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DATA PRIVACY & SECURITY

DataBreachSM for Automobile Dealers



Few people pay cash for their new car, which is why making loans is as much a part of an auto dealer's business as selling cars. But extending credit requires collecting confidential consumer information, making auto dealers top targets for data thieves. This has led to new regulations for dealers' data privacy practices in the form of the Federal Trade Commission's Red Flag rules.

Security experts agree, automobile dealers are vulnerable to a data breach, which can result in expensive lawsuits, loss of reputation and revenue. With data breach on the rise, automobile dealers need to protect themselves against theft of their customers' confidential information. While DataBreachSM information risk insurance coverage can't stop a breach from occurring, it can help an auto dealership pick up the pieces after one has occurred.



In the News

- Sonic Automotive, the nation's third-largest auto retail group, was the target of identity thieves when two men broke into the San Francisco Bay area dealership after hours. Files containing financial information for 57 customer transactions, including credit reports, bank statements and Social Security numbers were taken.¹
- The thieves were eventually apprehended, but not before making illegal purchases with stolen credit cards. In total, 15 customers of the dealership were affected by the theft.
- Asbury Automotive's Orlando, Florida dealership was the victim of customer identity theft by a former employee. The salesman was one of fifteen suspects charged in the state of Florida for participating in an identity theft ring. Allegedly, the man tapped dealership records for its customers' financial information, which he then provided to other ring members. Using false identities, the ring illegally purchased seven vehicles through the indicted salesman.¹
- A Ford/Toyota dealer in New Hampshire reported a possible data breach incident to the State's Department of Consumer Protection. In the report, it cited the discovery of a missing backup computer tape, which contained names and addresses, Social Security and driver's license numbers, and other government identification numbers of its customers.²

¹ The San Diego Union-Tribune, 2004

^{2, 3} Compiled from data at
www.datalossdb.org

*Coverage available through Markel regional offices: Markel Midwest, Markel Mid South, Markel Northeast, Markel Southeast and Markel West. For information refer to www.markelcorp.com.

For complete terms and conditions, refer to the policy itself. Coverage is subject to conditions and exclusions in the policy.



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Target Classes

- New Car Dealers
- Used Car Dealers
- Motorcycle Dealers
- RV Dealers
- Boat Dealers
- Farm Equipment Dealers

Assess the Risk Reality

- Does the company use portable “jump” or “thumb” drives to transport files and information?
- Is every business laptop encrypted?
- Are backup tapes used and carried off-site?
- Does the business owner realize that, although employees’ access to sensitive data may be monitored, the way they use that data is impossible to control?
- Has anyone in the business ever been asked to give out their password over the phone to diagnose a technical problem they have been having?
- Does the business use the services of third parties for data storage, IT systems support, or management, collections or claim processing?
- Are paper loan applications and other records containing sensitive information securely stored and shredded before disposal?

DataBreachSM coverage, while it will not pay for fines, does offer coverage for defense of regulatory actions which is not subject to a sub-limit.*

Receive cash for breach mitigation expenses, public relations, client notification, and voluntary credit monitoring with DataBreachSM coverage.*

What Does DataBreachSM Offer?*

- Regulatory defense with no sub-limit
- Coverage includes liabilities arising from the theft or loss of paper records
- Vicarious liability for data entrusted to third parties (by endorsement)
- Liability from identity theft
- Media coverage for information on the business website, including whitepapers and content
- Recovery costs and extra expenses due to unauthorized access to data systems
- Punitive damages (when insurable by law)
- Claims-made form
- Coverage through an insurance partner with a stable history in Garage Keepers Liability, Ocean Marine and EPLI
- Limits up to \$5 million
- Supplementary payments coverage in addition to the limits, and not subject to the deductible, is included for compliance with security breach notice laws, voluntary credit monitoring, and public relations expenses