

PIB Insurance Brokers
Cyber Insurance

Why buy cyber insurance?

Your quick guide to cyber insurance

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Why buy cyber insurance?



Cyber crime continues to rise in terms of frequency, cost and complexity, affecting private individuals and businesses alike.

The COVID-19 pandemic, and the shift to home working, has seen cyber criminals increase their activity resulting in some startling statistics:

- > In the first 6 months of 2020 there was a 715% increase in ransomware attacks compared to the same period in 2019¹
- > During the pandemic there has been a reported 600% increase in malicious emails²
- > A business is now 15 times more likely to have a cyber incident compared to a fire or theft³
- > 46% of UK businesses reported a cyber breach or attack in 2019⁴

Despite these alarming statistics, the take up of Cyber Insurance however remains surprisingly low. According to GlobalData less than 13% of small and medium-sized businesses⁵ purchase insurance to cover one of their most valuable assets - data.

Sources

¹ <https://www.bitdefender.com/files/News/CaseStudies/study/366/Bitdefender-Mid-Year-Threat-Landscape-Report-2020.pdf>

² <https://www.businessinsider.com/top-un-official-warned-of-cybercrime-spike-during-pandemic-2020-5?r=US&IR=T>

³ https://www.hiscox.co.uk/sites/uk/files/documents/2020-06/Hiscox_Cyber_Readiness_Report_2020_UK.PDF

⁴ <https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2020/cyber-security-breaches-survey-2020>

⁵ <https://www.globaldata.com/cyber-attacks-threaten-middle-market-businesses-providing-opportunity-insurers-says-globaldata/>





Does my business need cyber insurance?



As cyber insurance is still a relatively new product, there are some common misconceptions which often result in businesses opting not to purchase the valuable protection afforded by a cyber insurance policy. These include:

“We invest heavily in IT security so don’t need to buy cyber insurance cover”

It is impossible to make systems 100% secure.

Although investing in IT security will make your business less vulnerable to certain types of cyber attack unfortunately you are still exposed to the risk of cyber crime. Many cyber claims and incidents are caused by events originally caused by some kind of human error.

A comprehensive cyber insurance policy will provide protection in the event of cyber incidents due to unauthorised and malicious access into your computer system as well as the result of human error.

“My existing insurance policy will provide protection in the event of a cyber incident”

Although some policies do offer a level of protection, a standalone Cyber Insurance policy is designed specifically to provide protection for emerging cyber risks that are not catered for by traditional insurance policies.

“My company is too small to be a target for cyber criminals ”

Whilst cyber attacks against large companies hit global headlines, cyber criminals also target smaller businesses.

In fact 46% of micro and small businesses experienced at least one cyber attack or breach in 2019¹. Often small businesses are seen by cyber criminals as low hanging fruit, due to a perceived lack of resources to invest in IT security or provide cyber security training for their staff making them an easy target.

¹ <https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2020/cyber-security-breaches-survey-2020>

Benefits of a cyber insurance policy



PIB Insurance Brokers offer a range of cyber insurance products from specialist insurance providers. This enables us to identify the most suitable product for your business.

Whilst elements of policy coverage may vary between providers, a comprehensive cyber insurance policy will provide cover for:

- > Loss of profits as a result of a cyber incident
- > Data restoration and rectification costs following a cyber incident
- > Legal liability as a result of a breach of personal data/confidential information
- > Inadvertent breach of intellectual property rights via cybermedia

In addition, many cyber insurers offer optional cover for financial loss as a result of social engineering attacks such as a phishing scams.

A Cyber policy offers much more than insurance protection

In addition to insurance coverage, a comprehensive cyber insurance policy however provides additional invaluable support in the event of a cyber incident to help policyholders deal with both the immediate aftermath and the longer term consequences of a cyber event. The services offered by a cyber insurance policy can include:

- > 24/7 access to IT forensics, data breach/legal experts and public relations advisers, to provide support in the event of an actual (or suspected) cyber incident
- > Support in complying with data protection legislation and notification obligations following a data breach
- > Access to specialist ransom and extortion advisers

Get in touch

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