

# DEALER PRINCIPAL

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## The Evolving Customer Experience

### **The Future is Electric**

Consumers and manufacturers accelerate their commitment to Electric Vehicles

Acting with Urgency Against Cyber Threats

Customer Spotlight:  
***Dick Garber***  
***Garber Automotive***

Zurich's Climate Commitment



## Editor's Letter

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Dear Leader,

It's been truly remarkable to see the many ways auto dealers have come through for their employees and customers over the past year and a half. The auto industry faced, and continues to navigate, extraordinary change in customer needs and expectations. We're inspired by the way our customers have responded and very proud to work with urgency alongside you to deliver the best experience for your customers.

In this issue, our cover story, "The Evolving Customer Experience," features a broad look at how car buyer behaviors and preferences have changed, and how continued focus on creating a superior experience will help you win in your market.

Our article "The Future is Electric" explores the latest trends driving consumer interest in electric vehicles, and how dealers can capitalize in this growing space now, five years and 10 years down the road.

This issue also showcases one of the most respected and admired figures in our industry, Dick Garber, who also happens to be a Zurich customer. We sat down with Mr. Garber to learn more about his history, philanthropy, team culture and how he prioritizes giving back to the community and organizations in need.

Additionally, we take a risk manager's point of view in two of our feature stories, cybercrime and negligent entrustment, and share guidance for navigating these risks to mitigate your exposure.

All of these stories and much more in this issue!

Regards,



Vince Santivasi  
Head of Direct Markets  
Zurich North America

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# Our People

## Zurich's Training and Business Development team

Training and professional development play a critical role in both individual and team performance. People perform best with education and development at every stage in their career. Tenured teams need development too, to work effectively together to achieve the best results. Zurich's Training and Business Development team delivers exceptional learning programs that help dealerships maximize their capabilities and develop the skills needed to perform at their best.

### What makes Zurich's training different

What sets Zurich apart is the deep expertise of each training team member, their collaborative approach to content design and the high standard of quality to which they hold themselves, striving for excellence in every aspect — whether it's skill evaluation, content development, presentation and delivery, leadership training or learning enablement.

The process begins with a skillful assessment of the training and development needs unique to each customer, selecting the right training method, designing and delivering a customized program, then following up and validating proficiency to ensure learning objectives are met.

#### Training team capabilities/responsibilities

#### Customer

For both F&I and P&C, the team designs and delivers training content for all components of Zurich University's virtual training and e-learning modules, covering a wide range of topics from compliance to F&I sales and lease presentation skills, objection handling, harassment and discrimination, and more.

For F&I, the team develops and facilitates F&I and leadership seminars for dealership employees and management staff. For P&C, the team assists field staff and customers with technical explanations of insurance coverage and risk management solutions, develops product comparisons and analysis to help customers identify gaps and coverage differences.

In 2020, when the pandemic took hold in the U.S., Zurich's Training and Business Development team adapted the in-store customer presentation to a virtual delivery model and facilitated training including virtual selling strategies and technologies, to enable F&I managers to effectively execute virtual deliveries for their dealerships.

#### Zurich producers (and underwriters)

Working internally, the Training and Business Development team creates and manages the F&I Selling System, hosts workshops for Zurich's MEGA team, designs and delivers content for Zurich's new hire academy, advanced training for producers and underwriters, executive and regional management leadership workshops and hundreds of learning resources.

“ I want to thank Zurich's training team for coming to Anderson. Mike and Ken worked with our team on understanding different personality types and using techniques and power phrases to deescalate situations. The team does such a great job at keeping employees engaged during the training sessions and getting everyone involved. This type of training is so important because we deal with difficult situations often, the techniques Zurich shared with us were extremely powerful and will help us be more effective in our customer interactions. ”

Thank you, guys,

Curtis Riens  
General Sales Manager  
Anderson Ford of Lincoln

## Meet the Team

### Ken Terry | Business Development Training Consultant

- 21 years of industry experience (Retail sales, finance, P&C, business development)
- Law enforcement background provides strong transferable skills and unique perspective for persuasive speaking and de-escalation techniques
- Property & Casualty Insurance Producer license
- Bachelor of Science in Sociology – Texas A&M – Commerce
- Training specialties: Leadership and Persuasion
- Group One Automotive Eagle Award winner
- Executive of the Year Award winner
- FAST Program mentor
- Joined Zurich in 2010



### Calvin Morrow | Business Development Training Consultant

- Association of Finance & Insurance Professionals (AFIP) Certified
- Property & Casualty Insurance Producer license
- Previously Mega Dealer Group Director of Finance Operations
- Pioneered first regional web-based training platform and first of its kind National Direct-to Dealer virtual F&I web series
- Over 18 years of industry experience
- Zurich team member since 2015
- Bachelor of Arts – University of North Carolina in Media Studies and Production
- President's Club Awards
- FAST Program mentor
- Diversity and Inclusion Council member



