

Vendor Contracts Checklist

The following is a list of items to review when onboard vendors or partners.

1. Include indemnification clause in the contract to obligate the vendor through contractual liability to reimburse the losses if they have a data breach and your customer data is lost or stolen.
2. If your vendor has a cyber incident and your customers data is lost or stolen your company could be held liable for the data loss, damages, or for any regulatory action, fines, or penalties.
3. Require your vendor and suppliers have a set of security standards, compliance, frameworks + safeguards to sensitive information and privacy protection of your customers information.
 - a. The vendors security standards should match or exceed your own companies' requirements
4. Do not waive subrogation rights in contracts with a vendor. Your insurer should have the contractual freedom to sue a vendor who mishandles your customer data, either through negligence or cyber incident.
5. Vendor shows proof of cyber insurance coverage.
 - a. This will provide additional coverage for protection under your vendors breaches.
 - b. If a vendor is responsible for a large-scale breach, they may end up in financial duress and have difficulty reimbursing damages or losses to your company or your clients. But their insurance could still cover the costs.
 - c. You can ask to be added as an additional insured on their insurance policy
6. Vendor expectations and security practices – Review if a vendor does not claim proper security practices on their website, or sales deck.