

FOCUS ON **CYBER**



OCTOBER
HIGHLIGHTS
CYBERSECURITY
AWARENESS

CYBERSECURITY AWARENESS

October is National Cybersecurity Awareness Month, an annual campaign to raise awareness about the importance of cybersecurity, co-founded and co-led by the U.S. Department of Homeland Security and the National Cyber Security Alliance.

In this month's *Infocus*, we take a close look at cyber, including the risks we face today, real-life claims examples, and changes to data security laws that will impact your customers.

Acuity offers Identity Fraud Expense and Cyber Protection for personal lines customers and our Cyber Suite of coverages for businesses:

- **Cyber Liability Coverage** provides a number of coverages that help the insured respond to the threat of unauthorized intrusion into or interference with its computer systems. Included are coverages that address damage to data and systems from a virus, computer attack, or extortion and the liability that may arise from insufficient systems security.
- **Data Breach Coverage** provides a suite of coverages and services that enables an insured entity to respond effectively when there has been a breach of personal information. Included are coverages to notify and monitor affected individuals as well as protect the insured against liability that may arise from a breach.
- **Identity Recovery Coverage** is a combination of support service and expense reimbursement that is designed to be offered as an endorsement on commercial General Liability and Bis-Pak policies. Service includes a special case management level of support that dramatically reduces the time burden on the insured identity theft victim.

Why is it important to keep cyber insurance in mind when writing small commercial businesses? Cyberattacks can cost a small business anywhere from \$6,000 to \$100,000 per incident. Let's take a look at some of the numbers.

CYBER LOSS TRENDS

Up until 2017, the individual consumer was the top target for a ransomware attack. This has shifted dramatically in the past two years. Ransomware attacks on small to medium-sized businesses were up 12%.

12%

Attacks on mobile devices were up 33%.

33%

70% of businesses see an insider attack at some point, while at least 60% have experienced one in the last 12 months.

70%

48%

48% of infected email attachments are office files, an increase from 5% in 2017.

85% of those attacked say it's hard to see the full extent of the damage from the attacks.

85%

56%

Web attacks were up 56%.

4,800 websites were compromised each month by hacks looking for credit card and other payment information details.

4,800

Malicious Code

Email attachments with malicious code embedded are on the rise.

PREMIUMS AND CLAIMS

In 2018, 184 U.S. insurers reported cyber premium, up from 170 in 2017.

184

10%

Total written premium grew to \$2.03 billion in 2018, a 10% increase from 2017.

Premiums from package business are increasing by about 6% annually.

6%

\$100,000

Cyberattacks can cost a small business anywhere between \$6,000 and \$100,000 per incident.

First-party claims accounted for 68% of all cyber claims in 2018.

68%

Increasing

Small commercial premiums have been steadily increasing over the past few years and that trend looks to continue.

The industry loss ratio was 35.4% across all policies last year.

35.4%

\$1.6 million

Acuity wrote \$1.6 million in cyber premium in 2018, with \$518,000 coming from new business.

ARE YOUR CUSTOMERS PREPARED?

65% of businesses would be unprofitable within the fiscal quarter if they lost access to important data.

65%

58%

58% of small and medium-sized businesses deal with threats to their supply chain, but only 7% are taking steps to address those threats.

The aftermath of a breach can bankrupt a small company.

Bankrupt

Breaches

Organizations must be vigilant in protecting their info from both internal and external breaches.

Some of the biggest drivers of internal threats and attacks include fraud, money, theft of intellectual property, sabotage, and espionage.

Internal Threats

Take Action

To combat the threats, companies have amped up training, created information security governance programs, monitored user activity, and implemented secondary authentication practices.

Many smaller companies rely on outside contractors to manage their risk, since it can be challenging to recruit and retain IT talent on a small budget.

Outside Contractors

CYBER CLAIMS

Despite the proliferation of headlines about data breaches and cyber incidents, some businesses may still feel they don't need cyber coverage. Providing examples of actual cyber and data breach claims can highlight the risks faced.

CLAIM SCENARIO 1

A burglar broke into an accountant's office and stole a computer with the tax records of clients. The insured's clients were in four states and he needed assistance meeting the various state law notification requirements. Clients were urged to contact their banks and place alerts on their credit files.

Coverage Applicable:
Data Breach

Paid Loss after Deductible:
\$28,000

CLAIM SCENARIO 2

An employee of an investment company installed peer-to-peer file sharing software on a company computer. Identity thieves manipulated the software to access the records of clients on the computer system. After consultation with an attorney, the insured learned that he was obligated to notify the clients of the breach. Additionally, it was determined that the insured would need to hire an outside firm to help restore the computer system to its pre-attack functionality.

Coverage Applicable:
Data Breach & Cyber Liability

Paid Loss after Deductible:
\$50,000

CLAIM SCENARIO 3

While trying to balance the books, a business owner received a strange pop-up on his laptop. A ransomware virus locked the system until the extortion demand was paid. After consulting with the insurance carrier, the insured decided to pay the \$600 to unlock the system.

Coverage Applicable:
Cyber Liability

Paid Loss after Deductible:
\$2,400



Cyber Liability Coverage and Data Breach Coverage are designed to help businesses respond to a range of cyber incidents, including breaches of personally identifying or personally sensitive information, threats of unauthorized intrusion into or interference with computer systems, damage to data and systems from a computer attack, and cyber-related litigation.

CLAIM SCENARIO **4**

An unknown actor stole approximately 20 deal jackets containing the Personal Identifying Information of customers from a dealership. The insured provided breach notifications and credit monitoring services to affected individuals. Two customers subsequently made legal demands as a result of this breach.

Coverage Applicable:
Data Breach

Paid Loss after Deductible:
\$20,013

CLAIM SCENARIO **5**

A business experienced a cyber-attack that involved compromise of its servers. After hacking into the system, criminals used the contacts from the business system to launch a ransomware attack against every email address in the insured system's contacts. Several of the contacts filed lawsuits claiming that they failed to properly secure the insured's system. Coverage was provided for the costs of hiring lawyers and to settle cases.

Coverage Applicable:
Cyber Liability

Paid Loss after Deductible:
\$14,000

CLAIM SCENARIO **6**

A business posted a picture of a local celebrity on their website. The insured noticed increased business attributed to this change. However, a letter was received from the celebrity's lawyer demanding that the picture be taken down. The lawyer also argued that their client's reputation may have been harmed by the association to this insured's product. The business owner hired an attorney to respond to the demand letter.