### Mike Zuniga | AVP, Senior Business Development Training Consultant

- 5 years in field sales
- 5 years with the Training and Business Development Team
- 25 years of direct sales experience
- 15 years business development
- Winner Zurich Impact Award (2020); Task Team Challenge Participant (2020)
- John Maxwell Leadership Certification (2019)
- Winner Zurich Bronze Award (2018)
- Producers' Club (2014)
- Training specialties: Sales Effectiveness and Leadership
- Joined Zurich in 2010



### Steve Cline, CPCU, CIC, ITP | AVP, Senior Business Development Training Consultant

- 18 years of training and business development experience
- Manages training and business development for P&C and underwriting
- More than 1000 individuals trained
- 4-time President's Club Award winner
- Designations: Chartered Property Casualty Underwriter, Certified Insurance Counselor, Insurance Training Professional
- Serves as SE/TR of the Society of Insurance Trainers and Educators
- US Army Veteran
- Joined Zurich in 1987
- 15 years of direct sales experience



# Our Company



## Awards & Recognition

Forbes names Zurich to America's Best Employers for Diversity list  
May 2021

Zurich is top insurer on Dow Jones Sustainability Index  
April 2021

Zurich receives Social Equity and Community Empowerment Award  
March 2021

Zurich named to Fortune's 2021 World's Most Admired Companies list  
February 2021

Forbes names Zurich to America's Best Employers list  
February 2021

Zurich earns honors on Corporate Equality Index for LGBTQ Equality  
January 2021

Bloomberg names Zurich to Gender Equality Index  
January 2021

# The future is Electric

Sustainability-minded consumers, automakers move the electric vehicle market into overdrive

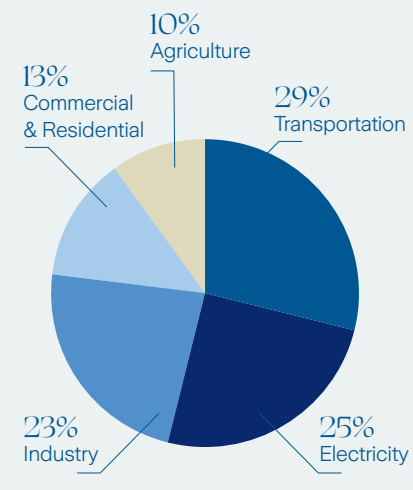


Increasing awareness of environmental issues caused by vehicles is one of the primary factors driving the growth of the global zero-emission vehicle market. As a result, reducing carbon emissions from vehicles has been identified as one of the key strategies in limiting climate change.

Within the transportation sector, more than half of greenhouse gas emissions come from passenger cars, medium- and heavy-duty trucks, and light-duty trucks, including sport utility vehicles, pickup trucks and minivans.<sup>1</sup>

Electric vehicles are an excellent solution to these problems as they do not emit pollutants as exhaust gas and most use renewable energy sources, such as solar, to power up, which in turn results in less dependence on fossil fuel. Reduction in pollutants in the environment also leads to cleaner air and fewer health problems, and electric vehicles can contribute to savings on fuel and maintenance costs.

## Total U.S. Greenhouse Gas Emissions by Economic Sector in 2019



All emission estimates from the Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2019.<sup>1</sup>

Electric vehicles have become increasingly appealing to environmentally-conscious consumers, with an increasing number factoring sustainability — specifically clean, electric, software-connected vehicles — into their buying decisions.

**Consumers factoring sustainability into buying decisions helped drive EV sales up 43% in 2020.<sup>2</sup>**

Auto manufacturer-prioritization of zero-emission models has seen rapid adoption from some of the largest automakers across the globe. When, in January, General Motors announced it would sell only zero-emission vehicles by 2035, the bold pronouncement made major news in the U.S. and around the world. 2021 has seen a surprising number of manufacturers following suit.

- **Carmakers worldwide will spend more than \$268 billion through 2030 developing new electrified passenger vehicle models.** Nine manufacturers have already announced plans to spend over \$22 billion to open new or renovated plants in the U.S. to build EVs in five states.<sup>3</sup>
- Between 2021 and 2023, the number of **battery electric (BEV) and plug-in hybrid (PHEV)** passenger vehicle models available to U.S. consumers **will increase from 64 to 82.**<sup>3</sup>
- Bloomberg estimates that at least **two-thirds of global car sales will be electric by 2040.**<sup>4</sup>

Automakers committed to zero-emission lines collectively own a large percentage of the U.S. market, and their switch to electric vehicles will have a major impact on emissions and vehicle trends in the U.S.

Electric vehicles have become a priority for an increasing number of consumers, and an even higher priority for automakers. Many car dealers are embracing the electric vehicle transition, and the excitement is warranted. The introduction of Ford's debut of the F-150 Lightning pickup, an all-electric version of the best-selling vehicle line in the nation for four decades running. Ford.com tallied 70,000 reservations for the Lightning within the first week of its official release on May 19. That followed the successful introduction of Ford's Mustang Mach-E electric vehicle, a launch for which 70% of initial customers were new to Ford.<sup>5</sup>

Though there are unresolved questions about inventory management, sales and service training, and the impact on revenue generated through F&I and fixed operations, OEM commitment to producing electric vehicles and demand by sustainability-conscious businesses and consumers alike, gives dealers reason to embrace the evolution.



