

September 29, 2015

D&O NOTEBOOK

Be Better Prepared to Handle Cyber Threats as a Director

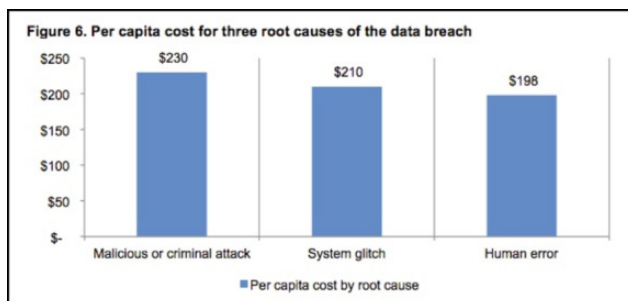
By Priya Cherian Huskins

Two common questions that I get asked are:

1. Is cyber risk really a big deal, or is it Y2K all over again; and
2. How can a director get smart on the issues?

Answering the first question: yes, the risk is a big deal. According to the IBM “2015 Cost of a Data Breach”¹ study, the average cost of a data breach to companies in the United States is \$6.5 million.

Forty-nine percent of data breaches studied involved a malicious or criminal attack. This type of data breach is the most costly to businesses at an average of \$230 per compromised record, versus the mean of \$217 for other types of data breaches.



This is, without a doubt, a board-level issue—especially for public companies and companies contemplating an IPO.

Directors who are convinced that cyber security is a big deal but feel a little behind the eight ball on the issues might consider attending the upcoming event on cyber security at the Stanford Law School on October 28, 2016.

“Cyber Day: Cybersecurity for Directors and C-Level Executives”² is a one-day event designed for those who have minimal expertise in the matter but who want to become more knowledgeable about the issues around cyber security, such as:

- Legal matters
- Public policy
- Risk management
- Technical topics

Lauri Floresca, co-chair of the cyber liability team at Woodruff-Sawyer, is a featured speaker. Woodruff-Sawyer clients can register with a 10 percent discount using code:

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¹<http://www-03.ibm.com/security/data-breach/index.html>

²<http://conferences.law.stanford.edu/cyberday>

Robert Mueller, former director of the FBI, will deliver the keynote address. The forum is co-sponsored by the Stanford Cyber Initiative, which also hosted President Barack Obama for the White House Summit on Cybersecurity and Consumer Protection earlier this year. (Full disclosure: I'm on the advisory board of the Stanford Rock Center for Corporate Governance, the primary organizer and sponsor of this event.)

To prep for the event, it's worth checking out a few earlier posts my colleague Lauri has written on cyber:

- <http://bit.ly/1qosi1k>
- <http://bit.ly/1uLMloM>
- <http://bit.ly/2br035G>
- <http://bit.ly/13maSxF>

Hope to see you at Stanford on October 28.

This content originally appeared as a blog post in "D&O Notebook: Directors & Officers Liability Blog," Woodruff-Sawyer & Co., April 2016. www.wsandco.com/do-notebook/in-house-lawyers-malpractice-coverage/

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