

Hackers' Withdrawal of Funds Not Covered Under Property "All Risks" Policy

January 29, 2014

In *Metro Brokers, Inc. v. Transportation Insurance Company, Inc.* Civil Action no. 1:12-cv-3010-ODE, (2013), the United States District Court for the Northern District of Georgia applied Georgia contract law to find no coverage under an all-risk insurance policy for an unauthorized withdrawal of almost \$200,000 from Metro Brokers' online bank account by hackers who accessed the account with information obtained after embedding a virus onto Metro Brokers' computers. The court granted summary judgment to the insurer, Transportation Insurance Company (TIC), first finding that the policy's "Forgery and Alteration" endorsement applied only to "negotiable instruments" and that the online electronic transfer did not constitute a negotiable instrument under state or federal law. The court then concluded that the policy's broad "malicious code" and "system penetration" exclusions supported denial of the claims. The court noted that TIC offered other policy endorsements, not purchased by the plaintiff, intended to cover funds lost due to unauthorized electronic transfers. As the risks of computer hacking grow, insureds would be well advised to review their policy language to determine whether the risks they wish to insure are covered under the provisions of their existing coverage.

Related Practices

[Life, Annuity, and Retirement Litigation](#)
[Technology](#)

Related Industries

[Technology](#)

©2024 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.