Coverage Applicable:
Cyber Liability

Paid Loss after Deductible:
\$7,000



NAIC INSURANCE DATA SECURITY MODEL LAW: WHAT YOU NEED TO KNOW

Over the last several years, the National Association of Insurance Commissioners (“NAIC”) has developed the NAIC Insurance Data Security Model Law (“Model Law”) in response to several high-profile data breaches and growing concern among insurers and financial institutions about cyber and data security. The Model Law is meant to serve as a benchmark for states looking to adopt a cybersecurity regulatory program.

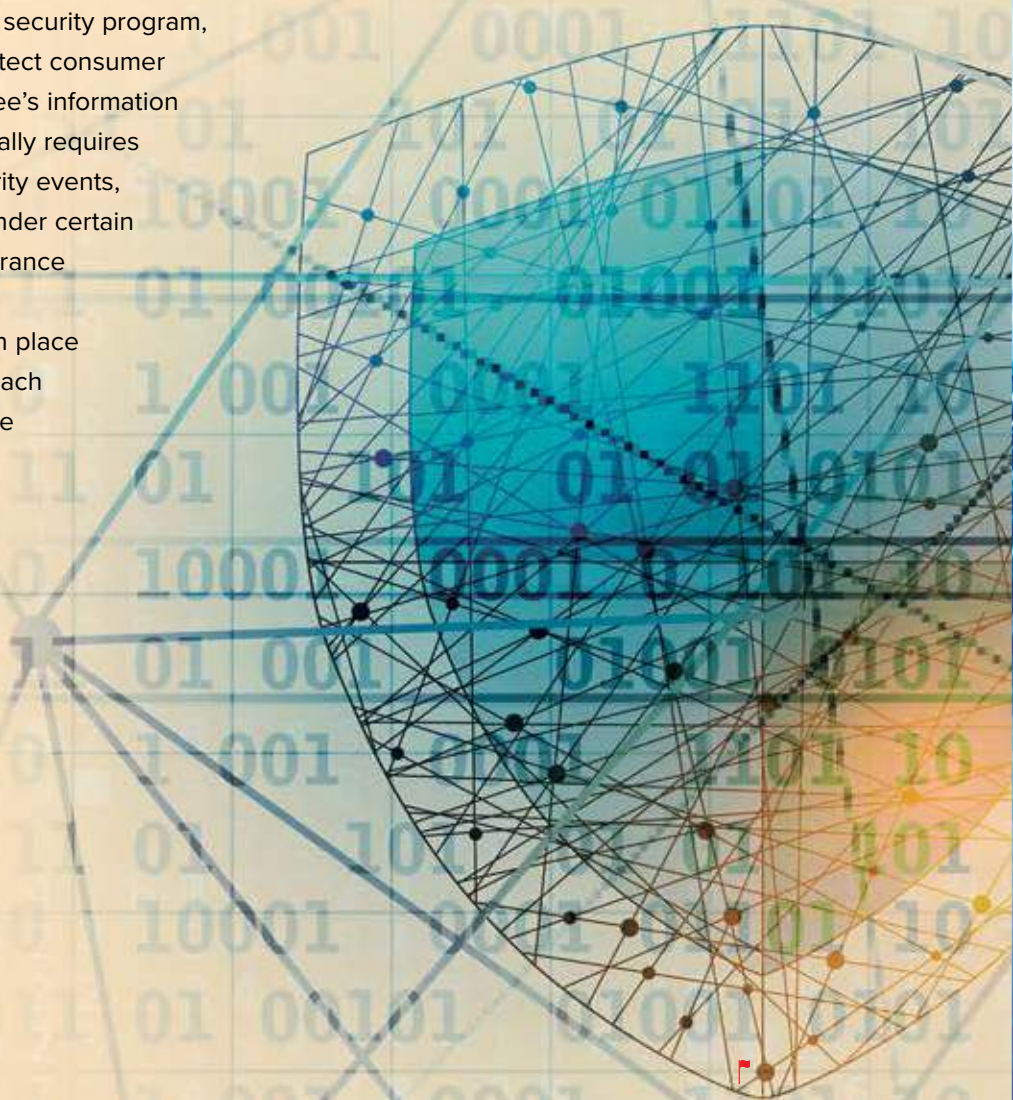
The Model Law requires insurers and insurance agencies licensed by a state insurance department (“licensees”) to develop, implement, and maintain a comprehensive written information security program, based on a risk assessment, to protect consumer nonpublic information and a licensee’s information system. The Model Law also generally requires licensees to investigate cybersecurity events, oversee third-party vendors and, under certain circumstances, notify the state insurance commissioner.

Most states already have laws in place impacting privacy, security, and breach notification standards, and many are considering taking the additional step to adopt their own version of the Model Law. Some states have already done so (see graphic), while New York has developed its own cybersecurity law from the ground up.

The Model Law and state variants contain many important definitions, exceptions, and exclusions to key aspects, such as the meaning of licensee, the scope of applicability, and breach notification standards. Such nuance requires careful review by entities potentially subject to these

laws. Licensees may be impacted by cyber and data security laws in any state in which they operate, but special attention should be paid to the applicable laws in a licensee’s state of domicile.

As a practical matter, many licensees often adopt the most stringent aspects of applicable laws into a single compliance program when faced with a multi-state and differentiated compliance burden. Individual states’ insurance departments may be able to provide additional information as well.



PRIVACY AND CYBERSECURITY: WHAT'S THE DIFFERENCE?

Privacy and cybersecurity are related but different regulatory areas currently impacting the financial services and insurance industries. Symantec Corporation describes the difference by explaining that privacy relates to any rights you have to control your personal information and how it's used, while security refers to how your personal information is protected.

Symantec also points out that when an individual supplies personal information with an entity or business (such as name, credit card number, Social Security number, etc.), the privacy/security outcome for that

information could differ. For instance, privacy and security could both be maintained if a business does not sell personal information to third parties and takes efforts to protect the personal information. Privacy and security could obviously both be potentially compromised in the event of a breach. However, the privacy of personal information could also be compromised while the security of the personal information has been maintained (in the event the business sells the information to a third party, as is the case with many online social and business activities).

