

# Cyber Risk Insurance

## Frequently Asked Questions



## Frequently Asked Questions

---

- What is Cyber Risk?
- Why should I buy Cyber Risk Insurance?
- What is the cost?
- Who is Great American Insurance?
- Why should I buy Great American's product?
- Who do I contact to learn more about Cyber Risk Insurance?

strong  
specialized  
responsive  
leader

**What is Cyber Risk? Cyber Risk derives from use of the Internet as a tool to conduct e-commerce and general business operations. Common exposures include (but are not limited to):**

- data/security breach
- copyright or trademark infringement
- data destruction and/or corruption as a result of a virus
- cyber extortion
- hackers, worms and other cyber meddlers
- firewall and network security attacks

### **Why should I buy Cyber Risk Insurance?**

If your business uses the Internet, it is exposed to risk that may not be covered under your current commercial insurance policy. In fact, typical General Liability policies often do not cover activities associated with Website Publishing or Network Security.

If lack of coverage from existing policies is not enough encouragement for you to purchase Cyber Risk Insurance, then consider the following statistics:

- **The average per record cost of a data breach is \$158 per customer record.** Lost business now accounts for an average of \$4 million in data breach costs.<sup>1</sup>
- According a national survey, **many businesses do not have the tools or procedures in place to detect identity fraud**, including an incident response plan, vendor management procedures or data encryption for personally identifiable information.<sup>2</sup>



## Why should I buy Cyber Risk Insurance?

- **Many victims do not even know that their data was compromised.** 27% of the breaches were discovered by a third party.<sup>2</sup>
- **75% of breaches were from external sources.** Organized crime accounts for 51% of external breaches.
- **There are Regulatory Requirements that apply to most organizations today.** Data Breach Notification Laws are in effect in most states today that require notification of customers in the event of a data breach. The Red Flags Rule is being enforced by the Federal Trade Commission (FTC) that requires organizations to have Identity Theft Protection Programs in place (or be subject to penalties or fines). The compliance costs to notify customers as well as the risk of incurring fines/penalties can drive up business costs.



## What is the Cost of Cyber Risk Insurance?

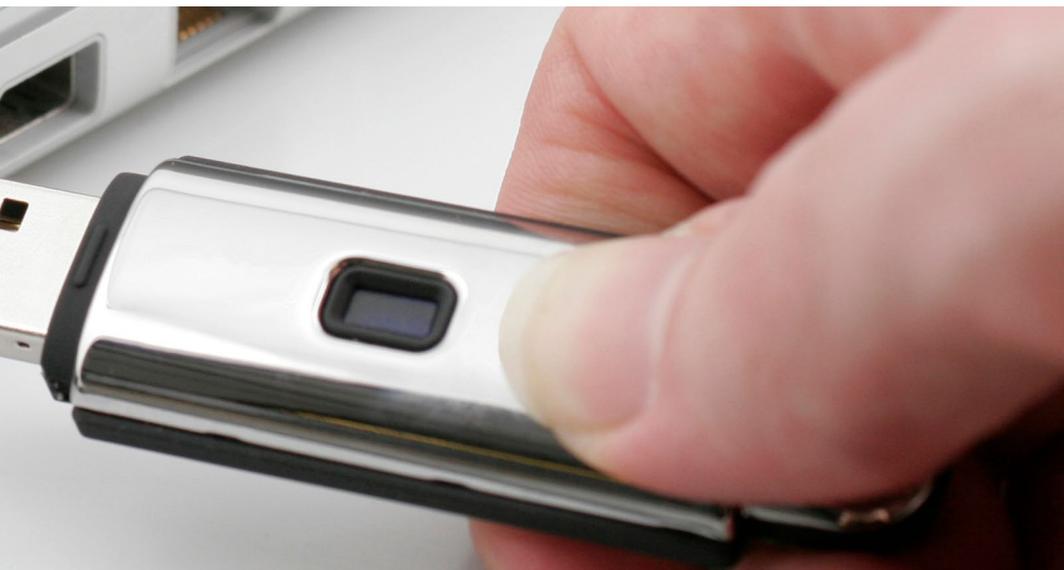
Great American uses a menu-based approach. There are eight coverage components called insuring agreements that may be purchased individually, collectively or in any combination.

The cost is calculated using a number of criteria including, but not limited to, the nature of your operations, size of operations and the coverage components, as well as if purchased independently of, or combined with any other commercial insurance options such as general liability and property coverage.

