Cyber Risks are a Reality in the Retail/Hospitality Industry

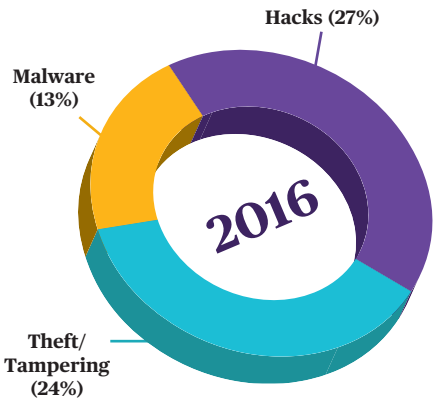
Some of the biggest cyber attacks in history have happened to major brick-and-mortar stores, online retailers, and hospitality organizations. It makes sense-these types of organizations maintain a large amount of personal data and records, including credit card numbers, social security information, financial records, travel patterns, and other types of sensitive information, so they are more susceptible to theft. The responsibility of holding this type of sensitive information makes it essential for these types of organizations to understand the importance of cyber security and privacy–particularly as we approach the holiday shopping and travel season.

But where do the greatest risks lie?

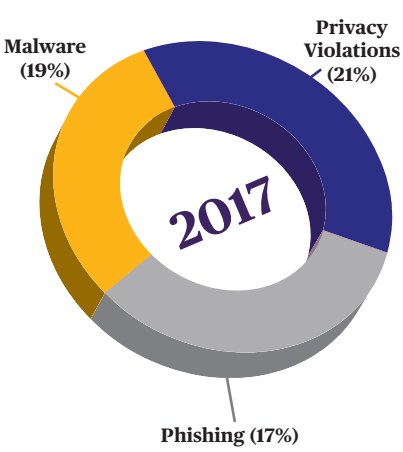
According to data from the Chubb Cyber Index℠, hacking and phishing attacks topped the list of risks retailers and hospitality organizations faced in 2018. Phishing attacks occur when internal employees click on malware. With a greater number of part-time employees working during the holiday shopping season, the risk for human error increases. Hackers will prey on companies when they are most vulnerable to maximize their potential return. Both of these types of attacks can often be prevented with proper education and strong password hygiene*.

Cyber risk for Retail/Hospitality industry continues to evolve with a high risk for hacking, often via a phishing attempt:

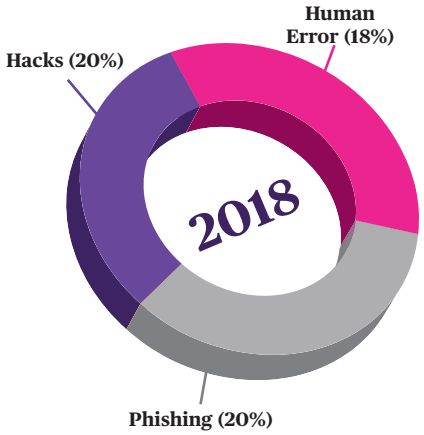
2016 Top Actions for Retail/Hospitality:



2017 Top Actions for Retail/Hospitality:

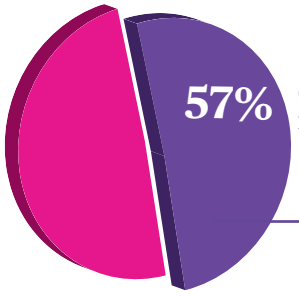


2018 Top Risks for Retail/Hospitality:



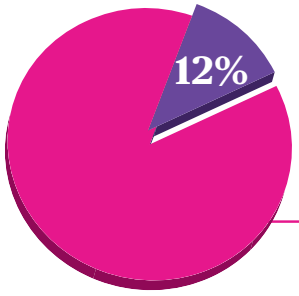
Fast Facts

More than 57% of the cyber incidents reported to Chubb by the retail/hospitality industry were caused by someone inside the organization. And an additional 12% of the incidents were caused by an industry partner. These actions compromised servers 28% of the time and people 30% of the time.



Caused by someone inside the organization

Accounted for **57%** of cyber incidents reported to Chubb by the retail/hospitality industry in 2018



Caused by an industry partner

Accounted for an additional 12% of cyber incidents reported to Chubb by the retail/hospitality industry in 2018

*Data from the **Chubb Cyber Index℠**

Services to Help Mitigate Cyber Risk:

Employee Education

Strong Password Hygiene

Limit your risks now by taking advantage of the services made available to Chubb Cyber policyholders

1. **Employee Education**
   - Identify potential cyber threats
   - Protect sensitive data
   - Escalate issues to the right people
2. **Strong Password Hygiene**
   - Improve cyber security by making it easier to create stronger passwords
   - Automatically log into websites by eliminating manual password entries
   - Change multiple passwords with the click of a button

Claims Scenarios:

1. Ransomware attack cripples systems

An Insured that sells retail goods was struck with a virulent strain of ransomware that encrypted its data, crippled its systems, and demanded $25,000 in Bitcoin. After consulting with their Chubb cyber claims representative, as well as an incident response coach and forensic expert from Chubb's cyber panel, the Insured decided to pay the ransom. The Insured received a decryption key that permitted access to the once-encrypted data. A forensic accountant was also retained from the Chubb cyber panel and assisted in the calculation of the Insured's business interruption (BI) loss. After comparing the Insured's sales from the time of the attack to records of previous sales, Chubb paid a BI loss of more than $200,000.

2. DDoS attack halts business

An Insured was the victim of a denial of service (DDoS) attack from an unknown source. The attack caused a 22-hour outage to the company's website and a continued degradation of service for an additional 4 days. The incident resulted in the company's inability to sell subscriptions to customers through its website. This event resulted in approximately $750,000 in business interruption losses, and an additional $40,000 was spent on forensic accounting services.

3. Incident response team lessons the impact

A retail chain in Canada suffered a ransomware attack which infiltrated its servers, computer systems, cash registers, online store, and website. The retail chain retained Chubb-preferred vendors to mitigate the incident, including a cyber incident response coach and a forensic investigator. As a result of the attack, approximately $1M in mitigation expenses and $100,000 in business interruption costs were paid.

SOURCE: The Chubb Cyber Index℠ (June 2019)

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