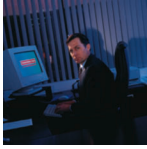


# Private Company Loss Scenarios from Chubb



## Stolen Credit Card Receipts

<b>COVERAGE</b>	<b>CyberSecurity by Chubb</b>
Cause of action	Identity Theft
Type of organization	Hotel

### DESCRIPTION OF EVENT

Identity thieves obtained stacks of credit card receipts from a hotel's storage room. Subsequently, hundreds of thousands of dollars in fraudulent charges were made in three different states. Nearly three years later, investigators first became aware of the identity theft issue at the hotel.

### RESOLUTION

According to the Ponemon Institute, in 2010 the average cost of a data security breach in the hospitality industry was \$160 per record, which includes costs for lost business, legal defense services, investigations and forensics, audit and consulting services, customer notification, identity protection services, and public relations.



## Malicious Software Gains Access to Credit Card Numbers

<b>COVERAGE</b>	<b>CyberSecurity by Chubb</b>
Cause of action	Malicious Software
Type of organization	Retailer

### DESCRIPTION OF EVENT

An unknown person uploaded malicious software to a retailer's computer system. The software gained access to customer credit card information, which was then sold to a group of people who used the information to make fraudulent purchases for several months.

### RESOLUTION

According to the Ponemon Institute, in 2010 the average cost of a data security breach in the retail industry was \$185 per record, which includes costs for lost business, legal defense services, investigations and forensics, audit and consulting services, customer notification, identity protection services, and public relations.



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# Private Company Loss Scenarios from Chubb



## Hacker Steals ID and Victim Sues

<b>COVERAGE</b>	<b>CyberSecurity by Chubb</b>
Cause of action	Hacker
Type of organization	Resort

### DESCRIPTION OF EVENT

Hackers installed a malicious software program into a high-end resort's credit card processing system from a remote source, hitting the resort's point-of-sale processing system where credit cards are swiped for purchases. One victim's credit history was damaged as a result of purchases made from the victim's stolen credit card, resulting in, among other things, being turned down for a mortgage he had applied for. After suffering the consequences for more than a year, the victim brought a lawsuit against the resort, seeking \$750,000 in damages, including emotional distress.

### RESOLUTION

In addition to paying overall costs of more than \$4 million to recover from the security breach, the resort settled with the plaintiff for more than \$300,000.



## Manufacturer pays for invasion of privacy by intermediary firm

<b>COVERAGE</b>	<b>CyberSecurity by Chubb</b>
Cause of action	Negligence, Invasion of Privacy
Type of organization	Manufacturer
Number of employees	50
Annual revenue	App. \$10 million

### DESCRIPTION OF EVENT

A manufacturer leased a copy machine over a two-year period. During that timeframe, the company made copies of proprietary client information and its employees' personally identifiable information, including social security and driver's license numbers. After the lease expired, the manufacturer returned the machine to the leasing company through an intermediary company. Prior to making its way back to the leasing company, a rogue employee at the intermediary firm accessed the machine's data for nefarious purposes.

### RESOLUTION

The manufacturer incurred \$75,000 in expenses in connection with a forensic investigation, notification, identity monitoring, restoration services and independent counsel fees. It also incurred approximately \$100,000 in legal defense costs and \$275,000 in indemnity associated with the theft and sale of proprietary client information.



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# Private Company Loss Scenarios from Chubb



## Criminal scheme skims customers' payment card info from retailer

<b>COVERAGE</b>	<b>CyberSecurity by Chubb</b>
Cause of action	Negligence, Invasion of Privacy
Type of organization	Retailer
Number of employees	35
Annual revenue	App. \$5 million

### DESCRIPTION OF EVENT

A criminal syndicate attached skimming devices to a local retail chain's payment card systems at a variety of locations. This permitted unauthorized access to the credit and debit card information of 15,000 customers over a three-year period.

### RESOLUTION

The retail chain spent \$850,000 performing forensics, engaging counsel for compliance assessment and providing notification and call center services to its customers. It also spent \$900,000 reimbursing a variety of banks for costs associated with card cancellations and re-issuance charges. Lastly, it spent \$75,000 in defense costs responding to a regulatory inquiry and \$250,000 in fines.



## Laptop Stolen from Exec's Car Results in Invasion of Privacy

<b>COVERAGE</b>	<b>CyberSecurity by Chubb</b>
Cause of action	Negligence, Invasion of Privacy
Type of organization	Energy Firm
Number of employees	100
Annual revenue	\$20 million

### DESCRIPTION OF EVENT

An energy company executive's laptop was stolen from a corporate vehicle. The laptop contained significant private customer and employee information. Although the file was encrypted, the overall password protection on the laptop was weak and the PIN for accessing the encrypted information was compromised.

### RESOLUTION

After assessing the nature of the information on the laptop with a forensic expert and outside compliance counsel at a cost of \$50,000, the energy company voluntarily notified relevant customers and employees and afforded call center, monitoring, and restoration services, as appropriate. While the additional first-party cost was \$100,000, the energy company also incurred \$75,000 in expenses responding to a multi-state regulatory investigation. Ultimately, the company was fined \$100,000 for deviating from its publicly stated privacy policy.



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