The Product Overview Chart on page 6 gives some detail on costs per Insuring Agreement. It is important to work with your agent to build a customized cyber risk insurance solution that best suits the needs of your business.

## Which Insuring Agreements are most commonly purchased?

Insuring Agreements 1—*Website Publishing Liability*, 2—*Security Breach Liability* and 8—*Security Breach Expense* are most commonly purchased in combination to address a commercial enterprise's cyber risk exposure.



## Product Overview Chart

Coverage Name	Minimum Coverage Limit	Minimum Deductible
<b>Insuring Agreement 1</b> <i>Website Publishing Liability</i>	\$100,000	\$1,000
<b>Insuring Agreement 2</b> <i>Security Breach Liability</i>	\$100,000	\$1,000
<b>Insuring Agreement 3</b> <i>Programming Errors &amp; Omissions Liability</i>	\$100,000	\$1,000
<b>Insuring Agreement 4</b> <i>Replacement or Restoration of Electronic Data</i>	None: you select desired limit of coverage	\$1,000
<b>Insuring Agreement 5</b> <i>Extortion Threats</i>	None: you select desired limit of coverage	\$1,000
<b>Insuring Agreement 6</b> <i>Business Income and Extra Expense</i>	None: you select desired limit of coverage	\$1,000
<b>Insuring Agreement 7</b> <i>Public Relations Expense</i>	None: you select desired limit of coverage	\$1,000
<b>Insuring Agreement 8</b> <i>Security Breach Expense</i>	None: you select desired limit of coverage	\$1,000

## Coverage Detail

**Insuring Agreement 1 *Website Publishing Liability*** – Applies to liability arising out of claims for “wrongful acts” associated with the content posted to a policyholder’s website. A wrongful act is defined to include actual or alleged errors, misstatements or misleading statements that result in an infringement of another’s copyright, trademark, trade dress, service mark, defamation, or violation of a person’s right to privacy.

**Media Liability** – Expands the coverage under Website Publishing to also include any actual or alleged error, misstatement or misleading statement arising out of the gathering, recording, collecting, writing, editing, publishing, exhibiting, broadcasting or releasing of content.

**Insuring Agreement 2 *Security Breach Liability*** – Applies to liability arising out of claims for wrongful acts associated with actual or alleged neglect, breach of duty or omission in maintaining the security of the policyholder’s computer system. “Wrongful act” means any actual or alleged neglect, breach of duty or omission by a policyholder that results in the

unauthorized access to the policyholders’ “computer system” by a non-policyholder and such access results in: 1) the unauthorized publication of a policyholder client’s “personal information” which was stored in the policyholder “computer system”; or 2) a policyholder’s “computer system” transmitting, by e-mail or other means, a “virus” to a third party.

**Insuring Agreement 3 *Programming Errors & Omissions Liability*** – Provides coverage when a policyholder becomes legally obligated to pay for a loss as a result of its wrongful acts. Wrongful act includes any actual or alleged programming error or omission that results in the disclosure of a client’s personal information stored in the policyholder’s computer system.

**Insuring Agreement 4 *Replacement or Restoration of Electronic Data*** – Provides coverage for the costs to replace or restore electronic data or computer programs that are damaged or destroyed as a direct result of an e-commerce incident. An e-commerce incident is defined as a virus, malicious instruction or denial of service attack introduced or enacted upon the policyholder’s computer system that is designed to damage, destroy, delete, corrupt or prevent the use of or access to any part of the system or otherwise disrupts normal operations.

**Insuring Agreement 5 *Extortion Threats*** – Provides coverage for the reimbursement of extortion expenses and ransom payments incurred as a direct result of a cyber extortion threat. This includes threats to publish a client’s personal information whether in hard copy or stored in the computer system. Other types of extortion threats include the destruction, corruption or prevention of normal access to the computer system and infliction of ransomware.

**Insuring Agreement 6 *Business Income and Extra Expense*** – Provides coverage for the actual loss of business income and/or extra expense incurred by the policyholder as a direct result of an e-commerce incident or cyber extortion threat. An e-commerce incident is defined as a virus, malicious instruction or denial of service attack introduced or enacted upon the policyholder’s computer system that is designed to damage, destroy, delete, corrupt or prevent the use of or access to any part of the system or otherwise disrupts normal operations.

**Insuring Agreement 7 *Public Relations Expense*** – Provides coverage for reasonable expenses incurred by the policyholder to protect or restore its reputation in response to negative publicity resulting from an e-commerce incident or security breach.