PRIVACY REGULATION

Many companies with operations impacting European Union citizens, including those companies within the insurance sector, are still working through the complex and costly privacy implications for consumer personal information posed by the General Data Protection Regulation (GDPR), which was officially implemented in 2018. To a lesser degree, companies with operations impacting U.S. citizens, including those companies within the insurance sector, are already subject to aspects of many existing state and federal privacy laws, including state security breach laws, the Gramm-Leach-Bliley Act

(GLBA), and the Health Insurance Portability and Accountability Act (HIPAA).

However, some states are beginning to explore the possibility of adopting GDPR style privacy laws. California has already enacted the California Consumer Privacy Act (CCPA), which becomes effective January 1, 2020, and contains many similarities to the GDPR.

Federal privacy law discussions have been ongoing among policy advocates and industry insiders, but these discussions have not yet evolved into proposed federal legislation that would impact the insurance industry.



WINNING WORDSMITH: DENNIS MCKNIGHT WINS \$500K IN LOTTERY

The crossword puzzle was sitting in front of **Dennis McKnight**, having already been completed. It's 8 a.m. and the coffee-klatzsch guys are in full swing at their daily pitstop on Wednesday, talking about the latest news and solving the world's problems.

A patron in McDonald's stops over to show McKnight that his name is on the cover of a local paper. McKnight is a celebrity here at this Johnson Creek restaurant ... and to anyone who has ever played the lottery.

If you ask him what word he would use to describe the last week of his life, McKnight would say "elation."

But if you want to know what his favorite word is, he has a simple answer, just "ask" him.

For a person who can do a crossword puzzle in 10 minutes, one would think McKnight's favorite word would be complicated. But for him, the word "ask" is worth its weight in gold.

In fact, it is worth \$500,000.

"This is what I do for my brain," he said of his love of crossword puzzles.

He has been doing them for as long as he can remember.

That desire to find every word is the challenge. Before he gets to the restaurant each day, he stops at the BP gas station next door to get a paper and two lottery tickets. While filling out the crossword in the newspaper, he also scratches off a crossword lottery ticket.

But last week, he found the crossword a bit more interesting than figuring out ONE ACROSS. The more he found words on the ticket, the more his chances of winning went up. He got to 10 words — good for the top prize of \$500,000. He couldn't believe what he was seeing before his eyes.

McKnight quickly wrote all the words he found on a piece of paper and then called his son.

"Oh shoot. I wrote one word twice," he said of the word "basis."

He had nine right, still worth a lot of money, but not the grand prize.

"I thought I was only going to be a \$25,000 winner. Like that's only a small amount," he said with a laugh. "That's a lot of money. But not compared to this."

After he looked over the letters again, he found one more: Three letters, down, on the left side — "ask."

But he still didn't believe he'd won. He shot across his Sullivan home from his office to tell his wife. And the next day, the soon-to-be 75-year-old asked for the day off work. He found himself driving to Madison to the Wisconsin State Lottery office, but still wasn't a believer.

Once there, he had the card scanned and \$500,000 came across the readout.

"Finding that word was the difference of \$475,000," he said of "ask."

McKnight could scan the lottery ticket without doing the crossword to see if he had won, but that's no fun. He likes the challenge of the puzzle. Also, he said, local scanners usually only tell of smaller prizes. You have to contact the lottery office to find out something larger.

As soon as he won, McKnight stopped back at the gas station and told store manager **Jeff Brunk** about the lucky ticket.

"Yeah. We're very excited to have a big winner like that," said Brunk who is the Linmar BP store manager. "We've had a couple of \$10,000 winners. Nothing of that size."

The store gets \$10,000 for selling the winning ticket to use as credit for more tickets from the lottery office.

But make no mistake, even with the winnings, McKnight is not leaving his job that he loves at Acuity.

"I'm probably the oldest insurance adjuster in the state," he said. "I would not be working if not for Acuity Insurance. It is the most wonderful place to work. Last couple of years, it was the top place to work in Wisconsin."

After taxes, McKnight will take home \$341,720 from his lucky ticket.

So, what to do with it?

"I'm splitting it up with my kids. One of my kids is using that for my grandson's college," he said.

But if you win that kind of money, you have to do something nice for yourself, right?

McKnight said he and his wife always wanted to take a trip to Italy. But there is no rush.

On Wednesday morning, McKnight was back at McDonald's with his coffee, crossword puzzle completed and two new scratch-off tickets.

BY **CRAIG SPYCHALLA**, *DAILY JEFFERSON COUNTY UNION*.
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"I won the last major prize for this one. I don't know if the lottery people tell you that. I don't think that's a secret," he said.

But that didn't stop him from buying the same type of ticket with which he won.

"I don't know why I bought this. There is no chance of winning the big one. But there are still a lot of nice winners in there," he said with a smile.

Over the years, McKnight has made a lot of friends in the coffee group, like **Charlie Marks**. They get together each day to chat and enjoy the morning.

"We're all excited for him. I'm especially excited," Marks said.

"It's a wonderful thing. He could have kept this himself. And he's still working. He loves his job. He even insures me. That's really something."

The topic of conversation of this day, besides the lucky lotto winner, was the Miller Park name change coming next year for the Milwaukee Brewers. While the comments go back and forth between tables, McKnight finishes his crossword puzzle before his drink.

It's rare when McKnight will not finish a puzzle. If he can't figure out the word, he will look through crossword puzzle books to finish later that day.

"I never let go," he said. "Never."

And if you are sitting next to him some day and can't figure out THREE DOWN, just ask.





There are many great reasons to Sell Acuity! Each month we'll highlight sales tips, important coverages, and Acuity differentiators across the retail, manufacturing, construction, trucking, services, and personal lines market segments, written by different members of our Customer Focus Teams.

Trucking

The CDL Drug and Alcohol Clearinghouse is a new tool to improve highway safety that will be operational on January 6, 2020. The goals of the clearinghouse, established by the FMCSA, are two-fold: (1) to efficiently identify drivers not permitted to operate commercial motor vehicles due to drug or alcohol violations and (2) to provide access to real-time information ensuring that drivers receive the proper evaluation and treatment before resuming their driving duties.

