

CYBER LIABILITY PROFILE

HEALTH AND FITNESS ORGANIZATIONS

Why Would My Gym Or Studio Need Cyber Liability Coverage?

A large majority of gym owners are not aware that their standard insurance coverages (Commercial GL, Property, D&O, Crime) typically don't provide proper coverage for cyber liability. Most fitness instructors, gym personnel and risk managers don't know that they (along with their gym) have an exposure to cyber risk and how that exposure can pose a significant financial threat to their companies.

Any gym or fitness studio that...

- Obtains social security numbers, drivers license numbers, bank account numbers of clients or employees
- Has access to member health information
- Provides online personal training
- Is in the process of going paperless or stores paper files
- Provides online access for members
- Posts pictures or information about members online
- Relies on their computer network on a daily basis
...carries a significant exposure to cyber risk.

Financial Threats to Your Company:

- Costs to comply with federal and/or state required notification. Per individual, the average cost per record is estimated at \$203
- Regulatory proceedings (including fines and penalties) as a result of a privacy breach. This includes HIPAA violations
- Employees (instructors, facilities crew) and/or groups of affected individuals (current or former members) suing for damages as a result of a privacy breach
- Liability for the transmission of malicious code to an outside party
- Denial of service attack on your network, causing your computer system to go down and business interruption expenses
- Intellectual property/privacy lawsuits. These include libel/slander arising out of content that is on your internet or intranet sites

Given our expertise in underwriting Commercial Package, D&O & EPLI for the fitness industry...

We recently developed a cyber product that:

- Is modular. You and your agent are able to pick and choose appropriate coverage lines
- Is on PHLI's A.M. Best rated A++ paper in most states
- Provides industry leading coverage for both 1st party and 3rd party exposures
- We can help you understand. At any point, a cyber underwriter can help explain the coverage to an agent or Insured

Information Needed for a Non-Binding Indication for current or prospective PHLI School customers:

- Annual Revenues and number of employees

Claim Scenarios

- Member information was on a gym employee's laptop that was stolen from her office. Membership files on the laptop contained names, social security numbers, bank account numbers, dates of birth, addresses, phone numbers, medical condition information for all members for the past 3 years
- Third-party vendor that hosted a gym's website experienced a security incident. Members who had online bill-pay set up may have had their names, dates of birth and credit card information accessed
- Yoga Studio's computer network is down for 4 days as a result of a Trojan horse attack and are unable to accept any monthly member fees, resulting in a need to hire experts to come in and correct your system and get it back to where it was functioning
- In an effort to go paperless, cleaning crew at a gym discards employee files in an unsecured dumpster. Personal information of all employees is compromised and those affected join a class action suit against the gym
- A Fitness Club holding a golf tournament posts information regarding the event on their website. They are sued by a golf company for copyright infringement as the club did not obtain permission to use their logo



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