1 <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>  
All emission estimates from the Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2019.

2 <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/the-irresistible-momentum-behind-clean-electric-connected-mobility-four-key-trends#signin/save>

3 [https://www.mjbradley.com/sites/default/files/EDF\\_EV\\_Market\\_Report\\_April\\_2021\\_Update.pdf](https://www.mjbradley.com/sites/default/files/EDF_EV_Market_Report_April_2021_Update.pdf)

4 <https://www.bloomberg.com/news/articles/2021-08-09/at-least-two-thirds-of-global-car-sales-will-be-electric-by-2040>

5 <https://www.cnn.com/2021/06/13/gm-ford-are-all-in-on-evs-heres-how-dealers-feel-about-it.html>

## The Evolving Customer Experience

# The best way to control your customer's experience is to create it.

The impact of the COVID-19 pandemic on customer behavior in 2020 was immediate and widespread across almost every industry. Health and safety became the top priorities and customer expectations were elevated. Sanitation protocols and contactless transactions became the baseline. Almost all businesses had to reassess their interactions with customers and rethink their delivery models.

Amid the rapid shift in customer expectations, many industries were negatively impacted. The car buying customer experience, however, fared well — with recent studies suggesting that the car buying process improved in 2020. The 11th annual Cox Automotive Car Buyer Journey Study found that both new and used-vehicle buyers in 2020 reported the process took less time and was more efficient than before and that overall, buyer satisfaction reached an all-time high.<sup>1</sup>

Dealers responded quickly to evolving customer needs early in 2020, offering more tools and product information online and leveraging virtual experiences — including virtual presentations, virtual test drives and virtual delivery options — to replace what had previously been in-person visits to the dealership. Consumers appreciated dealers who prioritized their health and safety and offered alternatives to the traditional delivery model. Customers also appreciated a more streamlined experience through virtual transactions.

**Creating a superior customer experience can offer rich rewards for dealerships at a time when more customers have come to prioritize experience over brand or price.**

Consider this:

**54%** of consumers would buy from dealerships who provide better experiences compared to lower prices.<sup>2</sup>

**72%** would visit dealerships more often if the buying process was improved.<sup>2</sup>

Customers no longer base their loyalty on price or product; they stay loyal to companies **based on the experience they receive.**<sup>4</sup>

According to Walker's Customer 2020 Progress report, **customer experience overtook price** as the key differentiator in late 2020.<sup>3</sup>

With consumer experience driving change to business models across all industries, dealers can capitalize on the opportunity to create a superior experience at every interaction along the customer journey.



### How does the car buying experience at your dealership measure up?

**Conduct a self-assessment:**

- Does our platform make it easy for customers to access information throughout all stages of their car buying journey?
- Do we offer complete, consistent and transparent tools, product and pricing information?
- How do we learn what tools our customers are looking for? Are we offering those tools?
- Do we offer comprehensive training for our sales and service staff that will help them deliver a superior customer experience

**Five ways to deliver an exceptional customer experience:**<sup>5</sup>

1. Create a tech-forward, personal impression.
2. Make information easy to access and understand.
3. Ensure transparent, face-to-face conflict resolution.
4. Keep skills and knowledge current and relevant.
5. Keep your team positive and motivated.

## The Evolving Customer Experience *Continued*

Take advantage of the customer experience evolution by harnessing opportunities to connect in a more authentic manner than before. The personality and energy of your team are your best assets when creating a memorable, enjoyable experience in the showroom and on screen. Focus on ways to keep the personality and energy of your team front and center wherever interactions take place; and encourage your team to look for opportunities to build and nurture the consumer connection.

### Here are some tips:

**Create a tech-forward, engaging, personal impression that lets customers see who you are, get to know you and visualize the team or person they will be working with:**

- Make sure your website includes a robust "About Us" section.
- Include photos, personal stories, community involvement activities.
- Include a short video introduction for each team member.

**Make the information you share on your website and in your showroom easy to access and understand.**

- Include clear and transparent product, pricing and customer education tools.
- Make sure your offers and specials are complete and up to date.
- Recognize that every customer likes to receive information a bit differently, so be prepared with digital and hard copies of desk deals, financing, F&I menus, legal notices and service menus to easily share in the preferred format.
- Get used to a blend of old school and new school communication methods.

**Commit to personal, face-to-face conflict resolution.**

- We know that caring attitudes and personal relationships help customers feel more comfortable during their car-buying experience. Don't hide behind email or texts if problems escalate.
- Connect face-to-face to ensure authenticity of message and your tone is not misunderstood. Personal interaction can help reset the situation and will give you a chance for your skills in service and knowledge to take the spotlight.

