A BUYERS GUIDE TO CYBER LIABILITY INSURANCE

CY-INSWORKS
CYBER INSURANCE SOLUTIONS

BE PREPARED

Cyber Liability in the digital world today

Cyber Liability insurance can support the business to help you lessen the damage of a breach and remain ahead of the game in terms of cyber threats. You may decide that your business is adequately protected from the effects of cyber-crime but please be aware that the techniques used by hackers are becoming more and more sophisticated and you could be leaving yourself at risk and wide open from a cyber-attack or breach.

Your standard business insurance portfolio or package insurance will likely not cover cyber related damages to your business. Some insurers may include a small element of cover but again it is unlikely that the provision will provide adequate cover. Cy-Ins Works guide aims to discuss through the elements and arm you with the information needed to choose the right level of cover for you and your business.

Keep ahead of the game.
Choose the right cover. Lessen the damage.

WHAT IS CYBER LIABILITY INSURANCE?

Cyber liability insurance is modelled to protect businesses from internet-based risks and threats in the digital world such as data breaches or malicious cyber hacks on work computer networks. Cover can also help minimise the damage caused by a successful hack into your systems and provide support such as business interruption and data recovery which will be a critical factor to ensure your business gets back on track.

Do I need Cyber Liability Insurance – is my business at risk?

You could be vulnerable to a data breach or loss of vital business services both likely to result in a significant financial loss to your business if you:

- Hold sensitive details such as names, addresses and banking information;
- Hold large quantities of personal data whether, sensitive data or not;
- Are reliant on computer systems to conduct your business;
- Are reliant on computer operated systems to perform part of your business;
- Have a website;
- Use internet banking and/or email invoices to and from clients and suppliers;

Don't be fooled into thinking your business is too small to be targeted by cyber criminals. In the past 12 months 52% of small business, 66% of medium sized business and 68% of large UK businesses reported cyber security breaches. Further to this, 60% of small to medium businesses that suffered a significant attack went out of business within 6 months.

CLAIM EXAMPLES

A cyber attack could easily cripple your business should you not have a suitable business continuity plan and insurance provision. The following are real-life examples of financial losses:

- £5,000 - A small firm was the victim of an email scam. An email was received supposedly from a supplier requesting the £5,000 payment was made, giving bank details. Without verifying the request with the supplier the firm paid the £5,000 into the provided bank account.
- £20,000 - A member of staff at an educational institution in London did not follow standard data handling procedure leading to confidential information being leaked online. The incident was discovered by a third party who spotted the data and contacted them. The reputational injury is unquantifiable and investigation costs significant.
- £70,000 - A hotel chain sustained a denial of service attack. This resulted in a loss of bookings and IT forensics costs.
- £250,000 - A mid-sized marketing firm were informed by the National Crime Agency of their loss of customer data after receiving a number of complaints. The incident caused embarrassment for the company and they spent nearly £250,000 responding to and managing the fallout - IT forensics, PR costs, loss of business.

A suitable business continuity plan together with insurance provision is the key.

CYBER LIABILITY INSURANCE – WHAT IS COVERED?

The potential losses fall into two categories:
First party (own loss) exposure – the impact of a cyber incident on systems and finances e.g. IT forensics, cost of restoring records, business interruption (loss of revenue, loss of profits, increased cost of working) and cybercrime.
Third party exposure – this is the liability an organisation has to a third party such as loss of confidential data or the passing on of a virus.

We work with leading cyber risk insurers to provide comprehensive protection for the following potential loss:

- IT forensic costs
- Data loss – Recovery and Public Relation costs
- Telephone and mobile hacking
- Copyright, trademark, intellectual property infringement and defamation
- Malicious code and viruses
- Software and Hardware damage/replacement
- Business interruption and computer failure
- Website defacement or disablement and cyber extortion (Ransomware)
- Cyber-crime – monetary theft and social engineering (email scams)
- Technology errors and admissions
- Consequential reputational harm
- Fines & Penalties (where legally insurable)

UNDERSTANDING YOUR RISKS

WHEN CHOOSING CYBER LIABILITY INSURANCE

The reliance on the operation of electronic devices has become so critical to organisations that many simply could not transact business without it. In the event of a failure of the computer network many companies would grind to a halt. When investing in cyber insurance it is worth considering the potential risks your business faces and if there are ways in which to reduce the impact.

- Regular training for staff – Over 50% of cyber related claims are a result of employee error. Hacking techniques are developing all the time to target where your company may be vulnerable. It is important that staff are alert to the risks and taking extra precautions with their online activity.
- Cyber Hygiene – Ensure passwords are regularly updated/ changed, firewalls are updated and robust procedures and checks are in place for business activities surrounding the transfer of monies.
- Data encryption - This is different to having a password: it scrambles the data on a hard disk so that it can only be accessed with a decryption key. This is generally considered much safer than password protection.
- Portable devices – Encryption and strong passwords to limit the risk should a portable device be left in a public place or stolen.
- Payment Measures – Duel authentication for online payments and settlement of invoices.
- Keeping up with legal changes and growing cyber risks - It is important that you stay up to date with any changes in the law to ensure that your insurance does not become invalid without your knowledge. We send regular cyber emails keeping our clients and partners up to speed in hacking trends and changing legislation.

It is becoming increasingly essential that businesses have disaster recovery planning and insurance cover for the threats and exposure from e-commerce. The above advice does not offer 100% security from cyber risks and potential losses. Even large business with dedicated IT departments are at risk of data breaches. Even when services have been outsourced such as website hosting and facilities management, businesses cannot escape being held responsible for failure of their contractors.

CYBER LIABILITY INSURANCE

FROM CY-INSWORKS
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The Covid-19 situation is having a marked effect on the economy, business and society. It is also having a dramatic effect on the insurance industry; many insurers are looking at their book of business and being more selective as to what they will accept. This is what we call a "hard market"

What this means for business is that it's now crucial that any insurance, such as renewal is presented to insurers early, well before the renewal date and the information given needs to be accurate and detailed. Not only is there pressure on price but also on cover.

Cy-Ins works have experience in dealing with such matters, our team of cyber liability insurance professionals are experts in working with you to then provide clear and well-structured presentations. Each client is different so, it is essential that the risk information is presented in the right way. If not, then it will not get due consideration

So, our message is to start the process early and if you need help or advice let us know. We are here to help, and it is where the right expertise can really make a difference to your business.

Make a difference to your business.
With the right expertise - our Cyber Insurance Solutions.