

The Biggest Misconceptions About Cyber Insurance

Myths vs. Facts

Latest Trends

- The first half of 2023 saw an increase of 12% in Cyber insurance claims
- Main drivers were increases in Ransomware and Funds Transfer Fraud

The Biggest Misconceptions (Myths)

- **My Commercial General Liability policy will offer protection**
- **Fact-**A Commercial General Liability policy provides a business coverage for Bodily Injury or Property Damage claims “as they relate to claims of negligence made by a third party”. General Liability policies are NOT intended to cover the financial loss of a third party. The standard ISO coverage form also **specifically excludes** such losses

- **My business is too small to need coverage**
- **Fact:** More than 80% of small-medium sized businesses have been hit by a cyberattack. 60% of small businesses **will close within six months following a cyber incident**

- **I invested enough in cybersecurity to make cyber insurance unnecessary**
- **Fact:** No matter how large the investment, no security systems will be impenetrable forever. This is largely due to the fact that cybercriminals are always working to refine their methods and inventing new forms of attack.

In addition, people make mistakes. Knowing this, hackers will continually attempt to dupe employees into making errors.

- **My third-party cloud vendor assumes these risks**
- **Fact:** When a cloud service provider suffers an attack and causes a business to become inoperable, it is the business that suffers the first-party business interruption (and potential loss of income) and other costs incurred to bring operations back.

- **My business doesn't collect sensitive data, so, I don't need coverage**
- **Fact:** Any business that relies on a computer system, even if it is for just banking purposes, can be impacted by a cyberattack. Sensitive data doesn't need to be accessed for a business to feel the effect of a cyberattack. Something as simple as being unable to access a vital system is enough to cause financial loss.

Quote from a leading expert in Cyber Insurance:

- ***“The cyberattack landscape has become more volatile, and, as a result, we’ve seen claims become more severe and more common than ever....to help prevent these costly and disruptive incidents, organizations need to take an active role in improving their security defenses, investing in the proper insurance coverages and making risk management a top priority”.***

Your Cyber Insurance Broker

An Investment In Your Business!



Not All Cyber Brokers Are The Same!

- The right questions should be asked to make the best decision for YOUR BOTTOM LINE



Things to Look For From Your Broker?

- How do they familiarize themselves with your company's unique risk profile?
- What is their process for properly structuring Cyber coverage for your business?
- Does the broker have experience in not only selling the insurance, but, risk management services and claims handling?
- Can they clearly explain the coverages and exclusions of the coverage in a way you clearly understand?
- Is your broker current with industry and market trends and carrier requirements to both secure and maintain coverage?

Things to Look For (continued)

- Does your broker have support from a central team that specializes in Cyber and related services?
- Does your broker have the proper resources to assist your company long-term? Carriers, partners and industry leaders to depend on?
- How can your broker connect you to further resources or industry partners to further assist your growth and stability?
- How does the broker support, guide and manage my company during the claims process?
- Can you broker provide 2-3 current references from similar companies?



Next Steps?

- If your existing or prospective broker cannot provide satisfactory answers to ANY of these questions, then they might not be the right broker for your needs!
- Tim Keogh
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Sound Advice!

- "Work with a knowledgeable Cyber Insurance broker and a reputable insurance company. Though you may have a relationship with an existing broker who is knowledgeable in this area, consider if that relationship is worth the potential cost of an insurance declination or uncovered loss"

-Damage Control/Joseph Brunsman/Daniel Hudson/Kenneth Reiners

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