

Cyber Liability and Crime Insurance for the Real Estate Professionals

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This article is for real estate professionals (agents and brokers) and was inspired by the significant increase of fraudulent activity where the source is linked to a breach of security on a real estate professional's mobile device connected to the Internet. There is a ton of information available now that provides tips and best practices to aid the real estate professional in avoiding a data breach, but this article will provide some basic information as to how to protect yourself in the event that you or your customers becoming victimized despite your best efforts. The information contained in this article is not meant to be all inclusive, but rather a quick reference to the type of insurance you should have, what it is designed to protect you from, and common E&O policy exclusions. The author is not an insurance professional and readers are strongly urged to contact their insurance professional after reading this article for further clarification on the type of coverage available.

Cyber liability insurance is an insurance policy that helps you pay for the high cost of recovering from being victimized by cyber-crime, a data breach, or a stolen device. Real estate professionals regularly handle a large amount of non-public personal information (NPPI) and are one of the newest and most popular targets for cyber criminals. Even if you do all you can to prevent from being victimized, you can still be named in a lawsuit and ultimately held responsible if NPPI gets into the hands of criminals. It is important to understand that insurance covering brokers may not inure to the benefit of the agent. Brokers and agents may each be found to have been negligent in their own way.

In a 2017 report on Cyber and Fidelity Insurance for Real Estate Brokers¹, Aon Risk Solutions identified common risks and potential coverage solutions. Aon stressed the importance of real estate professionals having custom tailored coverage for themselves with a minimum of an E&O insurance policy, either with a Cyber insurance endorsement or a separate Cyber policy, and a Crime policy or coverage related thereto. The Crime policy helps protect from third party losses that could be linked to an individual's negligence in handling personal non-public information. What that means is that if you fail to follow all of those best practices you hear about, and your email or computer is hacked linking that breach to the loss of your customer's funds or information, then you will have insurance to help pay for your losses. If you can think of a liability, you can probably insure against it, but you have to ask the right questions.

Cyber and Crime liability insurance is different than your E&O insurance and it is not required. However, you are almost certain to be targeted by a cyber-criminal, and maybe more than once. Think about the sheer volume of cybercrimes you hear about from your national, state and local board of Realtors; if that doesn't prompt you to take action, it should!

Here's what you can *and should* do after reading this article:

1. Find out what kind of coverage your broker has, including what is NOT covered;
2. Contact your insurance professional and ask about your options for cyber and crime liability;
and
3. Don't wait until it is too late!

¹ The report can be accessed here: <https://tinyurl.com/ybuusr9g>