**Keep your skills and knowledge current.**

- Refresh your talk tracks and sales tools to address current customers' concerns and needs.
- Understand that buying decisions are greatly impacted by everything from job stability and politics to safety and economic outlook.
- Be aware and knowledgeable of all the opportunities your customer can take advantage of, such as the latest finance rates, OEM deals, service loyalty programs, insurance options, etc.

**Keep your team positive and motivated.**

- Everyone is at risk of burnout or getting stale. Keep your team's skills sharp and spirits and motivation high with regular professional development and training.



1. Cox 2021 Car Buyer Journey Study, <https://www.coxautoinc.com/news/cox-automotive-study-finds-car-buying-process-improved-during-covid-19-pandemic>. 23 February 2021.
2. "54% of Consumers Would Buy from Dealerships Who Provide Better Experiences Compared to Lower Prices." V12.com. <https://v12data.com/blog/54-consumers-would-buy-dealerships-who-provide-better-experiences-compared-lower-prices>
3. Customers 2020: A Progress Report. Walker.com. <https://walkerinfo.com/cxleader/customers-2020-a-progress-report>
4. "37 Customer Experience Statistics You Need to Know for 2022." SuperOffice.com. <https://www.superoffice.com/blog/customer-experience-statistics>. 24 June 2021
5. WardsAuto.com, <https://www.wardsauto.com>

# Get in the passing lane with Zurich

Zurich is the engine that turbocharges your F&I results. Our agility, experienced team, innovative mind-set, and industry knowledge accelerate your evolution and drive you toward a bright future.

Let Zurich accelerate your growth and protect your legacy.

[zurichna.com/dealer](https://zurichna.com/dealer)



# Customer Spotlight: Dick Garber Garber Automotive Group

Dick Garber is one of the most respected and admired leaders in the industry. We sat down with him for an in-depth conversation about his priorities, people, philanthropy, and more.



### How have your priorities changed from when you started in the business to now?

I became a dealer in 1980 at a volatile time – there was high unemployment in the U.S. and a struggling world economy. In those early years we didn't have many resources and the focus was on survival. Today we are blessed with resources to be much more strategic and deliberate. What hasn't changed is our commitment to our values, our people and our community.

### Speaking of people, what is your philosophy when it comes to your employees and your culture?

I'm not a car guy, I'm a people guy, so it has always been about people in our business. What we do is centered around values—honesty, respect, empathy, integrity, pride and work ethic. When you live your values, you create an environment that contributes to people wanting to come to work and do their best work because they feel respected and empowered. We also invest a great deal in our people and in our leaders. We focus heavily on development and offer equity opportunities to our managing partners.

We have very low turnover and significant longevity among our staff. 75% of our leaders are promoted from within the company. We've had 10 dealerships selected for Automotive News Top 100 to Work For in 2021, with 13 of our dealerships earning this distinction since 2013, and several are five-time winners. I attribute all of these achievements to delivering on our values for our people, customers, and our community.

In total the organization has 23 dealerships in six states, 48 used vehicle locations badged RightWay Automotive, and its own finance company, Gateway Financial Solutions; annual sales exceed \$1.3 billion.

### How do you view and respond to change in the industry?

We've been through tough times and very good times. Our stability comes from staying true to our values and using them to guide our actions. That means we always do right by our staff, our customers, our community and our manufacturers. I have been described as a lighthouse in a storm. I don't get wrapped up in things I can't control.

### You own a major junior hockey team, what are the similarities between running a hockey team and a mega dealership?

There are tremendous similarities between success in business and in sports. First, it's critical to put the right people in leadership positions. When the right coach or leader is in place your people and players develop and the results improve. It's really no more complicated than that. In business and in sports, you must be committed to get better every day. It's the only way to keep or strengthen your competitive advantage.

Great leadership and coaching elevate the individual performance that drives the collective success.

### What inspires you to be so generous with your time and resources?

I was blessed to grow up with community / civic-minded parents. My mother supported the Arts, my father and grandfather were involved in nonprofits. I was raised with the thinking that it is part of our responsibility as a member of the community to get involved and give back. I don't believe businesses have the right to take from the community without giving back. Its Conscious Capitalism- business needs to be good for all stakeholders, not just for shareholders. We want our communities to be healthy and vibrant and they need the support of local business, like car dealerships, now more than ever.

We also encourage our staff to get involved. One of the things I am most proud of is we have staff that sit on 30 nonprofit boards in MidMichigan. They do this because they care and want to give back, not because I ask. We support over 200+ local organizations and donate over \$1 million to local charities annually.

Another thing close to my heart, both my parents died of Leukemia, and I'm very proud that in the last 5 years we have raised \$1 million for the Leukemia & Lymphoma Society. Zurich has been a gracious support to the cause, for which I am most grateful.

I hear 'thank you' from the community on a consistent basis. Philanthropy has become a big part of our Garber brand. It represents the best of what we do and we're grateful to be in position to make a difference.