Employers will be required to check the clearinghouse for current and prospective drivers' drug and alcohol violations before permitting those drivers to operate a vehicle. In addition, employers will annually need to check the clearinghouse for each driver they employ.

Drivers will be able to voluntarily begin registering in the secure online database in the fall. They need to keep in mind that starting January 6, 2020, drivers who want to change jobs will be required to be registered in the clearinghouse as part of their employment-related background check.

To learn more about the clearinghouse, visit clearinghouse.fmcsa.dot.gov/.

BY CLIFF JOHNSON,
TRUCKING CONSULTANT



Personal lines

Personal lines customers may think they don't have a need for umbrella insurance. So, ask your personal lines customers a few questions. Do they travel? Do they have children? Do they do any volunteer service? Do they own an ATV, snowmobile, or boat? If the answer to any of those questions is "yes," those customers are at greater risk of a lawsuit for causing personal injury or property damage.

Acuity's personal umbrella is a great choice because it is more than just an excess liability policy. It offers additional coverages over what is provided by underlying forms, such as use of a non-owned motorcycle or a rented watercraft.

Acuity also offers Uninsured Motorists and Underinsured Motorists coverage within our umbrella in most states. That helps insureds get their lives back to normal if they're in an accident with a driver who has little or no insurance. An umbrella policy provides peace of mind that insureds, their loved ones, and their assets are protected against severe claims or lawsuits.

BY SARAH PRINSEN,
SENIOR PRODUCT ANALYST



Manufacturing

In the past, we have written about how critical cybersecurity is for manufacturing. As manufacturers put protection in place against network hackers, the protection of the actual controllers that run the nuts and bolts of a manufacturing company are often overlooked. Those PLCs (programmable logic controllers) or RTUs (remote terminal units), also known as operational technology (OT), are often left unprotected.

- Perhaps the most important step is to build your systems with security in mind. Security is sometimes an afterthought, which leaves organizations in catch-up mode. This method can yield far more secure infrastructures in the long run.
- Ensure OT security works in conjunction with other IT security systems. Attacks have the potential of creeping between the two. This helps provide a 360-degree protection of all your systems.
- Create quality relationships with security vendors and don't be afraid to ask tough questions. Make sure your specific requirements are discussed to ensure your facility is properly defended.

For more information on cybersecurity, check out my blog on acuity.com/acuity-focus. And remember, Acuity loves manufacturing!

BY MICHAEL SCHLAGENHAUFER,
MANUFACTURING CONSULTANT



Retail

Cyber insurance is essential for retailers, many of which are small businesses. According to Forbes, 58% of cyberattacks are on small businesses, and 60% of small to medium-sized businesses don't reopen after a cyberattack.

Purchasing Cyber Liability, Data Breach, and Identity Recovery coverages from Acuity is a great way to help retailers reduce risk of becoming victim to the statistics above. By purchasing any one of the coverages in Acuity's suite of cyber-related products, insureds also get free access to our eRiskHub website.

eRiskHub is designed to help your insureds navigate the ever-evolving cyber risks they face. Specifically, the risk management tools within eRiskHub are designed to help a small business estimate the cost that a breach could have. This estimate can then help determine if the level of coverage purchased is appropriate or if more coverage is needed.

As always, if you have any questions regarding the cyber coverages that Acuity offers, check out our brochure at [acuity.com/brochures](https://www.acuity.com/brochures) or contact your commercial underwriter who will be happy to assist you!

BY **DANIEL KAUFENBERG**,
COMMERCIAL LINES CONSULTANT



Services

Businesses of all sizes are vulnerable to a cyberattack. Here are four tips you can share with your customers:

- **Train employees.** Negligent employees cause most of the data breaches experienced by small businesses. Encourage your clients to educate their employees on their cybersecurity protocols and guidelines.
- **Change passwords often.** Encourage system users to change their password regularly and to use a combination of uppercase and lowercase letters, numbers, or symbols.
- **Put up a firewall & back up data.** Firewalls keep your network secure and can prevent unwanted users from getting into your systems. An automatic backup system will store clients' data in more than one place, which can prevent data from being completely lost if it is removed from one location.
- **Get covered!** Encourage your clients to purchase cyber liability coverage. Information about Acuity's Cyber Suite can be found here: [acuity.com/cyber](https://www.acuity.com/cyber).

BY **CHELSEA BURRIS**,
SENIOR INSIDE CLAIMS REPRESENTATIVE



Construction

Fire Prevention Week is observed in October of each year, making it the perfect time to talk with your insureds about fire safety.

It is the responsibility of everyone on a job site to understand the necessary elements of fire safety. Each year, businesses suffer catastrophic losses due to fires that are preventable. Simple preventive measures, such as keeping combustibles to a minimum in work areas, ensuring flammable liquids are labeled and stored in approved safety cans, and minimizing ignition sources like damaged electrical equipment, hot objects, and open flames, can go a long way. In the event a fire does erupt, it is essential to not only have the proper fire extinguishers nearby, but also to ensure everybody understands how to effectively use them.

Acuity offers two safety talks, Fire Extinguisher Basics and Fire Prevention Basics, that provide you and your insureds with a starting point for better understanding how to prevent fires on the job. These are available to our agents in the Resources section of the Agent Center at [acuity.com/cyber](https://www.acuity.com/cyber) and make a great handout for brief safety meetings. Remember, you can even co-brand these brochures to further advertise your expertise!

BY **ANGIE PRINSEN**,
CLAIMS CONSULTANT



NEW SERVICE LINE COVERAGE FOR HOMEOWNERS

Acuity now offers Service Line Coverage as an option on homeowners policies to cover underground piping or wiring providing services to the dwelling, including:

- Waste or sewage
- Water
- Gas or heat
- Electricity
- Internet access, cable, telecommunications



Covered Perils

Coverage applies up to \$10,000, with a \$500 deductible, when the service line is damaged by:

- Wear and tear or rust
- Mechanical breakdown
- Weight of vehicles or equipment
- Electrical current
- Freezing
- Animals, including insects
- Tree root or other plant invasion

Service Line Coverage is available for both urban properties and rural properties not connected to municipal services. With rural homes, underground sewage piping from the dwelling to the septic tank, water piping from the well to the house, and fuel piping from tanks for heat to the house are covered.

