

Corporate Identity ProtectionSM

Coverage for Automotive Dealers

Expansive Coverage for a Rapidly Growing Exposure

The explosion of electronic data processing and transmittal as a daily part of business has dramatically increased the incidence of identity theft. More than 245 million Americans have had their personal information compromised since January 2005.¹ Forty-six states, the District of Columbia, Puerto Rico and the Virgin Islands have passed laws requiring that businesses notify consumers if their personal information in such businesses' control has or may have been compromised.² Failure to do so can result in severe civil and regulatory penalties, administrative expenses, legal liability and defense costs—and perhaps most costly of all—damage to reputation and loss of customer confidence.

Automotive Dealers must be diligent in their identity protection efforts due to enforcement of Red Flag Rules as issued by the Federal Trade Commission (FTC). In response to the Fair and Accurate Credit Transactions (FACT) Act of 2003, dealers must position programs that provide for the identification, detection and response to patterns, practices, or specific activities, known as “red flags” that could indicate identity theft. As a business in possession of personal identifiable information, dealers automatically have a liability. Automotive Dealers now have an insurance solution specifically designed to address most of these exposures:

Corporate Identity ProtectionSM (CIP) from Executive LiabilitySM

An Effective Solution for Today's Identity Theft Epidemic

CIP offers worldwide insurance coverage to an automotive dealer when its data is compromised resulting in identity theft. Even if the identity theft leading to fraudulent use is as a result of negligence, the policy offers coverage to the dealer for the following:

- Legal liability damages
- Defense costs
- Regulatory action expense
- Notification costs
- Crisis expenses
- Identity theft recovery services for victims such as education, assistance and credit monitoring

The Focus

CIP effectively addresses the risk of identity theft that automotive dealers face when entrusted with the personal information of their employees and customers. With limits ranging from \$50,000 up to \$5 million, coverage is suitable for automotive dealers with revenues up to \$500 million.

Crisis Management Response

Businesses nationwide are required by law in most states to respond to any unauthorized release of their clients' information. Businesses now recognize that damage to their reputations and the loss of customer loyalty after an unauthorized release becomes public could prove costly. The value of an effective and rapid communications program in the face of such a crisis—combined with practical assistance for the victims—cannot be underestimated. With CIP, automotive dealers can obtain immediate access to public relations firms to fulfill these services and reimbursement for their losses.

¹ <http://www.privacyrights.org/>

² <http://www.ncsl.org/programs/lis/cip/priv/breachlaws.htm>

Stolen Identity Liability

Businesses are understandably concerned with the civil liability they may face as a result of identity theft based on the unauthorized release of client information. Several lawsuits already have been filed and it is possible that future settlements of these or other lawsuits will make headlines and adversely affect business balance sheets. Lawsuits are expensive to defend, even if they are groundless. With CIP, automotive dealers can protect their assets from such liabilities and defense costs.

Protecting Customers and Employees Alike

By providing services for identity theft victims through the CIP coverage, an automotive dealer demonstrates its commitment to the needs of consumers. This demonstration of good faith has proved to be a valuable asset in retaining customers, maintaining employee satisfaction and preventing costly actions.

To learn more about Corporate Identity Protection, please visit www.chartisinsurance.com, e-mail executiveliability@chartisinsurance.com, or contact your insurance broker.

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