### Garber Automotive values:

- Honesty:** Truthful at all times.
- Respect:** To show consideration and honor for each other
- Empathy:** To be able to understand another's position.
- Integrity:** To be of good sound moral principle, trustworthy, sincere
- Pride:** Sense of self-worth. Making a difference in people's lives
- Work Ethic:** Working as a team to meet or exceed expectations.

# Risk insights: Negligent entrustment

Protect your business from legal and financial peril from employees not qualified to drive your vehicles

The behavior and actions of your employees can have a direct impact on you and your business. You can be held legally and financially responsible, including punitive damages, for accidents and injuries caused by employees while operating your vehicles.

## What does this mean for employers?

Negligent entrustment, giving or entrusting your vehicle to a person who is incompetent or cannot operate the vehicle safely, can put you at risk of legal and financial peril. A company may be held liable if the owner knew, or should have known, that their employee-driver was unlicensed, incompetent or reckless.

The increasing use of telematics makes it easier to document negligent entrustment than ever before, and, in the event of an accident and lawsuit, vehicle telematics data, driver qualification records and human resources policies and procedures are all discoverable.

### Common examples of negligent entrustment:

- A company has been receiving telematics data that shows negligent activity on the part of its drivers and has not acted on it.
- A company has policies in place that state that driver qualifications will be reviewed against a set criteria and that drivers failing to meet the criteria will be disqualified, but drivers continue to drive for the company despite failing to meet the criteria.
- An employee-driver has a suspended license and the company knows or should have known that the license was suspended.

Most insurance policies don't cover punitive damages. Beyond punitive damages, a negligent entrustment judgment could easily exceed your automobile liability/umbrella liability policy limits.



### A 2018 court case handed down a judgment of more than \$100 million against an oil services company.

The oil services company had strict policies regarding employee selection and motor vehicle record (MVR) reviews, but didn't enforce them. At the time of the incident, the driver had multiple violations which would have precluded their operation of a company vehicle under company policy. These violations would have been revealed if routine MVR checks had been run and analyzed. In this case, the company failed to take the most basic steps required to ensure those driving on their behalf met their minimum requirements.

### Let's look at how it could happen to your dealership.

A great general manager that a dealer has known for years leaves a competitor, is contacted immediately, a deal is made and he's hired at the new dealership that same day. The new GM is welcomed into the new operation, given keys to the dealership and a shiny new demo.

All is well for a month or two until one afternoon, while driving to the bank to make a deposit, the GM runs a red light, hits a small car and kills two people. The police, in the course of the investigation, check the GM's motor vehicle record and discover a very poor driving history, including multiple moving violations, a suspended license and a motor vehicle accident.

Did the dealership check the GM's driving record prior to hire and ignore the violations and accident history because of the GM's great sales record? If so, the dealership could be exposed to negligent entrustment.

## What can you do to prevent a negligent entrustment situation?

### Before hiring someone:

- In accordance with applicable laws, check employment references, criminal records and motor vehicle records.
- On the written job application, require the applicant to report:
  - All driving violations or accidents for the past five years
  - All states where they have held a driver's license for the previous five years
- Any aliases ever used
- Secure an authorization to obtain an initial MVR and run MVRs for each state where the employee has held a valid driver's license.
- Have applicants and employees provide proof of a valid driver's license. Inspect and keep a copy in the driver or personnel file.<sup>4</sup>
- Establish criteria to evaluate MVRs (i.e., determine what constitutes an acceptable driving record.)
  - Inform all prospective new hire drivers of the policy and obtain acknowledgment of their understanding and acceptance.
  - Ensure that management follows the criteria fairly and consistently.

### After hiring:

- Do not allow employees who have known current substance abuse problems or poor driving records to operate company vehicles.
- Verify that your policy concerning use of company vehicles is being followed.
- Prohibit employees with suspended licenses, even for administrative reasons (i.e. failure to renew license prior to expiration, etc.), from operating company vehicles.
- Check MVRs at least annually for all employees authorized to operate a vehicle for the company, whether company owned or otherwise. Important: This review of MVRs must be completed by the company, not by a broker or insurance agent. Third parties are not permitted to share the information obtained on the MVR. Any company that allows others to perform their due diligence puts themselves at risk.
- If telematics data is collected, download weekly reports from the telematics provider. Formally document at-risk driving behaviors derived from the telematics alerts, as well as the intervention completed with the driver.



### Negligent entrustment coaching and training solutions

- Prohibited actions
  - Cell phone policy
  - Drug and alcohol use
  - Seat belt usage
  - Required licenses
  - Company owned vehicles/driver agreements
  - Personal vehicles on company business
  - Permitted users and use
  - Offering assistance
  - Distracted and defensive driving
  - Company and personal policy
  - Inspection and maintenance
  - Garaging and storage
  - Accident scene procedures
  - Driver recruitment, selection and assessment
  - Driver training and orientation
  - Driver eligibility
  - Telematics
  - Coaching and disciplinary action system
  - Reward/incentive programs
- Provide all drivers with annual training that reviews all of the policies listed above.
  - Require drivers to sign an acknowledgement form, as part of the annual driver training program. The acknowledgement should indicate that the employee has reviewed, understands and agrees to comply with the policies.
  - Most important, perform the necessary checks to ensure employees are in compliance with the policies. Consistently enforce the rules and document any progressive discipline or interventions.
  - Negligent entrustment can also extend to those driving personal vehicles on company business. Be sure to apply the same policies and training to those using personal vehicles

Developing policies and publishing them in an employee handbook is easy. The difficult part is implementing and enforcing these policies. However, be aware that failure to follow these policies can be used against you.