Acuity Advantages

Some carriers have separate sub-limits for temporary repairs, for outdoor property including trees, driveways, and walkways, and for additional living expense if the home is not habitable for a few days. Acuity includes these additional coverages without sub-limits as part of the \$10,000 endorsement limit.

Additionally, many insurers partner with a third party to handle service line claims, but Acuity does not: our experienced claims representatives deliver prompt, superior service. Our pricing is also very competitive, starting at just \$9 per year for homes under 16 years old.



CLAIMS EXAMPLES

The most common service line losses involve sewer lines, followed by losses to water lines. Here are two examples:

1.

A tree root grew through a sewer pipe causing it to leak. Hiring an excavator cost \$4,050, the cost to replace the sewer line was \$1,750, and lawn repair cost \$700.

Deductible
\$500

Insurance
payment
\$6,000

**Total costs
\$6,500**



2.

During a winter cold spell, a water pipe connecting to the primary public pipeline froze and ruptured. Excavation cost \$3,950, a replacement water line cost \$1,000, and replacing trees, shrubs, and lawn cost \$1,450. The homeowner also needed three nights in a hotel before water was restored, costing \$800.

Deductible
\$500

Insurance
payment
\$6,700

**Total costs
\$7,200**

COMMUNITY INSURANCE GROUP LIVES UP TO ITS NAME

When **Jeff Sargeant** purchased an agency in Sidney, Ohio, in 1995, he and his wife, **Nancy**, gave a lot of thought to what the right name for the firm should be. They chose Community Insurance Group (CIG) and, over the years, the word *community* has become much more than just a word on the agency's letterhead.

"Initially, we chose *community* simply to reflect that we were serving a broad geographic area," Jeff says. "Today, it's much broader. It's a reflection of our belief in supporting where we work, live, and give through our actions and commitments."

The agency is an active participant in industry and customer fundraising activities, including contributions to scholarship funds, events, and charitable giving. Additionally, it regularly schedules "CIG Days" where staff are encouraged to participate in charity events and support groups they are passionate about. Jeff and Nancy are personally involved in A Kid Again, a Columbus-based charity that supports children with life-threatening illnesses and their families and provides them year-round outings and activities.

Service Specialization

Under Jeff's leadership, CIG has become one of the largest insurance agencies in West Central Ohio, leveraging technology to expand its geographic footprint.

"We used to think expansion required a brick-and-mortar storefront. Today, we realize it's about having the right people with the right characteristics to fit into our culture, wherever they are located. We can support those people remotely with a laptop and printer and use web conferencing and instant messaging to stay connected even if we're not in the same building," says Jeff.

Although technology has allowed the agency to expand efficiently, Jeff stresses that the most important component of CIG's growth and success is its staff. "We have quality people who know the industry, know the markets, and know the products. That sets us apart in all areas of the insurance business," he says.

"Because of the knowledge our people bring to the table and the services we offer, we aren't spending a lot

of time talking to prospects and clients about pricing: we're talking about the loss control and risk management pieces we can help them put into place to run their business better, more safely, and more efficiently," Jeff adds. "Not only does that benefit their operations, but they look more attractive to the insurance marketplace as well."

CIG maintains its own, in-house risk management staff and invests \$100,000 annually in risk management tools and training programs to help clients create a culture of safety and reduce their total cost of risk. "That helps us attract and retain accounts. Our goal is to try to insure accounts for a lifetime—as long as they are in business," Jeff says.

The agency writes both personal and commercial lines, and has focused heavily on commercial for the past several years. "Acuity has been a key player in our commercial lines growth because of their trucking specialization," Jeff says. "With where we are located, there is a lot of opportunity to write trucking operations that haul for many different sectors of industry and agriculture."

No Limits

In looking toward the future, CIG believes there is no obstacle it can't overcome. "With technology, we can truly 'plug and play' our method of doing business. With the risk management services we offer, we've raised the bar in what clients expect from their agent, and our only challenge is finding people who share our commitment to serving the customer and community," Jeff says.

"I'm extremely proud of how supportive our people are of the communities where we live and work," he adds. "I can't emphasize enough how the collective group is the reason we are successful."



DID YOU CATCH THE PHISH?

The Cyber Coach column in the July *Infocus* included two examples of emails: one legitimate and one a phishing attempt. Readers were asked to identify which one they believed was a phishing email and, from the correct answers we received, we randomly selected one \$100 winner.

Congratulations to **Meghan Sharpe** of the Foster White Insurance Agency, our phishing contest winner! Meghan says that detecting phishing scams is challenging because scammers keep changing their approach to stay ahead of detection.

"Phishing attempts have become more sophisticated over the years," she says. "The emails often contain some information that looks like a correct account or other information you are familiar or associate with. I remove the emails from my personal email account and we respond at work by letting management know of any suspicious emails immediately."

The good news is that public awareness of phishing and other cyberattacks has increased, which makes it easier to have conversations around risk with customers. "Insureds have become more aware of the issue through media or heard of similar companies who have had issues with cyber-related events. They are more open to the conversation and coverage options," Meghan says.

Meghan and the staff of Foster White work hard to increase customers' understanding of risk and put cyber insurance coverage in place.

"We help raise awareness and the need for coverage through examples of other insureds' experiences, using claim scenarios to help clarify exactly what cyber coverage can provide them," says Meghan. "We explain that not only are large companies targets for phishing attacks, but small and medium-sized businesses often become victims as well, and they may not have the financial or professional resources to protect and defend their networks."

Check out the original phishing email and the clues that led our astute readers to correctly identify it as a scam.



CYBER COACH

"Undisclosed recipients" may simply mean the sender is using bcc: or another method to obscure addresses for privacy and is not necessarily a phishing clue.

To: [undisclosed-recipients] Cc Bcc

From: IRS

Dear Taxpayer,

We have identified an error in the calculation of your tax from last payment, amounting to a refund of \$598 due to you. In order for us to return the excess payment, you need to create e-Refund account after which funds will be credited to your specific bank account.

You must respond to this email in 3 days or this amount will be lost! Act quickly!

Please click "claim my refund" below to get started.

[Claim My Refund](#)

Sincerely,
Department of the Treasury
Internal Revenue Service



Organizations that know you should address emails to you personally, not just as "Taxpayer." Combined with the blank subject and generic "From" line, the clues start to add up.

Spelling mistakes should not be made in a legitimate email and are strong clues here. Referencing a bank account is also a caution.

