

Cyber Claims Examples

If your client is connected to the internet they have a cyber risk exposure. From ransomware to social engineering, the threats are complex and expensive. Your clients' risks extend beyond their network, too. Did you know data breach laws extend to paper records in addition to the electronic data your client might store? Consider the following statistics from the 2018 Ponemon Cost of Data Breach Survey:

- The average per record cost of a data breach is **\$148 per customer record**. Lost business accounts for over one-third of data breach costs.
- Many businesses **do not have the tools or procedures in place** to detect identity fraud, including an incident response plan.
- **48% of breaches were caused by malicious** or criminal attacks. Companies spend more on these types of breaches per record (\$157 on average) than any other type of breach.

Let's take a look at a few stories to help illustrate the value of Cyber Risk Insurance from Great American.

Example

An employee makes a programming error that results in posting personally identifiable information for all 4,000 company employees. Can this day really get any worse? He only hopes he can fix his mistake before senior management notices.

An employee who resigned throws away a box of HR files. A couple of weeks later, the company learns the files were found in a dumpster down the street. Five years' worth of employment records—hundreds of Social Security numbers, dates of birth, driver's license numbers—hadn't been destroyed after all. And it was clear that someone had made off with a good portion of them in hopes of turning garbage into gold.

A restaurant owner dealing with a credit card issue discovered that a hacker broke into her credit card processing system. The hacker stole hundreds of account numbers—including those of many of her best customers. She knew the bad press was going to hurt her business.

A travel agency employee discovers a robbery, with every computer and laptop stolen – meaning all of their files were gone, too. The employee remembered that their customer data wasn't encrypted. They'd have to contact thousands of people right away, and the employee wondered about all the travel arrangements that might be lost as well. They could lose many customers over this. And it was going to be a long time until things were back to "business as usual."

Real-Life Risk

Did you know that **27% of all data breaches are the result of simple negligence or employee error?** And while your client likely didn't budget for Cyber Risk Insurance, keep this in mind—even the best information security controls are no match for human error. *Don't wait for someone at your company to have a bad day.*

If only the firm had bought a shredder—and Great American's Cyber Risk Insurance. This coverage can protect against employee error or negligence leading to a data breach, and offers complimentary services from a reputable crisis management agency. *Remember, even a well-meaning employee can put your company at risk.*

Malicious attacks were the root cause of 48% of the data breaches studied in 2017. In this case, the owner had to hire a crisis management firm to handle the negative publicity. She also faced fines for not having an identity theft protection program in place and missing customer notification deadlines. Cyber Risk coverage from Great American responds to situations like this, and includes crisis management service. *So don't just hope that your business will be safe.*

These days, the losses from a break-in often involve much more than equipment and cash. **Great American's Cyber Risk Insurance responds to situations involving your liabilities** from the breach as well as the expenses associated with complying with state notification laws. It also includes the services of a reputable crisis management firm to assist during the data breach crisis management process.