can be significant if left uninsured.

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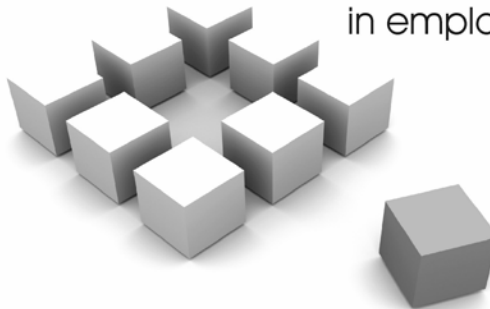
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