

Cyber Insurance and Cyber Crime Insurance

Every day it seems as though another major company has been hacked. We see it in the news: Capital One Bank, Oyster Cards in London, Marriot Hotel Group, Teletext Holidays and British Airways all having their systems hacked resulting in financial loss and often facing massive fines for allowing third party details to be accessed. BUT these are global companies and what we rarely hear about is the increasing number of losses affecting small to medium sized businesses.

The number of notifiable, and insurable, incidents increased by 200% during 2018 alone and the upward trend is increasing to the extent that the Institute of Directors estimates that 6 out of 10 SME businesses will be hacked at some stage.

(<https://www.iod.com/news/news/articles/Six-out-of-ten-SMEs-suffer-a-cyber-attack>)

We are able to provide a standalone insurance solution for you.

Cyber Insurance Explained

Cyber cover is split into two sections, Cyber Insurance, the standard cover, and Cyber Crime (or electronic theft) which can be chosen as an optional extension.

Cyber Insurance is designed to cover: Hackers stealing data, hackers demanding ransoms, viruses that paralyze systems (and the cost of loss of business income whilst they are down), privacy breach and reputational rebuild, digital asset replacement, computer hardware damage costs. *(These are examples of the cover which can be provided and is not an exhaustive list)*

Cyber Crime is designed to cover: Businesses whose bank accounts are targeted by hackers or “phishing” emails and businesses being duped into transferring money to criminals by fraudulent electronic acts. These are often also referred to as Social Engineering Attacks.

Claims Examples

EXAMPLE 1

Company profile Trade: Retail business, with online activity. Turnover: £5m – £10m

Cover purchased: £500,000 limit / £1,000 excess

Claim settlement: £76,000

Background: The company is made aware that its IT systems have been hacked and that the hackers managed to access personal data (including payment card information and employees' healthcare details).

EXAMPLE 2

Company profile Trade: Agricultural Equipment Manufacturer. Turnover: £15m – £20m

Cover purchased: £1,000,000 limit / £1,000 excess

Claim settlement: £139,000

Background: The company, an agricultural equipment manufacturer, suffered a series of attacks which took its manufacturing systems down. For a few days, the insured could not access their systems and was not able to continue producing its goods or delivering its orders.

EXAMPLE 3

Company profile Trade: Professional Services Office. Turnover: £20m – £25m

Cover purchased: £2,000,000 limit / £1,000 excess

Claim settlement: £119,000

Background: A ransomware attack encrypted the insureds entire server, severely impacting its ability to trade.

An uninsured loss example

EXAMPLE 4

A Bedfordshire based manufacturing company with a turnover of around £3m, and an existing client of ours, did not take up our offer of Cyber Insurance. They subsequently contacted us asking if they had cover for “Hacking & Fraud” because someone had hacked their email system and changed the bank account details on an invoice. Subsequently they have “lost” over £65,000. Had they taken the insurance out, this loss would have been covered.

Some further facts

- 60% of incidents are caused by employee negligence
- 43% of incidents target SME businesses
- 99% of insured claims are paid
- Standard commercial combined policies do not provide adequate cover
- Only around 50% of cyber losses are currently insured

Cost

The cost of a good standalone Cyber insurance policy is currently very competitive and we have access to a number of markets to enable us to provide you with the protection you require at the best available terms. It is important that you not only protect your current business but also potential future contracts as well as guarding against any reputational losses.

Typically, £500,000 of cover, including potentially the services of forensic engineers, costs around £750 and on completion of a simple proposal form, we would be happy to provide a bespoke quotation for you based on your own individual circumstances.