**Insuring Agreement 8 *Security Breach Expense*** – Provides coverage for reasonable expenses incurred by the policyholder as a result of a security breach including, but not limited to, costs to notify all affected parties of the breach, costs to operate a call-center and costs for post-event credit monitoring for victims.

## Why should I buy Great American's product?

- In addition to offering the ability to customize your Cyber Risk Insurance solution to meet your specific needs, Great American offers cutting edge service and expertise. Insuring Agreement 2—*Security Breach Liability* and Insuring Agreement 8—*Security Breach Expense* both include the following services provided by **CyberScout** in the event of a covered loss from a data breach:
- Incident Response Plan
- Regulatory Consulting
- Personalized Breach Consulting
- Damage Assessment
- Consumer Notification Assistance
- Media Relations Consulting

**CyberScout** may also provide post-breach services such as Mailing/Resolution, Credit Monitoring and Fraud Monitoring.

## Who is Great American Insurance Group?

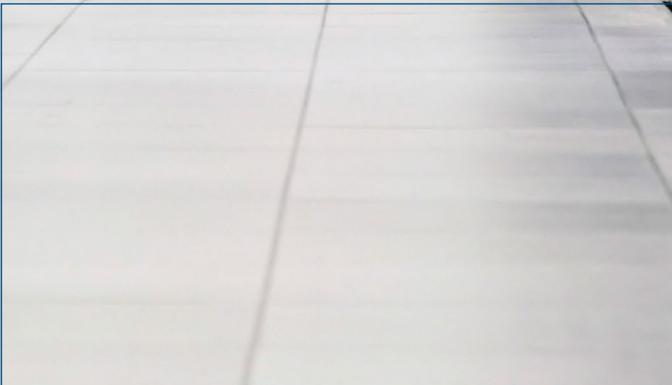
Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company. Based in Cincinnati, Ohio, the operations of Great American Insurance Group are engaged primarily in property and casualty insurance, focusing on specialty commercial products for businesses, and in the sale of traditional fixed, indexed and variable annuities and a variety of supplemental insurance products. Great American Insurance Company, flagship company of Great American Insurance Group, is rated "A+" (Superior) by A.M. Best Company and has been continuously rated "A" (Excellent) or higher since 1908 (as of May 12, 2016). The insurers of Great American Insurance Group are subsidiaries of American Financial Group, Inc. Its common stock is publicly traded on the New York Stock Exchange under the symbol "AFG".

Did you know that a typical  
General Liability policy does not  
provide coverage for cyber risks?





How do I learn more? Who do I call?





## Alternative Markets

Corporate Headquarters  
301 E Fourth Street  
Cincinnati, OH 45202  
GAIG.com

### Property & Casualty Operations - Specialty Divisions

Accident & Health  
AgriBusiness®

#### Alternative Markets

American Empire Group  
Aviation  
Bond  
Crop  
ECA-Nonsubscription  
Environmental  
Equine Mortality  
Excess Liability  
Executive Liability  
FCIA - Trade Credit & Political Risk  
Fidelity / Crime  
Financial Institution Services  
Great American Custom  
Mergers & Acquisitions Liability  
Mid-Continent Group  
National Interstate  
Ocean Marine  
Professional Liability  
Property & Inland Marine  
Public Sector  
Republic Indemnity  
Specialty E&S  
Specialty Equipment Services  
Specialty Human Services  
Strategic Comp  
Summit  
Trucking  
Unemployment Risk Solutions

### Annuity Operations - Subsidiaries

Annuity Investors Life  
Insurance Company®  
Great American Life  
Insurance Company®

### Property & Casualty Operations - Subsidiaries

Canadian Branch  
El Aguila  
Great American International  
Great American P&C Mexico  
Division  
Neon  
Singapore Branch

1) 2016 Ponemon Institute Study

2) 2017 Verizon Business Risk Data Breach Investigations Report

Great American Insurance Group, 301 E. Fourth Street, Cincinnati, OH 45202. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. Policies are underwritten by Great American Alliance Insurance Company, Great American Assurance Company, Great American Insurance Company and Great American Insurance Company of New York, licensed insurers in 50 states and DC. The following registered service marks are owned by Great American Insurance Company: the Great American Insurance Group eagle logo and the word marks Great American® and Great American Insurance Group®. The registered service mark CyberScout is owned by CyberScout. © 2017 Great American Insurance Company. All rights reserved 0074-ALT (6/17)