Creating a sense of urgency is a tactic often used by scammers.

Hovering reveals that this link directs to www.fc3cmd.irs-refund.com. Note that "irs-refund.com" is NOT the same as an irs.com address.

The email lacks a personal signature with contact information that could be verified against a trusted source, such as the organization's legitimate web page.

Be especially wary of unexpected emails from official organizations. It's easy for scammers to simply copy an official logo from the web.

**BY JESSIE HOLTE,
COMMERCIAL LINES CONSULTANT**

ACUITY EARNS TOP AWARD FOR ECONOMIC IMPACT

Acuity Insurance earned the Economic Driver Award from the Wisconsin Economic Development Association (WEDA).

The Economic Driver Award honors Acuity for its commitment to long-term investment in its Wisconsin operations that have a significant economic impact in the community and across the state. The award is part of the Community and Economic Development Awards (CEDA) program established by WEDA to recognize businesses, projects, and organizations that are making significant contributions to Wisconsin's economy.

"The Wisconsin Economic Development Association and our 400-plus economic development professional members across the state are excited to congratulate Acuity Insurance for winning the Economic Driver award at the 2019 CEDA Awards," says WEDA Executive Director **Brian Doudna**. "The well-deserved win recognizes Acuity Insurance's long-term investment in Sheboygan and Wisconsin and the significant economic impact the company has had in their community."

"We are tremendously honored and proud to receive the Economic Driver Award," says **Ben Salzmann**,

President and CEO. "This reflects our commitment to the state of Wisconsin as well as our mission of service to our customers and community and to helping people rebuild shattered lives."

Acuity has grown in Wisconsin and throughout our operating territory at a rate that eclipses the rest of the insurance industry, doubling top-line revenue in the past eight years and adding \$225 million to top-line revenue in just 24 months. In addition, Acuity is an integral part of the Sheboygan community with a long history of charitable efforts, including donating over \$3 million to charitable organizations in 2019.

Acuity's impact on the community and state also includes our recent completion of a \$250 million, privately financed expansion of our Sheboygan headquarters, doubling the size of total building space to over 1.2 million sq. ft. The project retained the local Acuity Insurance workforce and created new jobs that will help ensure our long-term economic impact in the area. Acuity hired more than 1,000 people over the past seven years through organic growth.

WEDA Executive Director Brian Doudna (left) presents the award to Wally Waldhart, Acuity Vice President – Sales and Communications, at the recent Community and Economic Development Awards program.



Industry Insider

A J.D. Power Property Claims Satisfaction Study found that:

- Managing the stress of a claim is one of the top factors that drive satisfaction.
- Carriers that provide a clear understanding of the claims process, show empathy, answer all a customer's questions, and clearly identify the next step improve overall customer satisfaction. (Maybe that's why Acuity has a 95% claims satisfaction rating!)



Q. Did Acuity's Guaranteed Replacement Cost - Dwelling endorsement just get better?

A. Yes, we have added an option for the policyholder to receive payment for the Coverage A amount if the cost to repair the dwelling exceeds 80% of the Coverage A limit. The policyholder makes the decision to rebuild or to cash out after the total loss.

Q. Did Acuity increase the endorsement premium?

A. We added the cash-out option without changing the endorsement premium. Like the prior endorsement, it is automatically included with the Road and Residence® policy. For other HO-3 policies, the endorsement may be purchased if the dwelling is insured to 100% of its replacement value.

Q&A ACUITY

Q. How do I add this enhanced coverage to my existing home business written with Acuity?

A. Consider it done! All existing policies endorsed for guaranteed replacement cost will renew with guaranteed replacement cost or cash-out option for Coverage A - Dwelling.



Searching for a Job?

Headquarters

- Actuarial Analyst
- Building Maintenance/Fleet Specialist
- Business Systems Analyst (Entry-Level or Experienced)
- Commercial Processor
- Information Security Compliance Analyst
- Inside Claims Representative
- Licensed Agent – Multiline Programmer (Openings for January and June 2020)
- Programmer Intern
- Systems Engineer – Security
- Technical Support Analyst – Intern

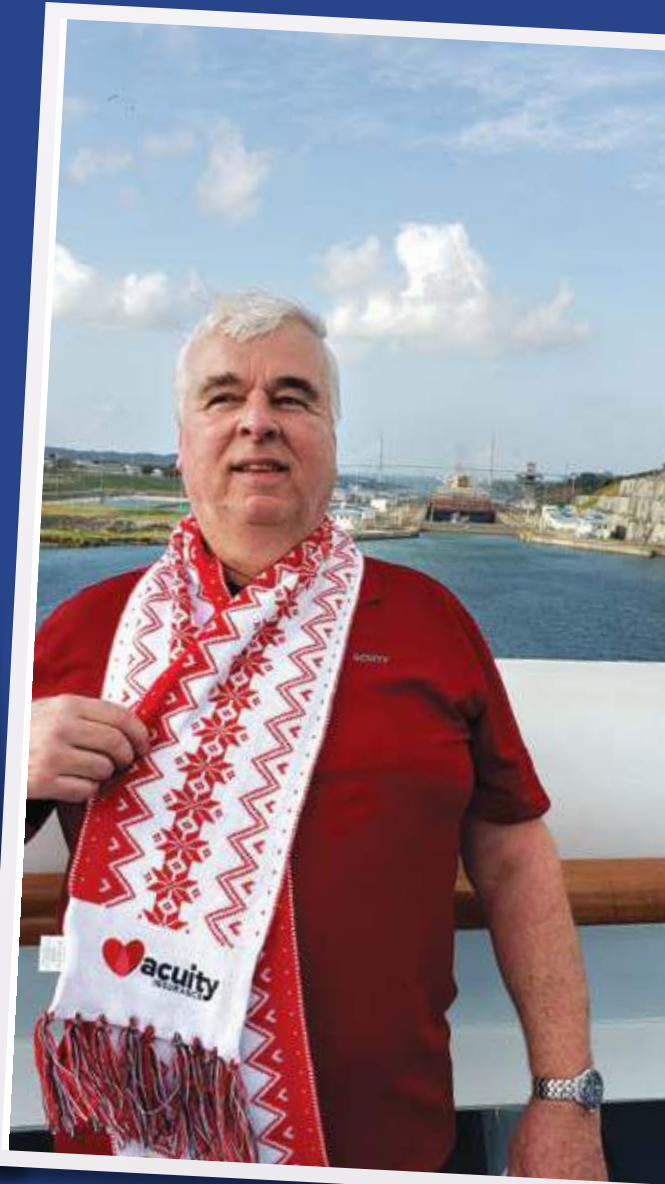
Field

- Commercial Field Underwriter
Richmond, Virginia
- Field Claims Representative
Billings, Montana
- Dallas/Fort Worth, Texas
- Portland, Maine
- Southeast Pennsylvania
- Field Premium Auditor
St. Louis, Missouri
- Loss Control Representative
Northeast Illinois
- Richmond, Virginia
- Territory Director
North Dakota/South Dakota

For more information, contact Joan Ravanelli Miller, General Counsel and Vice President - Human Resources, at 800.242.7666, extension 1666.

