



RISK MANAGEMENT CORNER

Cyber-Crime is Scary and Expensive

Business owners today understand the tremendous benefits of using the Internet, computers, and technology in their everyday operations. Unfortunately, all that technology can open the door to some very serious cyber threats. Every business that is “plugged in” is a target for criminals to steal, spy, and cause major disruption.

Cyber threats can be a major blow to a company’s financial and operational well-being. They can also expose businesses to non-criminal risks, such as privacy requirements, damage to technology assets, and liability for damages caused by inadvertent injury to others. These cyber risks can be just as severe as the typical property, liability, business auto, and workers compensation exposures.

Could something like this happen to you?

- **System hack** – Hackers install card skimmers onto your business’s payment card system, allowing them to collect debit and credit card numbers for as long as the skimmers remain undiscovered. You must investigate and provide the required notification to the affected individuals, which could number in the hundreds or thousands.
- **Virus infection** – A virus infection corrupts data and causes your computer system to stop functioning properly. You lose revenue, and incur the cost of hiring an information technology firm to remove the virus and reinstall your software.

In 2015, the average cost per compromised record was \$217.*

Unfortunately, these are just two examples of constantly evolving cyber-attacks that could affect your business. Hackers are opportunists. If there’s a hole in your defense against these types of crimes, they’ll take advantage if given the chance. What you do to protect your business from technology disruptions could mean the difference between business as usual, and no business at all.

There are many ways to lessen the financial impact these broad, complex hazards present. When your insurance professional discusses data compromise and cyber coverages with you, ask what options and limits are covered, excluded, or available for your unique exposures.

Federated Insurance offers data compromise and cyber coverages to help you recover in the event of a data breach, and risk management recommendations that could help you block the criminals. To find out which coverages are available in your state, [contact your local Federated Marketing Representative](#) or call 1-800-533-0472.

*2015 Cost of Data Breach Study – United States; Ponemon Institute® LLC and IBM®; May 2015; complete report can be found at www.ibm.com/security/data-breach

Examples for illustration only; coverage for actual claims will be determined solely by the terms set forth in the policy, if approved for issue. Contact your local Federated representative to learn when these coverages will be available in your state.

This article is intended to provide general information and recommendations regarding risk prevention only. There is no guarantee that following these guidelines will result in reduced losses or eliminate any risks. This information may be subject to regulations and restrictions in your state and should not be considered legal advice. Qualified counsel should be sought regarding questions specific to your circumstances and applicable state laws. All rights reserved.



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Owatonna, Minnesota 55060 | Phone 507.455.5200 | www.federatedinsurance.com
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