



Cyber Liability Insurance

Below are 10 reasons why you should consider having a Cyber Liability policy in place.

1. Data is one of your most important assets yet it is not covered by standard property insurance policies

Most businesses would agree that data or information is one of their most important assets. It is almost certainly worth many times more than the physical equipment that it is stored upon. Yet most business owners do not realise that a standard property policy would not respond in the event that this data is damaged or destroyed. A cyber policy can provide comprehensive cover for data restoration and rectification in the event of a loss no matter how it was caused and up to the full policy limits.

2. Systems are critical to operating your day to day business but their downtime is not covered by standard business interruption insurance

All businesses rely on systems to conduct their core business, from electronic point of sales software to hotel room reservation systems. In the event that a hack attack, computer virus or malicious employee brings down these systems, a traditional business interruption policy would not respond. Cyber insurance can provide cover for loss of profits associated with a systems outage that is caused by a "non physical" peril like a computer virus or denial of service attack.

3. Cyber crime is the fastest growing crime in the world, but most attacks are not covered by standard property or crime insurance policies

New crimes are emerging every day. The internet means that your business is now exposed to the world's criminals and is vulnerable to attack at any time of the day or night. Phishing scams, identity theft, and telephone hacking are all crimes that traditional insurance policies do not address. Cyber

insurance can provide comprehensive crime cover for a wide range of electronic perils that are increasingly threatening the financial resources of today's businesses.

4. Third party data is valuable and you can be held liable if you lose it

We all hold more data than ever before and often this data belongs to our customers and suppliers.

Non-disclosure agreements and commercial contracts often contain warranties and indemnities in relation to the security of this data that can trigger expensive damages claims in the event that you experience a breach. Increasingly, consumers are also seeking legal redress in the event that a business loses their data. This risk is further heightened in the event that you hold any data on US consumers.

5. Retailers face severe penalties if they lose credit card data

Global credit card crime is worth over \$7.5bn and increasingly this risk is being transferred to the retailers that lose the data*. Under merchant service agreements, compromised retailers can be held liable for forensic investigation costs, credit care reissuance costs and the actual fraud conducted on stolen cards. These losses can run into hundreds of thousands of dollars for even a small retailer. Cyber insurance can help protect against all of these costs.

The policy cover is subject to standard policy terms, conditions and exceptions



6. Complying with breach notification laws costs time and money

Breach notification laws are slowly being introduced across many different countries. These generally require businesses that lose sensitive personal data to provide written notification to those individuals that were potentially affected. Even though a legal obligation to notify only currently exists in some countries, this is changing and there is a growing trend towards voluntary notification in order to protect your brand and reputation. Customers who have had their data compromised expect openness and transparency from the businesses they entrusted it with. Cyber policies can provide cover for the costs associated with providing a breach notice even if it is not legally required.

7. Your reputation is your number one asset, so why not insure it?

Any business lives and dies by its reputation. Although there are certain reputational risks that can't be insured, you can insure your reputation in the event of a security breach. When your systems have been compromised, you run a risk of losing the trust of your loyal customers which can harm your business far more than the immediate financial loss. Cyber insurance can not only help pay for the costs of engaging a PR firm to help restore this, but also for the loss of future sales that arise as a direct result of customers switching to your competitors.

8. Social media usage is at an all-time high and claims are on the rise

Social media is the fastest growing entertainment channel in the world. Information is exchanged at lightning speed and exposed to the world. But often there is little control exercised

over what is said and how it is presented and this can give rise to liability for businesses who are responsible for the actions of their employees on sites such as LinkedIn, Twitter and Facebook. Cyber insurance can help provide cover for claims arising from leaked information, defamatory statements or copyright infringement.

9. Portable devices increases the risk of a loss or theft

The advent of portable devices and the ability to work away from the office has made life a lot easier for many of us. However, this new style of working also means that important and confidential data can be stolen or lost much more easily. A laptop left on a train, an iPad stolen in a restaurant, or a USB stick going missing are all good examples. In addition, the devices themselves are being targeted with a growing number of viruses being built just for them. Cyber insurance can help cover the costs associated with a data breach should a portable device be lost, stolen or fall victim to a virus.

10. It's not just big businesses being targeted by hackers, but lots of small ones too

Whilst the large-scale hack attacks on the news often involve big companies, small companies are also at risk and often don't have the financial resources to get back on track after a hacking attack or other kind of data loss. In fact, over a third of global targeted attacks were aimed at businesses with less than 250 employees. Cyber attacks are quickly becoming one of the greatest risks faced by smaller companies, making cyber liability insurance a must. It can help protect smaller companies against the potentially crippling financial effects of a privacy breach or data loss.

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