

If your client's business uses the Internet, it is exposed to risk that may not be covered under their commercial insurance policy. If lack of coverage from existing policies is not enough encouragement for them to purchase Cyber Risk Insurance, then consider the following statistics from the 2016 Ponemon Cost of Data Breach Survey:

- The average per record cost of a data breach is **\$158 per customer record**. Lost business accounts for 69% 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 (\$236 on average) than any other type of breach.

Regulations exist that apply to most organizations today that require notification of customers in the event of a data breach. The compliance costs as well as the risk of incurring fines/penalties can drive business costs. Let's take a look at a few stories to help illustrate the value of cyber coverage.

Example

Real-Life Risk

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.

Did you know that **25% 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.*

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.

More than **169 million personal records were exposed last year**. 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.*

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.

Malicious attacks were the root cause of 48% of the data breaches studied in 2016. 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.*

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."

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.

Coverage and claims scenarios are provided to illustrate an exposure you or your client could encounter. The facts of any situation that may actually arise, and the terms, conditions, exclusions and limitations in any policy in effect at the time, are unique. Thus, no representation is made that any specific coverage applies to the above scenarios. Claim experiences may vary. Great American Insurance Group, 301 E. Fourth Street, Cincinnati, Ohio 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 E&S Insurance Company, an authorized surplus lines insurer in all 50 states and DC. This is not intended as a solicitation or offer to sell an insurance product in a jurisdiction in which the solicitation, offer, sale or purchase thereof would be unlawful. The Great American Insurance Group eagle logo and the word marks Great American® and Great American Insurance Group® are registered service marks of Great American Insurance Company. © 2017 Great American Insurance Company. All rights reserved. 5335-ELD (4/17)