# Results Driven by Zurich



### The Zurich Advantage program.

Backed by the strength of a global organization, we embrace the opportunity to inspire the growth and success of our dealer customers. We are focused on driving technology and services that can keep your business evolving and thriving in a dynamic industry.

Bring Zurich's innovation to your dealership.

Visit [www.zurichna.com/automotive](http://www.zurichna.com/automotive).





# Acting with urgency against the cyber threats to auto dealers

And why car dealers are attractive targets for cyber criminals

With the increasing reliance on technology and the growing threat of cyber attacks, it's more important than ever that you have the right strategy, technology and resources in place to survive a data breach and its potential multimillion-dollar impact.

Cyber attacks on dealerships are becoming more and more prevalent and are costing hundreds of thousands of dollars, lost customers, and reputational damage. You probably already know of a dealership that has been victimized of this growing crime.

## What is the risk and why the urgency?

### Cyber Security

**84%**  
of car buyers said they would not return to a dealership whose data had been breached <sup>1</sup>

On an average day,  
**153 viruses**  
and **84 malicious spam emails**  
are blocked by technology on a dealership's network <sup>2</sup>

**70%**  
of dealers are not up to date on their **anti-virus software** leaving consumer data at risk of being exposed during a cyber attack <sup>3</sup>

A data breach can hit businesses with less than 1,000 employees with disproportionately higher costs when compared to organizations with 25,000 or more employees

Smaller organizations average \$2.65 Million  
or **\$3,533** per employee <sup>4</sup>

### Cyber Risk a very real threat for auto dealers

A dealership was hit by **Ransomware**. Hackers reportedly messaged that they had infiltrated the dealership's network and downloaded sensitive information.  
(April 2021)

Dealer group hacked when 2 employees fell victim to a phishing scam, exposing 1000's of customers' personal information and bank details.  
(December 2020)

Personal details of 3,000,000 customers of a US car company leaked after hack of a car dealership service provider  
(February 2021)

### Why car dealerships are attractive targets for cyber criminals

Dealerships have become very attractive targets for cyber criminals because they have several key vulnerabilities that the threat actors can exploit:

- The data dealers possess represents a treasure of information to hackers. Dealerships store large amounts of confidential, personal data, including financing and credit applications, customer financial information and home addresses.
- Many dealerships lack basic cyber security protections. A large percentage of auto dealers use outdated systems and/or have outdated software. Unsecure networks can act as gateways to stealing information or creating digital mayhem.
- In addition, dealership systems are often interconnected to external interfaces and portals, such as external service providers.
- Finally, dealership employees may lack training in the most frequent of cyber attacks, phishing scams. Phishing campaigns and ransomware attacks have seen big increases, with email and other communications aimed at tricking users to open malicious attachments or, in some cases, make wire transfers on behalf of their company.

### More than 90%

of cyber breaches start with phishing or social engineering campaigns

### Assessing your exposure and managing the risk

Dealers must be diligent in cyber protection and response capabilities. Building resilient systems is the best preparation for the next cyber attack. Beating back the assault takes a multi-department approach that includes strengthening protections. This strategy, combined with training employees can thwart efforts to break into dealership networks and educating employees on the scope of the threat.

The National Institute of Standards and Technology (NIST) established its Cybersecurity Framework in 2014 in response to a 2013 executive order. The framework is aimed at reducing risk to critical infrastructure and is a great resource you can use to identify risk and protect your operation prior to a cyber incident, and to detect, respond and recover should an incident occur. (nist.gov)

### Pre-Cyber Incident

**Prepare**  
Understand the steps you'd take in the event of a breach - develop an Incident Response Plan. Conduct an Asset Inventory and understand what you need to protect.

**Back-up**  
Ensure you have a strong back-up and recovery strategy in place, and test regularly.

**Train**  
Ensure your employees and other end-users are "Cyber risk aware" through consistent security and awareness training, phishing campaigns, etc.

**Recover**  
Consider cyber insurance coverage if it meets the strategic objectives of your dealership. Also, conduct risk assessments to understand where you need to invest in protection

Identify	Protect	Detect	Respond	Recover
Asset Management	Identity Management & Access Controls	Anomalies and Events	Response Planning	Recovery Planning
Business Management	Awareness and Training	Security Continuous Monitoring	Communications	Improvements
Governance	Data Security	Detection Processes	Analysis	Communications
Risk Assessment	Information Protection Processes and Procedures		Mitigation	
Risk Management	Maintenance		Improvements	
Strategy	Protective Technology			
Supply Chain Risk Management				

### Zurich cyber risk engineering services for automotive businesses

Zurich delivers a variety of services that can provide you with an objective and rapid assessment of your security posture, along with specific recommendations for addressing any control deficiencies that are discovered.

