



## 6 Need-to-Know Cyber Insurance Facts

With the rate of data breaches and security incidents on the rise, cyber insurance has become an essential tool for the carwash industry. It's your responsibility to protect your customer information and data—even a minor security issue can have a major impact on your business. That's why cyber insurance has become an essential part of any modern risk management strategy. This critical coverage is designed to be the barrier that protects your business from a wide range of technology-related risks.

Before you purchase a cyber liability policy, it is essential to understand how it works. Here is a checklist of six cyber insurance facts you need to know:

### 1. Not all insurance policies are created equal

Most general liability insurance policies do not cover cyber, and if they do, it's usually on a very limited basis. Most attacks are not covered by standard property, crime, errors and omissions, or business insurance policies—hacking, identity theft, credit card fraud, and phone phishing are all crimes that traditional insurance policies do not address.

### 2. Cyber insurance can help you fulfill legal obligations

Any business that stores "personally identifiable information," including employee birthdates, social security numbers, or client information, is legally obligated to protect and secure that information. If your business requires you to store this type of client information, you are required to have it protected!

#### Cybercrime by the Numbers

**\$3.86 million**

Global average cost of each data breach in 2020<sup>3</sup>

**\$8.64 million**

Average cost of each data breach in the U.S. in 2020<sup>4</sup>

**155.8 million**

Individuals affected by data breaches in the U.S. in 2020<sup>5</sup>

**400%+**

Online scams increased by more than 400% in March of 2020<sup>6</sup>

### 3. Cyber insurance protects your bottom line

When a cyberattack occurs, many businesses must interrupt their operations. Cyber insurance helps to recover lost income from downtime. On average, cyberattacks cost businesses about \$200,000.<sup>1</sup> Not all businesses can recover from these types of losses.

### 4. No cyber policy? No signature.

Cyber insurance is fast becoming a priority, and many organizations are requiring that their vendors have a policy before entering into an agreement. Businesses, vendors, and customers will all benefit from cyber insurance coverage. With so many organizations affected by cybercrime, companies want to have peace of mind and thus prefer to do business with those who have coverage.

### 5. It can save small businesses

Small and midsize businesses tend to be most vulnerable, as they often don't have the infrastructure and capital to recover from a breach effectively. About 43% of online attacks target small businesses, and about 60% of businesses go out of business within six months of the attack.<sup>2</sup>

### 6. It can protect you when outsourcing

Even if you outsource network security, data management, and payment transactions, as the original data owner, you will likely be named in third-party lawsuits in the event of a breach. Cyber policies offer third-party coverage for data breaches or cyberattacks, which insures third parties and clients from cyber liabilities.

#### Would You Be Covered?

- Your IT manager discovered that a file, which was not a part of your website, was being used to steal payment and credit card information.
- An investigation determined that an employee was stealing credit card information and processing fraudulent transactions, and that your business was not compliant with current industry security standards.
- You experience a 48-hour system failure during your busy season, resulting in an inability to process credit card sales and customer order cancelations. The system failure also causes disruptions in time management, job tracking, supply ordering, and communications systems.

If you have cyber insurance, these situations would be covered with minimal out-of-pocket expenses.

<sup>1,2</sup> Cnbc.com

<sup>3,4</sup> IBM

<sup>5</sup> Statista.com

<sup>6</sup> Fortinet.com

#### 7 Steps to Improving Cyber Security

Even the most comprehensive cyber insurance policy requires a proactive strategy to mitigate cyber risks. Although the process can be extensive, here are 7 key steps to reducing your organization's exposure:

1. **Develop a comprehensive response plan.**
2. **Update security software.**
3. **Limit access to sensitive information.**
4. **Educate employees about social media risk.**
5. **Insist on rigorous passwords.**
6. **Screen software and apps before installing.**
7. **Regularly review procedures and processes.**

**About the Western Carwash Insurance Program**

The Western Carwash Insurance Program has been the carwash industry's insurance partner of choice since 1994. Endorsed exclusively by the Western Carwash Association, the program is custom designed to cover the unique and wide-ranging risks facing carwashes throughout the west. Built by carwash operators for carwash operators, we provide a comprehensive barrier of coverage for all aspects of the business, whether self-service, automatic, express, flex, or full-service. Our depth of experience, strong carrier relationships, and VIP service enable us to provide the highest possible standard of insurance excellence at the most competitive rates in the market.

**About Alliant Insurance Services**

Alliant Insurance Services is one of the nation's leading and fastest growing distributors of diversified insurance products and services. In the face of increasing complexity, our approach is simple: bring on the best people and invest more deeply in the industries and clients we serve. We operate through a network of specialized national platforms and regional offices to offer a comprehensive portfolio of services to our clients. Our goal is to ensure that they get the most innovative products—and innovative thinking—in the industry.

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**CONTACT**

**Sam Furno**  
**First Vice President**  
(916) 210-0311  
[Sam.Furno@alliant.com](mailto:Sam.Furno@alliant.com)