



# Cyber Insurance - A Simple Guide

## Cyber insurance – The Market

There are a whole host of insurers offering Cyber cover, and wide range of policies available. The sections of cover offered vary tremendously with very few policies alike. For a business looking to buy cyber insurance it's a minefield and not all insurance brokers necessarily have the knowledge to advise client's properly. So it's important you speak to a broker who can advise you on the most appropriate cover, and source quotes accordingly.

## Managing cyber risks

As well as putting adequate insurance in place, it is important for you to manage your own cyber risks as a business. This includes:

- Evaluating first and third party risks associated with the IT systems and networks in your business
- Assessing the potential events that could cause first or third party risks to materialise
- Analysing the controls that are currently in place and whether they need further improvement

## What sort of things can cyber policies cover?

### Cyber Liability

You could be liable for the cost of damage to others' IT systems caused by hacking attacks or a virus which emanates from your IT system.

You could also be liable where personal data you hold (credit card information, customers' names, addresses, dates of birth) falls into the wrong hands because of a security breach.

### Costs of Managing Loss of Personal Data

What would you need to do in the event that personal data you hold falls into the wrong hands? You might be legally obligated to:

- Notify all parties affected by the security breach
- Set up credit monitoring and identity theft systems and helplines for those affected
- Carry out security audit and forensic investigation of your systems

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## Media Liability

You could be liable for something that you post on your website, or social media.

Things like:

- Defamation
- Intellectual Property Rights Infringement
- Invasion of Privacy Rights



## Network and Systems Damage

You can insure for the costs of repairing or replacing computer systems, and retrieving and replacing software and data which have been lost or damaged by malicious means – for example hackers, or viruses.

## Business Interruption and Loss of Income

Some businesses rely on their IT systems more than others. What would happen to your business if your systems were inoperable for a period of time? What if your sales systems were taken down at a busy time or your e-commerce website taken out of action by hackers? It is possible to insure this potential loss of income.

## Cybercrime

Cybercrime is rife and is a real threat to any business. You can insure against losses from fraudulent electronic transfer of funds, identity theft, cyber threats and extortion, phishing scams, and telephone hacking.

### Interesting facts\*:

- 75% of SMEs have experienced a cyber-attack in the last 12 months
- £75K is the average cost of an SME data security breach
- 50% of data security breaches are caused by human error

## Claims Examples...

Business Description	Marketing Agency	Manufacturing	Retailer
Size of Business	£5M	£1.5M	£3M
Loss Description	Back -up tape was collected by the wrong courier. The back -up tape held the details of 3.2M members.	Over a bank holiday weekend the insureds system was hacked. The hacker made a series of calls to a premium rate number.	Third party payment provider suffered a breach affecting 5,000 of the insured customer records.
Response Costs	£12,694.14	£17,654.00	£9,633.94
Notification	£20,725.12	N/A	£3,238.30
Legal costs	£21,761.38	£6,320.00	£6,476.60
PR/Communication	£13,673.40	£20,000.00	£12,082.10
ID Monitoring	£35,862.75	N/A	£3,750.00
Network Interruption	N/A	N/A	N/A
PCI	N/A	N/A	£16,191.50
Total Cost (To date)	£104,716.79	£43,974	£51,372.44