#### The challenge

Cyber security is the top concern for senior management and boards, as companies are exposed to a wide variety of vulnerabilities. Prioritizing investment in cyber security can be a daunting task with the risk evolving daily. The hardest part is knowing where to start.

#### How Zurich delivers

Zurich helps you understand your cyber risk by assessing your unique threat environment and the effectiveness of your cyber defenses. An experienced and qualified Zurich Cyber Risk Engineer will provide a holistic view of your controls and their adequacy with respect to your exposure. The results will be presented in the context of business risk, so that they are easily understood by various stakeholders, but with adequate technical depth. From there, we can deliver additional services targeting specific risk areas and bring industry-leading partners to perform technical work at a Zurich preferred rate.

#### Benefits you can expect

Your organization will benefit from Zurich's expertise and pragmatic approach. Specifically, you'll be better positioned to:

- Advance your cyber security maturity and mitigate risks you may have not known existed
- Know how you compare to your industry peers through our benchmarking capabilities
- Make informed decisions from a cost benefit perspective through our strategic advice
- Prepare for emerging cyber risks through forward-looking insights

#### For help, reach out to us @ [CyberRE@zurichna.com](mailto:CyberRE@zurichna.com)

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### Zurich Resilience Solutions has basic services as a great starting point on your cybersecurity journey

#### Cyber Risk Snapshot

- Work with a **Zurich Cyber Risk Engineer** to develop a basic overview of your cyber exposures and vulnerabilities
- Receive tailored advice that you can immediately act upon to improve your Cybersecurity posture

#### Free Trial of SecurityAdvisor

- Deploy the Platinum version of **SecurityAdvisor** for Security & Awareness Coaching of your employees and other users for a period of 45 days-free to Zurich customers
- Includes unlimited phishing exercises, awareness campaigns, and proprietary teachable moment intervention. Set up and start using in under an hour!

#### Zurich Risk Advisor (free)

- Download the free **Zurich Risk Advisor iOS/Android app** to take a 23-question Cyber Self Assessment
- Receive practical advice based on your responses

#### BitSight Security Rating

- As a Zurich customer, your customized Security Rating from **BitSight Technologies** - the most widely adopted Security Ratings Platform in the world
- This is an external scan providing data-driven and dynamic measurement of your organization's cybersecurity performance

## Natural hazards resource hub



# Natural hazards resource hub expands Zurich's focus on severe weather events

Major storms can happen anywhere, and wildfires are occurring more frequently in areas where they used to be comparatively rare. As proven by the deadly winter storm and associated power outages that struck Texas last February, even threats from snow and cold weather can hit areas not known for them.

Recently, Zurich North America launched three sections of its natural hazards resource hub. Each of the hazard-specific sections includes emergency management guidance for businesses, developed in consultation with Zurich's Risk Engineering specialists. Articles and resources related to each hazard are available in the emergency management guide on each hub. Collectively, these resources offer customers tools and resources to help prepare for and manage risk.



The emergency management guide on our **Hurricane Resource Hub** features articles on mitigation, preparedness, response and recovery. You will also find tools like our Hurricane Toolkit for Construction, an article on water damage prevention, a storm surge infographic and much more. Find our hurricane hub here: [insights.zurichna.com/hurricane-hub](https://insights.zurichna.com/hurricane-hub)



Our **Wildfire Resource Hub's** emergency management guide includes mitigation, preparedness, response and recovery advice, along with an overview on wildfire basics and why the risks of these destructive blazes are growing. Additional resources include insightful Post-Event Review Capability (PERC) reports on recent major wildfires, articles on business resilience strategies and more. Find our wildfire hub here: [insights.zurichna.com/wildfire-hub](https://insights.zurichna.com/wildfire-hub)



The latest addition to our natural hazards hub is our **Convective Storm Resource Hub**, which covers the associated perils of severe thunderstorms. The emergency management guide for this hub features articles on mitigation, preparedness, response and recovery actions for **tornado, lightning and hail risks**. Additional resources are being added to the hub as of this writing. Find our convective storm hub here: [insights.zurichna.com/convective-storm-hub](https://insights.zurichna.com/convective-storm-hub)

Zurich has always made natural hazard resources available to customers, distributors and the public at large, but having these hazard-specific hubs, with the emergency management guides front and center, is part of a push for even more robust knowledge hubs and more efficient ways of sharing pertinent content.

As Mike Widdekind, Technical Director, Property, for Risk Engineering at Zurich North America explained, "We have so much helpful information, it's important that we get it in the right hands in a timely fashion."



Coming soon to the natural hazards resource hub will be an additional section related to winter weather hazards and safety guidance.

