

CyberRisk Claim Scenarios for Contractors

A CyberRisk policy provides coverage to help protect against data breaches and other fast-evolving cyber exposures not covered by standard property and liability policies. Travelers CyberRisk policy responds in multiple ways such as security breach remediation and notification expense, network and information security liability, regulatory defense expenses, crisis management event expenses, and computer program and electronic data restoration expenses.



Vendor Hack

A cybercriminal capitalized on a vulnerability within an electrical contractor's computer network. The hacker entered through an unprotected server and obtained access to client credentials. The hacker then used the stolen user names and passwords to enter accounts online to see the customers' credit card and financial data. After discovering the incident, the electrical contractor immediately shut down its server and retained a computer forensic expert to further investigate. The investigation determined that the hacker had gained access to personally identifiable information belonging to 26,000 past and present clients. In compliance with state law, the contractor notified and retained a public relations firm to help mitigate the potential negative publicity surrounding the incident. According to the NetDiligence® Data Breach Cost Calculator* the estimated costs for this event for the electrical contractor could be \$499,600.

Spear Phishing Attack

A concrete contractor's CEO opened a phishing e-mail containing malware that infiltrated the company's computer network. Anti-virus software failed to detect the malicious code, which exposed names, addresses, social security numbers and healthcare records of 50 employees. A breach coach and computer forensics investigator were engaged and determined that both Personally Identifiable Information (PII) and Protected Health Information (PHI) had been compromised. As a result the Company was legally required to notify the affected employees. The company also engaged a public relations firm in anticipation of bad publicity since this was not the first time they had experienced a breach. A regulatory investigation was launched and fines were imposed for the failure to Protect Personally Identifiable Information. According to the NetDiligence® Data Breach Cost Calculator* the estimated costs for this event for the concrete contractor could be \$218,797.

Cloud Hack

A national construction company used a third-party cloud service provider to store their customers' personal information. The cloud provider suffered a major data breach, compromising the Personally Identifiable Information belonging to thousands of the construction company's customers in several states. As the owner of the data, the construction company had a legal obligation to provide an adequate and timely notice. A regulatory investigation in several states was conducted to determine whether they responded appropriately to the breach in accordance with various state laws. As the construction company did not have a document retention procedure and stored far more data than was required, the Company was obligated to notify over 10,000 past and present customers that their company's data had been compromised. In addition they had to pay defense costs associated with defending the regulatory investigation. According to the NetDiligence® Data Breach Cost Calculator* the estimated costs for this event for the construction company could be \$862,775.

Lost Mobile Device

While out on a job a highway contractor foreman lost his tablet. The tablet contained an unencrypted database of various files that included Personally Identifiable Information (PII) from contracts, and subcontractor data for 5 current projects. The data stored on that tablet was completely unsecured as it did not contain remote take down capabilities nor was it password protected. Upon learning of the lost tablet, the highway contractor immediately contacted a breach coach to assist with the Company in satisfying its legal obligations. They then notified the affected clients and subcontractors in compliance with several State and Federal regulations but many filed a lawsuit against the contractor for damages resulting from the alleged failure to protect their confidential information. According to the NetDiligence® Data Breach Cost Calculator* the estimated costs for this event for the highway contractor could be \$203,550.

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* The NetDiligence® Data Breach Cost Calculator and other tools are available to insureds on the Travelers' eRisk Hub®. eRisk Hub is a registered trademark of NetDiligence.

Travelers knows CyberRisk.

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