

What would you do if your system is hacked and customer accounts are accessed?

CONTACT INSURANCE COMPANY

Insurance provides breach coaching and related services.	COST ¹
Provides forensic services to determine scope and details of the breach.	\$26,000
Hires a lawyer to research state law and drafts notification letters.	\$46,000
Credit monitoring services are offered for impacted customers. ²	\$24,000
Sends customer notification letters with credit monitoring service offers.	\$16,000
Helps prepare a media and response plan.	\$25,000
Hires a law firm to manage a lawsuit filed by several customers. Settle out of court.	\$266,000
Rebuild damaged software and purchase new software licenses.	\$30,000
Total Loss Amount	\$433,000
Amount Covered by Insurance	(\$428,000)

INSURANCE DEDUCTIBLE

\$5,000

SELF-MANAGE THE SITUATION

Obtain resources at own expense to handle the breach.	COST ¹
Hire a forensic expert to determine scope and details of the breach.	\$26,000
Hire a lawyer to research state law and draft notification letters.	\$46,000
Offer credit monitoring services to impacted customers. ²	\$24,000
Mail customer notification letters with offer of credit monitoring service.	\$16,000
Hire a PR firm to prepare a media and response plan.	\$25,000
Hire an attorney to manage a lawsuit filed by several customers. Settle out of court.	\$266,000
Rebuild damaged software and purchase new software licenses.	\$30,000
Total Loss Amount	\$433,000
Amount Covered by Insurance	(\$ 0)

OUT-OF-POCKET COST

\$433,000

IGNORE THE HACK

Many customers report wire transfer fraud in their bank accounts and file a lawsuit for damages due to negligence and failure to protect private data.	COST ¹
Hire a lawyer to handle and settle the suit with impacted customers.	\$450,000
State attorney general issues a fine after an investigation determines compliance failure with state statutory requirements to notify impacted customers. ³	\$70,000
The state orders notifications be sent and credit monitoring services offered to all impacted customers.	\$140,000
Hire a PR firm to prepare a media plan.	\$25,000
Potential business lost due to tarnished reputation.	\$250,000
Total Loss Amount	\$935,000
Amount Covered by Insurance	(\$ 0)

OUT-OF-POCKET COST

\$935,000

References: 1. ABA Insurance Services' research and infographic, "Breaking Down the Cost of a Data Breach," 10/2015. 2. Estimates based on average of 2,000 customers impacted. 3. Estimates based on the average of 7,000 records exposed. The foregoing costs are estimates. Actual expenses may vary from those estimated depending on the particular circumstances of the data breach.

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