# Zurich's Climate Commitment

## — Supporting a 1.5°C future



To deliver upon our 2019 commitment to the UN Global Compact Business Ambition Pledge for 1.5°C — a Paris Agreement for the business sector — we set out a group-wide climate strategy: our 1.5°C Future Plan. The plan focuses on three actions we can take as a business: setting CO<sub>2</sub>-based reduction targets, innovating for sustainable solutions and developing a deep understanding and integration of climate risk.

### Our Goals

#### **Impact** — Creating a brighter future

The core of our climate strategy aims to create positive impact far beyond Zurich, into the communities, businesses and people we serve — and the planet that supports us all. We believe a prosperous, vibrant, climate-neutral world is achievable, and have set science-based targets for achieving net zero emissions within our business. We will continue expanding our impact investments and look for ways to demonstrate the positive impact we create. By aligning with a 1.5°C Future and harnessing the capabilities of a global insurer, we believe we can do our part to accelerate the transition to an economy where growth is decoupled from carbon emissions and more than 9 billion people are able to live well on the planet.

#### **Growth** — Catalyse customer resilience and transition

As a leading global insurer, our success is dependent on our customers' success navigating the transition to a net-zero economy while simultaneously building their resilience to the increasing physical impacts posed by climate change. That is why we are investing in innovation capabilities to grow our suite of customer solutions that enable us to tackle this significant challenge as an opportunity both for Zurich and our customers to create a brighter future together. It is our goal to deeply engage our customers, deliver new solutions and enable all our customers with innovative tools, partner networks and services that support a net-zero transition and build climate resilience. In 2020, we launched Zurich's Climate Change Resilience Services focused on enabling commercial customers to understand, manage and adapt to the current and future physical climate risk exposure of their global operations. Moving forward, we will continue strengthening our customer-centric approach through providing a growing suite of products and services in addition to our traditional solutions that can help support the adoption of transformational technologies like carbon capture and storage, sustainable agriculture, hydrogen as a fuel, sustainable infrastructure, electric vehicles, renewable energy and voluntary carbon offsetting markets.

#### **Quality** — Climate-risk optimized portfolios

With the world's landscape of risk being influenced more and more by a changing climate and a quickly evolving policy response, it has become imperative to deeply understand these risks in order to ensure the allocation of our capital is optimized to keep Zurich and our customers resilient in the face of the challenges ahead. We will continue to invest in data innovation to facilitate our customers to increase their resilience, manage our exposures and continually strengthen our climate risk disclosures for key stakeholders. To do so, we are constantly integrating applied climate science to measure and guide our underwriting of climate risks, responsible investment strategy and overall TCFD1-aligned climate risk management approach — supporting our aim of continually solidifying Zurich's position and performance as a leading, long-term oriented, global insurer.

### Our Actions

#### **Leadership** — Setting science-based CO<sub>2</sub> reduction targets

By signing the Business Ambition for 1.5°C Pledge, Zurich recognizes the responsibility it has, and acknowledges the role science-based targets play in meeting the Paris Agreement goals. We can use these targets as a basis for solutions for our ourselves and our business customers. We joined the UN-backed Net-Zero Asset Owner Alliance as a founding member and consulted with the Science-Based Targets initiative, a collaboration among non-profit sustainability organizations, to formulate a methodology for financial services related to such targets like the interim ones we have set for our investment and operations portfolio in Q1 2021. Currently, science-based targets do not exist for insurance underwriting portfolios. To change that, as a first step we contributed to producing the CRO Forum report on methodology to assess carbon footprints for underwriting portfolios and continue to work within the industry to develop this.

#### **Opportunity** — Innovating for sustainable solutions

We work with customers and collaborate with public and private organizations to enhance resilience and advocate for solutions to prevent, or minimize, damage and harm from climate-related perils. We develop insurance and risk management solutions for new technologies, business models and approaches that are needed to achieve a climate-neutral economy. Our industry is transforming from one that is reactively paying compensation toward one providing solutions that actively seek to keep people out of harm's way. For years, Zurich has been pioneering providing business critical risk transfer solutions as well as protecting retail customers from a range of risks. In addition to the more traditional coverage that supports the foundation of today's modern economy, we support our customers through sharing risk insights that encourage prevention and build resilience, as well as a growing portfolio of innovative solutions that enhance our customers' sustainability.

#### **Risk** — Assess and integrate climate risks

Zurich's approach to managing climate risk is embedded within our multi-disciplinary group-wide risk management processes. As such, climate risk is managed in a consistent fashion to other risks to which the group is exposed. We are beginning to integrate assessments of the evolving physical and transition risk landscape into our underwriting and investment strategies, and this work will only accelerate in the coming years as methodologies and new modeling tools are developed. This goes much beyond our disengagement and divestment position from activities predominantly focused on particularly carbon intense fossil fuels.

**For further information, see our TCFD disclosure or climate action investment page.**

1. Task Force on Climate-Related Financial Disclosures

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