**Clause Description:**

The *Cyber Liability* insurance clause is used to provide coverage for the purchaser where a claim for loss or damage(s) arises from the contractor’s negligence in the handling or storing of private information / data owned by the purchaser, and for loss or damage(s) arising from any network security issues that the contractor may have.

It is critical to remember, you may be outsourcing “the work”, but you are not outsourcing “the liability” that arises from that work should your contractor, or their subcontractor, be involved in a data breach or other cyber event where data of your company or your customers becomes exposed.

**The Recommended Clause – Cyber Liability**

The Contractor shall maintain network risk and cyber liability coverage (including coverage for unauthorized access, failure of security, breach of privacy perils, intellectual property theft, credit monitoring services, as well as notification costs and regulatory defense) in an amount of not less than $5,000,000.

If such coverage is afforded through a “Claims-Made” style of policy, then such insurance shall be maintained in force at all times during the term of the Contract and for a period of two years thereafter for services completed during the term of the Contract.

Where available, the Contractor shall provide the Purchaser with not less than 30 days’ written notice in advance of cancellation, material change or amendment restricting coverage.

*(The entities (i.e. Purchaser, Contractor), and the number (i.e. $5,000,000), in red font are descriptors that you can substitute for the entities and numbers required for your own specific contract.)*