



Broken trust

An outside vendor's security breach puts this retailer's customers at risk

HSB, a Munich Re company, is a technology-driven company built on a foundation of specialty insurance, engineering and technology, all working together to drive innovation in a modern world.

Class of business: Retail

Business description: Online equipment retailer

What happened: A retailer's eCommerce provider suffered a security breach, exposing thousands of credit cards.

How it happened: When an eCommerce vendor experienced a data breach, all of its clients, including this online equipment retailer and the retailer's clients, were put at risk. Thousands of credit card numbers were exposed and, while the eCommerce provider was at fault, the breach of customer data—and trust—negatively impacted the retailer's business.

Business impact: Fortunately, the retailer's contract with the eCommerce provider included data breach response. So, the costs to notify affected individuals and provide services to address potential fraud were paid by the eCommerce provider. Without this contract provision, the retailer would have been stuck with these expenses. Still, the retailer faced potential litigation and incurred legal expenses.

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This is a summary of coverages. For all coverages, terms, conditions and exclusions, refer to the actual insurance policy.

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HSB-209 (Revised 4/2020)

What it cost
Legal counsel

\$5,000

Total Cost:

\$5,000