

Cyber Liability Coverage



Auto-Owners Insurance



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The average cost of a data breach in 2013 in the United States was \$188 per breached record¹. Cyber risk is not just something that large Fortune 500 companies need to worry about. It can affect all types of organizations, both large and small. Whether from a highly-advanced outside attack on your systems, or the simple act of a disgruntled employee stealing a laptop, your business is at risk.

What is Cyber Liability Coverage?

Cyber Liability can protect your business from the risk to your tangible and intangible property. Cyber protection can include customer names, social security numbers, credit card numbers, health information, and even the threat of a virus.

Auto-Owners Insurance Cyber Liability includes several important coverages that address both first party and third party needs. Coverage limits from \$50,000 - \$2,000,000 are offered. This is Cyber Liability at its simplest - we give you all the coverage in every tier, you just choose the limit!

Third Party Coverages

Third party coverages protect your customers' information that you have on file. A third party claim is one that is brought against your insurance from another individual or business.

Types of Third Party Coverages:

- **Information Risk Liability and Communication Incident Liability**

Protects you in the event that corporate or personal information of others in your care is breached. Examples of this include unauthorized use of a trade name, disclosure of private information or even the transmission of a virus or malware.



Claim example #1

Through phishing, a small grocery store's password to the payroll service is stolen. Employees' direct deposit information is changed and paycheck funds are sent to an overseas bank. Employees incur late fees due to not being paid on time.



Claim example #2

A small HVAC contractor responds to a phishing scheme. His credentials are used to infiltrate a large retailer. Credit cards are stolen from the retailer. The banks issuing the credit cards sue the retailer and the contractor to recover damages.

- **Privacy Administrative Proceedings Defense Expenses**

This coverage will defend you in a proceeding brought about by a governmental authority due to your violation of a privacy regulation.



Claim example

A printing shop that prints material for a health insurance provider has Explanation of Benefits forms stolen from their truck on the way to the post office. The Office of Civil Rights (OCR) investigates the printing shop as a business associate of the insurance provider. The OCR attempts to file an action against the print shop due to the security of their trucks and the Company pays to defend them.

First Party Coverages

First party cyber coverages are meant to cover claims you make against your own insurance. This includes loss of income during a covered business interruption and costs to notify clients of a data breach.

Types of First Party Coverages:

- **Data Loss Expenses**

This coverage allows you to immediately and efficiently respond to a breach of your data. Covered expense/services include:

- The cost to set up and administer affected individuals with credit monitoring.
- The cost to notify those whose information was lost.
- The cost to replace the data that was lost.
- The cost of extortion payments in the event that someone is holding your data in order to collect a reward for its return.



Claim example

An office building management company provides janitorial services as an incentive for businesses to enter leases. One janitor steals a laptop that is unsecured in a medical laboratory. The laptop has records for thousands of patients that must be notified of the data breach.

- **Personal Identity Recovery Expenses**

This covers the cost to restore control over your own identity caused from a data breach. This includes the cost to notify affected individuals, set up credit monitoring and fraud alerts.



Claim example

The sole proprietor of a home inspection service inadvertently downloaded malware onto the tablet he used for recording home inspection information. The malware stole data off of the tablet including measurements and reports for recent home inspections, then locked the owner out of the tablet. He incurred expenses to wipe out the tablet and reload it with functional software. He then had to re-inspect the homes with the data that was destroyed.

- **Business Income and Extra Expense**

Business Income and Extra Expense covers your loss of income due to:

- Network interruption.
- Key persons' inability to access the network.
- Expenses incurred to minimize the network interruption.



Claim example #1

A pizza restaurant offers the ability to order over the phone and via a web site. On a busy Sunday, their website is beset with a Denial of Service attack and their phone lines are jammed by a computer repeatedly dialing their numbers. A local competitor hired an online hacker service to perform the attacks for \$400 and cause the target restaurant to lose sales on the important day.



Claim example #2

An auto repair facility uses computer equipment to read data from the computer systems in cars to diagnose problems. Employees can also use the computer to visit web sites on lunch break. An employee accidentally downloads malware that erases the computer hard drive. The facility is unable to diagnose engine problems until the computer is reloaded which takes a few days.

First Party Coverages (continued)

- **Computer and Funds Transfer Fraud**

Computer Fraud covers the unauthorized use of a computer for the theft of money or property. Funds Transfer Fraud covers the loss of money and securities in the insured's own account.

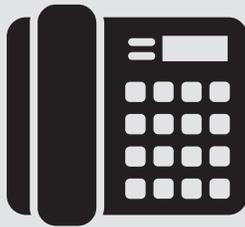


Claim example #1

As a restaurant owner, you have many vendors in your business every day. It was discovered that an employee of your after-hours cleaning crew has accessed your computer and changed the bank routing number for the next week's deposits to their own account.

- **Telecommunications Theft Expense**

Provides coverage for charges incurred in the event that someone has fraudulently gained access to the insured's outgoing long distance telephone service.



Claim example

Insurance Agency X receives their phone bill and are shocked to see it has increased more than \$10,000 the past month. When the telephone company sends out an engineer to check settings, they find that someone has gained access and piggybacked a line on to the system and has been using that line for long distance calls.

Retro-Dating

Auto-Owners policies with Cyber Liability offer a retro-dating option, which allows you to select a retroactive date that reflects the date you originally purchased the coverage. Without retro-dating, your insurance will not provide protection under this policy for unknown events.

As the number of lawsuits from data breaches and other cyber crimes grow, there is even more need for today's businesses to be protected by Cyber Liability coverage. Auto-Owners Insurance is committed to providing you with competitive, comprehensive coverage to fit the unique needs of your business. Talk with your independent agent representing Auto-Owners to learn more about Cyber Liability Coverage.



After-hours hotline

Hackers don't always work during normal business hours. If you have a data breach and aren't able to get in touch with your agent, you can call our Data Breach Hotline 24/7:

877-512-3737

The information and claim examples given in this material are for illustrative purposes only and should not be construed to modify language of the insurance policy or in any way influence coverage analysis under the policy for any specific claim. The insurance policy contains the specific terms and conditions of coverage and supersedes any information contained in this document. Some of the coverage mentioned in this material may not be applicable in all states or may have to be modified to conform to applicable state law. Some coverages may have been eliminated or modified since the printing of this material.