



Iowa Chiropractor

THE CLIENT

One of Kingsgate Insurance's clients is a thriving chiropractic practice in northwest Iowa. The practice has more than 5,000 patient records on file, digitally stored on the premises or on a cloud provider.

Having all the patient files digitized was a sign of an efficiently run practice—but it also presented an enhanced risk for a cyber breach.

THE CHALLENGE

While reviewing the chiropractor's insurance needs, Kingsgate identified the potential for cyber liability if a breach should occur on the practice's site or on its cloud provider's site. More troubling, the client was unaware that a standard commercial general liability policy would not cover a cyber breach.

That's not unusual: Many business owners believe if they don't store their customers' data on site or if they hire a third party to manage their tech, the other party would be liable in the event of a cyber breach.

However, when a business owner signs an agreement with a tech service provider, that agreement typically includes a provision that either limits the provider's liability for data loss to nothing or a liquidated damages clause that dramatically minimizes the actual cost of the breach.

In either circumstance, the outcome is the same if a data breach occurred. Because of the signed agreement, the business owner would be on the hook to pay the majority of the costs associated with a breach, even if it was the fault of the third-party provider.

In the case of this chiropractic client, Kingsgate found a clause in the agreement with its third-party vendor that would have held the provider completely harmless for all losses associated with the chiropractor's data. Based on most recent industry estimates, a breach for this client could have potentially cost around \$750,000.

Now aware that its cyber liability protection was inadequate, the client knew it was an exposure the practice had to cover.

THE SOLUTION

Before a data breach could occur, Kingsgate went to work to close the gap.

Although standard property and casualty carriers often provide cyber endorsements on their policies, that coverage is typically not sufficient protection against a data breach. Instead, Kingsgate solicited bids for cyber liability insurance from carriers that specialize in cyber coverage

Kingsgate soon placed a cyber liability policy for the chiropractor's practice, successfully closing what had been a significant gap for the client.

If you'd like Kingsgate to review your cyber agreements and tech coverages, contact us today for a free quote.

A Critical Coverage Gap

A general liability policy pays for property damage or bodily injury. "Property damage" is defined as:

- A. Physical injury to **tangible property**, including the loss of use of the property that occurs occur at the time of the physical injury; but
- B. **Electronic data is not considered tangible property**. A general liability policy does NOT cover liability associated with holding the data of others.

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