Acuity provides equal employment opportunities to all employees and applicants for employment without regard to race, color, sex, sexual orientation, gender identity, religion, disability, age, genetic information, veteran status, ancestry, national or ethnic origin, marital status, and all other protected categories in accordance with applicable federal, state, and local laws.





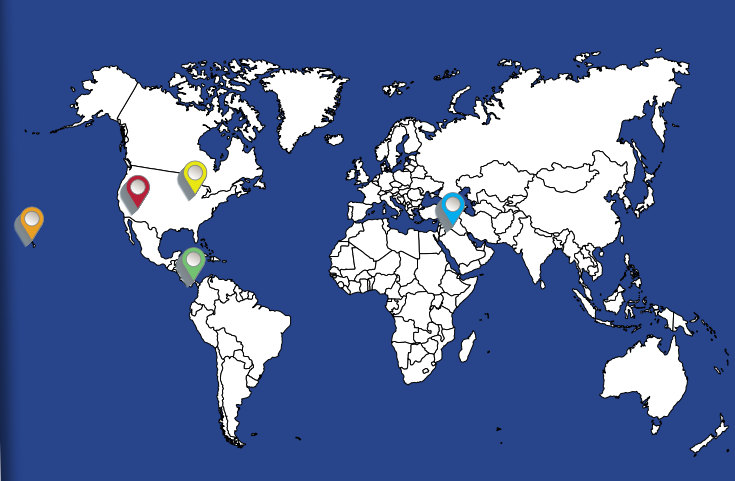
Strategic Information Analyst **Zach Zeman** and Senior Programmer Analyst **Danielle Berchmans** used an Acuity umbrella to keep dry while exploring the Byodo-In Temple in Oahu, Hawaii.

Rick W. Ingram of Ingram Insurance Agency took his Acuity scarf along for a trip through the Panama Canal.

Would you like to win \$100? Email a picture of yourself or your family with Acuity logo gear featuring an interesting location to infocus@acuity.com and include a brief description of Where in the World Acuity has been. If we use your picture, we'll send you \$100! This offer is open to all employees of Acuity and our independent agencies.

To increase your chances of being selected, consider these tips for a winning shot:

- Prominently display your Acuity swag—and the more the better!
- Location, location, location! Photos taken in exotic, amazing, and breathtaking locations catch the reader's eye.
- Send high-resolution images that have good lighting and focus.
- Send multiple pictures of your trip, even if they are taken at the same location.
- Keep in mind that all recognizable people will need to agree to a photo release if your picture is chosen.
- Have fun!



Business Analyst **Kim Meyer** brought her Acuity hat and socks on a hike of the South Kaibab Trail in the Grand Canyon in Arizona.



Inside Claims Representative **Matt Wheelan** and his Acuity socks recently returned home safely from a deployment to the Mideast.



Rolan, son of **Tara Mondloch** of THZ Insurance Group, stays cool in the summer sun thanks to the shade of an Acuity umbrella.

HANDLING FIELD CLAIMS IN THE **WESTERN STATES**

Acuity currently writes in eight western states: Idaho, Nevada, Montana, Wyoming, Colorado, Utah, New Mexico, and Arizona. From a geographic perspective, that is a lot of ground to cover—nearly 900,000 square miles!

In most of the western states the population is concentrated in a few areas, and wide-open spaces make for sprawling bedroom communities. Driving from the north to the south side of the Denver metroplex covers 46 miles, which can turn into a three-hour trek with road construction and traffic. Additionally, traveling to rural communities dotted throughout the region makes for a lot of windshield time for our field claims staff.

When jumping into the car to get to an insured involves a four-hour one-way drive, or perhaps even a flight, we need solutions to meet our insured's immediate needs. Our claims operation leads the industry in quick response, and we have developed systems within our communities to get service to our customers even when we will need extra time to arrive in person. Those systems are relationship-based, such as mitigation service companies and independent adjusting services that have people nearby.

Our rural agency partners are also key to our response, as they are the first to know of the incident and often contact our local field claims team members even before reporting the claim to the home office. They often help us with notarizing and mailing original documents or scanning copies to help expedite the claim.

Additionally, claims in western states, especially weather-related claims, are a little different from other areas.

In the Southwest, we very rarely see snow; however, there are summer monsoon rains. Flat adobe roofs, which are an excellent design for the strong winds, become giant swimming pools when torrential rain drops inches in minutes. Insureds attempting to drive through flash floods also create total vehicle losses. On the other end of the spectrum, Colorado and the mountain regions do have snow—as much as 400 inches over the course of a winter—and get hit by hailstorms every spring and summer.

The weather causes challenges in claims handling as well. Our 100-plus-degree temperatures can cause dehydration, heat exhaustion, sunburn, and even heat stroke. During the summer, adjusters need to inspect roofs early in the morning to avoid overheating, wear gloves to prevent burning their hands on 160-degree rooftops, and wear protective clothing and sunscreen when inspecting buildings or vehicles. Our iPhones can easily overheat in the sun, even if they are in a car with the air conditioning running. Having extra drinking water is essential when driving long distances through the desert, where cell phone service may be non-existent for long stretches.

Although it no longer takes days to ride from town to town, there is still a feeling of more wilderness than civilization out in the West. It is very much a region of growth and opportunity. Acuity is a relatively new name in the West, but our book of business continues to grow as our reputation spreads.



