

# Digital Asset Management

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Advances in technology have created a new class of property: digital assets. More and more parts of our lives, including photos, documents and financial information, are now accessed and stored online and in the cloud. These assets may not necessarily be bought or sold, but they represent value to the owner. Just like tangible property, digital assets need to be protected. Helping clients understand their digital asset exposure and how to manage that exposure is another value-added service of the professional insurance agent.

Digital assets are defined as anything that comes in binary format and includes the license for its use. Without the usage license, the data is not considered an asset. (wikipedia.org) Digital assets come in a variety of forms, such as pictures, websites, documents, spreadsheets, logos, e-mails, intellectual property and presentations. Digital Asset Management is a system of managing and organizing digital files and content in a central location, making them easier to locate and disseminate. The field of Digital Asset Management is projected to be growing 18.3% per year, and is estimated to become a \$5.66 Billion industry by 2022 (www.brandfolder.com).

It is estimated that each American has over \$55,000 in digital assets (www.mcafee.com). You don't need to have a business or own a website to have digital assets. Anyone who pays bills online, uses social media or e-mail, has digital assets. Some, such as family photos, are irreplaceable. It is not uncommon for a person to have 100 or more accounts with user names and passwords. Something as common as a username and password can unlock access to a wide variety of other assets, such as financial accounts or other personal information.

Digital asset management is an essential component of estate planning for individuals and operations/succession

planning for businesses. When a person or business owner dies without a digital asset management plan, their assets may be lost or inaccessible to their heirs and successors. You might be surprised to learn that you do not own your passwords, but rather they are owned by the site – such as Facebook, Microsoft or Google - where you use the password. It is illegal for someone else to access your account, even with your permission. Even a will with a Power of Attorney may not be sufficient, as these websites have their own rules and regulations about who can access an account.

The best way to start is to make an inventory list of all digital assets: hardware, information stored electronically and intellectual property. Equipment includes computers, smart phones, flash drives, e-readers, digital cameras and any other equipment that stores information online or in the cloud. Document where these items are and any passwords required to access them. Where possible, register the asset and maintain updated backups of all electronic devices.

The next step is to decide what is to be done with the assets. Should social media accounts be deleted or maintained as a memorial? What information can be deleted or erased? What should be transferred to friends, family or business colleagues? What about online businesses? Should they be closed down? Who is entitled to the money generated by these businesses?

Whenever possible, make the Digital Estate Plan legal. A Digital Estate Man-



ager should be named in the will. The manager should know how to access the digital assets inventory and estate plan. Wills are public documents, so they should not include personal information such as passwords, user names and account numbers out of the will. This type of information should be in the estate plan.

Insurance coverage for digital assets and their management is a new and emerging market. Tangible property can be quantified and assigned a value. This is not as easy with digital assets. Cyber liability, management liability and directors' and officers' coverage can all be used to protect a business's digital assets. Digital asset management is important for businesses and individuals alike, both on an ongoing basis as well as after death or incapacity of the owner – be it an individual, business or other institution. Helping clients understand the need to protect digital assets and how to achieve this, is another sign of the true insurance professional.

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