

# Insuring the Risks of Cloud Computing

Companies of all sizes are increasingly relying on cloud computing. Yet, reliance can come with costly losses, either from electronic data breaches or data center downtime stemming from physical damage. Insure against such risks and avoid gaps in coverage.

**\$235 billion**

The amount of money businesses are expected to spend on cloud computing infrastructure by 2017<sup>1</sup>

**\$1.7 million**

The highest cost of a single event associated with data center downtime<sup>2</sup>

**91%**

The percentage of data centers that have experienced an outage in the last 24 months<sup>2</sup>

**29,087 records**

Average size of a data breach for U.S. organizations (2014)<sup>3</sup>

**\$5.85 million**

Average total organizational cost of a data breach in the U.S. (2014)<sup>3</sup>

## Risks in the Cloud

Cloud computing risks could potentially cause your company to lose access to necessary data, platforms and services that help you operate your business.

### Electronic data breaches

- Hackers might commit fraud, stealing sensitive or private information.
- The networks of separate companies with the same cloud provider could get intermingled, mixing up data.

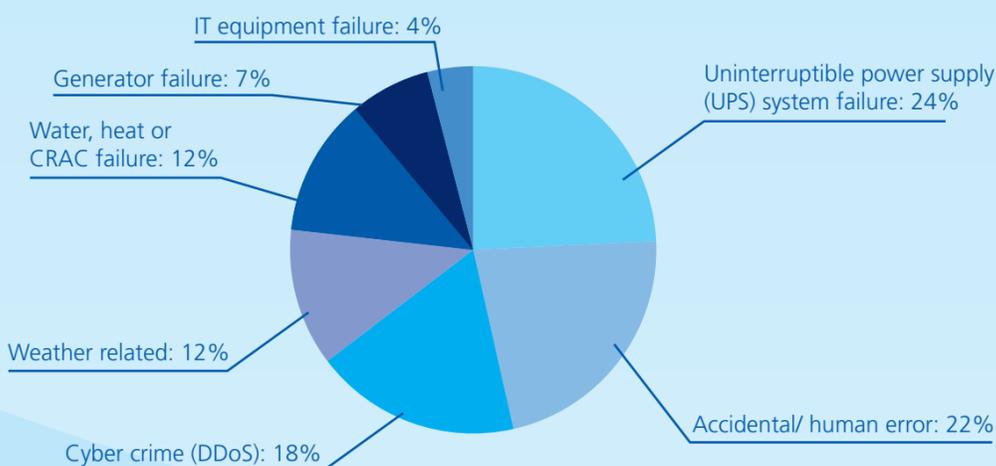


### Property damage to a data center

- A major storm or natural disaster could damage a data center or cause electrical failure, forcing its networks offline.
- A data center fire or the activation of its sprinkler system could damage its servers.



## Root causes of unplanned data center outages in the U.S. (2013)<sup>2</sup>



## Applications in the Cloud

Rather than using on-site servers, companies are using the cloud for a multitude of functions.<sup>4</sup>



Business productivity



Email



HR management



Expense management



Web presence



Virtual desktop



Help desk



Financial management



Collaboration



Analytics



Customer relationship management



Software delivery

## Insuring your Risks

As your business increasingly relies on the cloud, you should appropriately transfer the risks and attempt to avoid coverage gaps.

### Three tips to avoid gaps in your coverage:

**1**

Ensure carrier provides property protection that is not location specific since cloud service providers may move your data among locations without notice.

**2**

Confirm carrier pays for expenses incurred because of suspended R&D operations caused by a covered loss.

**3**

Verify carrier covers business income loss for damaged or inaccessible data at your cloud provider's facility.

### Questions underwriters ask:

- What kind of data do you store in the cloud?
- What applications do you run from the cloud?
- How viable is your cloud service provider?
- Does your provider outsource data or functions?
- What are your cloud provider's limits of liability in the event of a disruption?
- What are the terms of your cloud service provider contract?

**Zurich offers robust coverage to insure businesses against physical and cyber risks related to cloud computing. Talk to your insurance broker to learn more.**

1 Source: IHS Quarterly, "Cloud computing takes hold," Q2-2014  
 2 Source: Ponemon Institute, LLC, "2013 Cost of Data Center Outages," December 2013  
 3 Source: Ponemon Institute, LLC, "2014 Cost of Data Breach Study: Global Analysis," May 2014  
 4 Source: CompTIA, "Fourth Annual Trends in Cloud Computing," August 2013

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