**BY MELISSA GRANDON,
MANAGER - FIELD CLAIMS**

TAKE A JOURNEY INTO PERSONAL LINES CYBER INSURANCE

The next Acuity U film, *Journey into Cyber Land: A Personal Lines Adventure*, gives viewers an inside look at personal cyber exposures—literally! Follow **Tim** and **Hyori** as they transform into characters who travel inside computers and networks to explore the risks we all face in “cyber land,” including:

- Identity fraud
- Cyber extortion
- Phishing and electronic theft
- Wire fraud
- Cyber bullying

Additionally, *Journey into Cyber Land* highlights best practices for protecting yourself against these risks as well as the importance of Acuity’s Identity Fraud Expense and Cyber Protection endorsement in personal lines, which provides:

- First- and third-party coverage
- Identity fraud expense
- Data recovery and system restoration
- Breach notification costs
- Cyber protection legal expense & damages reimbursement

Journey into Cyber Land: A Personal Lines Adventure will be available in late October at acuity.com/acuityu.



Acuity partners with Trustpilot, an independent, Google-certified review platform that provides verified reviews from people who do have a service experience with us. See all our reviews at trustpilot.com/review/acuity.com.

Kalina



They made the claim process so simple. We opened the hail damage claim via email. After one brief call from Acuity, the claim was opened and approved. The body shop sent in an estimate and a check was mailed out shortly after that. The most painless claim I've ever filed. Thank you.

ASK THE SPECIALIST

ASK AARON

How do retail businesses hire great employees in such a tough labor market?

We are now at the point where the number of open positions is outpacing the number of people willing to take those jobs. This means retailers need a strategy.

Before even posting a job, think about the job itself and whether it should be a full-time or part-time position. Be realistic about the job expectations, so the true needs of the job meet the expectations of the employee. Also consider reviewing minimum requirements for the position. Does a prospective employee really need to know exactly how to complete that task, or could you train a candidate who is eager to learn? Once you have determined exactly what you are looking for, it's time to find and hire that great employee. Listed below are some suggestions to help you manage this challenge.

- **Be competitive with your compensation.** Studies have shown that how much you pay your employees is not the main reason they decide to work for you, but your compensation must be competitive. Take the time to do some research and learn what other businesses are doing. Think outside the box and offer benefits, such as a retention bonus.

- **Create an employee atmosphere that people want to work in and share your brand story.** Make sure your brand story shines through in social media and represents your business as an amazing place to work. Create an environment that offers continual learning opportunities. If your business is smaller, promote that as a competitive edge and explain how being smaller sets your business apart from others.
- **Leverage technology in your recruiting program.** Have a career page on your website to promote your employee development programs and communicate any current openings. Use social media to create a buzz surrounding your hiring needs and advertise your great-place-to-work atmosphere. Job boards are also a great way to target specific audiences that are interested in what your business has to offer.
- **Never stop looking for talent.** Even though you may not have any current open positions, have a bench of potential candidates ready to go. Keep interested candidates informed about your hiring needs, but also be realistic about the timing of openings.
- **Have a strong referral program.** Current employees understand your business and know what skills are needed to do the job well. Provide a referral incentive, which will often cost less than traditional recruiting options, result in higher quality candidates, and improve retention.
- **Streamline your hiring process.** A mobile application is convenient for candidates and will increase the likelihood they will complete the entire process quickly. Conducting group interviews or phone screenings can narrow your pool quickly, allowing you to focus on the best possible candidates. Consider completing all your interviews and pre-hire paperwork on the same day.

Also remember that the easiest employee to hire is one who never left. Having a great retention program is critical to reducing your turnover and eliminating the expense of having to fill an open position. Take a proactive approach to retaining your employees by engaging with them on a regular basis. Solicit their feedback and act on the things you can to keep them happy. Employees who are happy rarely see the need to look for new employment.

Aaron Stamm is Acuity's Retail Consultant. Contact him at aaron.stamm@acuity.com.




Open!

Find the Flagpole

The flagpole in issue 8 was hidden in the image on page 15. The three winners of \$100 chosen from among those who found it are:

Anne Hallahan	VTC Insurance Group	Troy, MI
Margarita Negley	IMA Select LLC	Overland Park, KS
Crystal Fenton	Archibald Insurance Center	Rexburg, ID

To enter this month's contest, find the  hidden elsewhere in this issue, then send an email with its location to contest@acuity.com by November 15, 2019. This contest is open to agency staff only.



IMPOSSIBLE INSURABLES

“FALL” CLEANING

This hazardous situation really puts the “fall” in fall gutter cleaning! Don't be like this guy—be safe this season.

Do you have an “Impossible Insurable” to share? Send your pictures to infocus@acuity.com. Pictures must be original photos taken by an employee or agent, cannot be of a prospect, insured, or claimant, and the subject of the photo must be in a public location. If we publish your photo, we'll send you \$100.



TAMMY O'DONNELL MARKS 20 YEARS OF OUTSTANDING SERVICE AT ILLINOIS AGENCY

Agent **Tammy O'Donnell** completed her 20th year at Kaiser/North Shore Insurance Agency on September 30, 2019. Over that time, she has distinguished herself for the service she provides and the attitude she brings to the agency's customers.

"Tammy is faithful, loyal, and dedicated to making sure the customer receives the best service possible. She always goes the extra mile in everything she does for us," says agency Vice President **Christopher Tomek**. "Our agency prides itself on the service to our customers, and Tammy is the perfect example of how customer service is handled."

As an Agent for the Waukegan, Illinois-based agency, Tammy works with customers in personal lines as well as health insurance.

In both lines of business, she strives to make a personal connection with clients.

"I try to get to know people, truly understand what their insurance needs are, and accommodate them in any way I can. When it's a claim situation, I know that people are often unfamiliar with the process and can be confused and that it's my job to help them understand the process. I like helping people and having them walk out of here with a smile on their face," she says.

Tammy adds that in all areas of customer service, Kaiser/North Shore staff members focus on putting customers first. "Everyone here is always helping each other out, listening to what is going on, and willing to jump in and assist wherever it's needed," she says.

Congratulations to Tammy O'Donnell, an Outstanding Service Professional!



OUTSTANDING

WORD OF MOUTH

facebook

October is National Cybersecurity Awareness Month. Learn tips to keep yourself safe and other helpful information at facebook.com/acuityinsurancecompany.

