



SECURE DATA AND ALARM SECURITY:

“THE NEW PERIMETER OF SECURITY”.

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The World Wide Internet is here to stay and the Alarm Industry growth and future service will need to have a “perimeter of security” to safeguard “Electronic Data” for all it’s services, especially Security Electronic Safety Monitoring.

WARNINGS & STANDARDS:

The concern of Secure Data over the Internet is National and Worldwide with deep pocket exposure. Warnings of VoIP use for alarm monitoring came last year from Congress in Bill SB525 with notification to customers that the use of VoIP connections may cause disconnect of alarm services. The PUC does not certify alarm monitoring over the Internet/VoIP circuits. The FCC has required all Internet Companies to comply with 911 emergency support standards now lacking. In Europe, Internet “open space” Security Data standards are being developed.

THE PUBLIC VIEW OF ALARM SECURITY:

The general public’s view of alarm security today is peace of mind and confidence, as the Alarm Industry moves more and more into the use of Internet “open space”. **Electronic Data Security will become more important to the industry than the false alarm exposures.**

ALARM INDUSTRY USE OF THE INTERNET/VoIP:

The gateway to the Internet comes through everyday e-mails and web site portals. Security Electronic Safety Monitoring for fire, burglary, access control with video, biometric identification, and CCTV are all “Electronic Data” transmissions 24/7 that require “Secure Data.” Those services should be within the control of the Alarm Dealers “perimeter of security” that needs to be extended between the Alarm Dealer and his/her clients that guard against Data Virus losses.

It is this writer’s view that “2 way video” over the Internet will be the Alarm Industry’s future (“HBO”) key connecting the “smart home” with video monitoring that will include real time viewing of baby sitting, medical emergency confirmation, door access verification, and false alarm eliminations, opening the door to “multi-use” systems to include Internet Protocol Television (IPTV)

VoIP LIABILITY, MITIGATION AND ELECTRONIC DATA INSURANCE:

As the Security Industry works to establish Secure Data standards the following list of Electronic Data Liability exposures are some of the items to include in planning mitigation and insurance responsibility and protection.

THE FOLLOWING IS AN INFORMATION ONLY REVIEW OF POSSIBLE (IN PART) INTERNET CYBERLIABILITY “ELECTRONIC DATA” EXPOSURES FOR THE ALARM DEALER:

- Web site, e-mail, Internet equipment sales and alarm monitoring over the Internet;
- Viruses (accidental or unknown) causing wrongful 911/fire/burg/access disconnect and causing contingent BI/PD;
- Consulting, designing and installation of “Internet equipment” used for alarm fire/burg/911/medical/door access control;
- Unauthorized access, identity theft by “Rogue Employees” or “act of cyber terrorism” exposes the Alarm Dealer to a “chain of breach” liability;
- False or misleading advertising, personal injury from e-mail and web sites;
- Trademark & copyright infringement from e-mail and web sites;
- Punitive damages (where allowed by law) - Internet E & O liability;
- Property damage to software/hardware causing loss of income to clients;
- Coverage for Alarm contracts with Internet disclaimers requiring defense will not be found within a General Liability policy. Coverage required by Internet “Electronic Data” policy;
- Prior acts of Cyber liability;
- Other.

To mitigate Internet Secure Data Liability one needs the use of anti virus software, Hub fire walls, inspection of computer spy ware, and the follow up with a full time department head that will coordinate virus detection and insure internet control standards are in force.

ELECTRONIC DATA INSURANCE:

“Electronic Data” insurance is not found within a General Liability E & O policy. This is because it is based on “tangible property” and the definition of this coverage is for real property and bodily injury not “Electronic Data”.

On the other hand, Internet liability is based on “Electronic Data” which goes over the World Wide Network. Insurance for Electronic Data Liability provides coverage for two (2) main exposures, and covers first party & third party liabilities.

1. First Party (YOU):

- Virus hacking;
- Software danger to your website, computer, and monitoring equipment;
- Computer, e-mail extortion of data, ID theft;
- Interruption of services, loss of income;
- Electronic Data, sabotage by terrorism including Rogue Employees.

2. Third Party (Your Clients) Exposure of suits may be brought:

- Virus hacking – you are included in the “chain of breach”;
- 911/Alarm monitoring unauthorized disconnect;
- Client, video and Data information theft;
- Website protocol and e-mail, personal injury, defamation/advertising;
- Technology, E & O, breach of confidentiality, software performance;
- Copyright & trademark liability;
- Breach of contract for Electronic Data;
- Rogue Employees or act of terrorism, unauthorized access, identity theft of Electronic Data including video;
- Contingent, bodily injury & property damage;
- Prior acts for defense and indemnification.

The Internet is open 24/7 and so is alarm monitoring. The failure of a phone or Internet/VoIP circuit is not the responsibility of the Alarm Dealer, it’s the exposure to Data virus.

The Alarm Dealer is exposed on a 1st and 3rd party basis - Data virus contamination that can strike both ways (you and your clients). Electronic Data insurance can and should cover both parties.

Michael J. Kelly is the founder 1978 to date (29 years) & Owner of Michael Kelly Insurance Agency, specializing in Electronic Security & Communications Insurance. From 1968 to 1977 he was a Cable TV pioneer -- Founder/President of Cable KOR Communications, one of the largest privately owned Cable TV Companies and Cable and Communications Contractors in California. The information in this article is not rendering legal advice or services. Before making any decision or taking any action, you should consult a trusted Insurance Broker or Agent and Legal Advisors. Mr. Kelly can be reached at 800-329-5355 – mjk@mjkinsurance.com - www.alarmchannel.com

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