

After the Breach

Beazley has been at the forefront of defending clients in the developing and evolving legal arena of privacy class actions and regulatory investigations arising from breaches.

Fast changing industries confront fast changing risks. The proliferation of data, the evolution of technology and greater demands on service providers have led to a rapidly developing legal landscape. Our claims team understands the emerging liabilities and complexities of this world and partners with you to secure the best outcome in the event of a claim.

“We strongly believed this suit lacked merit and, with staunch support from our insurer Beazley, we were able to fight the case successfully. A court award on the scale sought by the plaintiffs would have set a disastrous precedent for healthcare providers in our state.”

Michael Appelhans, General Counsel
at Eisenhower Medical Center

The Beazley difference

Collaborative

We collaboratively work with you throughout each step of the claim to find the best possible outcome.

Experienced

Our claims team includes professionals, most of whom are former senior litigators, who understand the emerging liabilities and complexities of this world.

Accessible

You work directly with a claims manager who is empowered to make decisions and speed up the resolution of complex claims.

Pragmatic

We take a practical real world approach to managing claims rather than “ticking boxes.” We understand that no two claims are alike and each claim presents unique challenges requiring individualized case strategies.

Flexible

We can assist you in handling claims in-house or can work collaboratively with any third party you retain.

Consistent

You will work with the same Beazley claims manager throughout the entire life of the claim: validating coverage, analyzing the claim, assessing liability and developing a strategy to obtain the best possible result for your business. Your claims manager will work side-by-side with you until the claim is resolved.



After the Breach

continued

Our claims managers work closely with you to better understand your business and claims needs and partner with you to resolve your claim efficiently and effectively.

- A regional healthcare system lost 19 unencrypted computer back-up tapes containing medical records for approximately 14,000 patients. One month after they responded to the incident and notified the affected patients, four separate state and federal regulators initiated regulatory proceedings regarding the incident. The proceedings exposed the healthcare system to sizeable regulatory fines, onerous corrective action plans and ongoing audits. Beazley quickly accepted coverage for the regulatory proceedings and facilitated the retention of experienced privacy counsel. Counsel was successful in negotiating downward the monetary portion of a resulting regulatory Consent Judgment. Beazley paid over \$375,000 for the civil penalty, defense costs and breach response costs.
- A large business processing outsourcer (BPO) notified Beazley of a data breach incident after their facility was robbed and several desktop computers with unencrypted health information had been stolen. The protected health data pertained to patients of several medical institutions who were clients of the BPO. The BPO was obligated pursuant to contract to defend and indemnify those medical institution clients. Beazley and the BPO reached out directly to the medical institutions and coordinated the notifications. Beazley also managed the defense of the class action litigation that was filed against the BPO and the medical institutions. The notification costs and the legal fees incurred, over \$4 million to date, were paid by Beazley and all covered under the policy.
- A large, renowned medical center notified Beazley that one of its computers had been stolen. The password protected computer was not encrypted and contained data of more than 500,000 individuals. This data included name, medical number, age, date of birth and the last

four digits of the individual's Social Security number (SSN). The medical center worked with Beazley to notify the affected individuals and provide credit/identity monitoring. The incident did not end after notification. The medical center faced a \$500 million class action lawsuit stating that it was liable for damages of up to \$1,000 per individual under California's Confidentiality of Medical Information Act (CMIA). Beazley worked with the medical center to successfully defend this case and the California Court of Appeal ruled that it was not liable under the state's CMIA for the release of patients' personal information if it does not include information about medical histories, conditions or treatments.

www.beazley.com/bbrcmia

- Beazley successfully defended a second landmark case under California's CMIA. The policyholder, a large regional medical provider, notified Beazley of a break-in. The theft included a password protected desktop computer. The computer was not encrypted and contained data of more than 4 million patients. Beazley coordinated counsel and worked with the medical provider to defend a \$4 billion class action lawsuit. The California Supreme Court declined to hear an appeal of a lower court decision that the medical provider was not liable under the CMIA for damages of up to \$1000 per individual because there was no evidence of a release of medical information.
- A university's information security team became aware of a user account compromise and confirmed the account had elevated access to personally identifiable information and unique records, including SSNs. The university worked with BBR Services and panel vendors to notify 60,000 students and alumni. A class action lawsuit was filed and the university retained Beazley recommended defense counsel. Beazley encouraged the university to get credit for security measures undertaken and suggested using other good Beazley class action precedents to lower plaintiffs' expectations. After mediation, the university settled the matter for security measures already undertaken and \$65,000 in attorneys' fees.

The logo for Beazley, featuring the word "beazley" in a lowercase, serif font with a thin horizontal line underneath.

Learn more:

www.beazley.com/bbr