



## CYBER INSURANCE AND WHY YOUR SMALL BUSINESS NEEDS COVERAGE

It's no secret that cybercrime is on the rise. A recent study indicates cybercrime is now the most serious threat to small businesses, accounting for roughly half of all attacks.<sup>1</sup>

There are many steps businesses can take to prevent a cyber incident, such as investing in robust cybersecurity measures. However, if an incident does occur, having cyber insurance can help you financially recover.

### What is cyber insurance?

Cyber insurance covers financial losses that result from cyber events such as data breaches, cyber theft, ransomware and more.



- Cyberattacks are now a serious threat to small businesses because they typically lack enterprise-level protection.
- Cyber insurance is not typically included within general insurance and must be purchased separately.
- Each company offering a policy form has a unique list of coverage options available as well as exclusions, leading to a plethora of options.
- If your business handles or stores personal/sensitive information online, cyber insurance should be a top priority.

### Why do small businesses need cyber insurance?



Over 80% of small businesses are not properly equipped to recover from a cyber incident.<sup>2</sup>



Less than 10% of small businesses have proper cyber insurance coverage.<sup>2</sup>



There were over 1,200 publicly disclosed cyber incidents last year, i.e., almost three incidents per day.<sup>2</sup>



Less than 15% of small businesses consider their cyber incident prevention and response strategy as effective.<sup>2</sup>



Over 50% of small businesses do not have a cybersecurity expert in-house.<sup>2</sup>

### What does cyber insurance cover?

It is always better to contact your insurer to get the exact details of what they cover. Typically, this is what cyber insurance covers:

- ✓ Cost of recovering data
- ✓ Cost of legal proceedings
- ✓ Cost of notifying stakeholders about the incidents
- ✓ Cost of restoring the personal identities of those affected



### Top 5 reasons cyber insurance is denied



- ✗ Companies have poor prevention practices in place
- ✗ Companies fail to document preventative measures
- ✗ A third party or contractor is at fault
- ✗ Accidental errors and omissions
- ✗ Coverage does not extend beyond the interruption timeframe

**Sources:**

- 1 - National Cybersecurity Alliance
- 2 - IT Governance EU

Cyber insurance is a vital tool in protecting businesses from financial fallout in the aftermath of a cyberattack. However, many insurance providers are reluctant to offer coverage due to the perceived risks. While that may sound like bad news, don't worry — it's possible to get and keep coverage with the help of an experienced IT service provider.

**Schedule a no-obligation consultation to learn more about how we can help you stay compliant with your policy.**