

So you don't think you need Cyber Insurance? Think again!

We all know about cyber attacks on big companies like Talk-Talk or Tesco, because we read about them in the media. But what about attacks on smaller companies that simply don't make it to the papers?

A recent survey reveals that, at one time or another, nearly three-quarters of SMEs have been the victim of some form of cyber breach. Obviously, not all these are major. However, when fate decrees they are – whether it's data or electronic funds or intellectual property – the disruption, the cost and the loss of reputation can be just as devastating as it is for a big company. And cyber-criminals are now turning towards the easy pickings of smaller companies with ever more sophisticated frauds.

Yet many businesses still don't think cyber insurance is necessary to protect against these risks. The reasons some of our clients gave us for initially rejecting cyber insurance encouraged us to address their views and demonstrate why, if you share their opinion, perhaps you should think again.

'We don't hold much in the way of sensitive data.'

Do you have employees? If you do, you will definitely hold sensitive data. Names and addresses, plus bank, health and HR records. Do you sell goods or services? If you do, every transaction will carry protected information such as credit card or bank account details, plus, of course, payment histories. In the wrong hands, this data could trigger costly repercussions.

'I'm pretty certain our public liability policy will cover data protection.'

Public liability cover is normally restricted to damage to physical property or bodily injury. Data is usually classified as non-physical property. This means you are unlikely to be covered for breach of contract (the number one cyber claim) or criminal acts.



'Our business is too insignificant to interest hackers/ cyber-criminals.'

Hackers don't just target well-known companies or brands. The National Cyber Security Alliance reports that every year one-in-five small businesses falls victim to a cyber-crime and roughly 60% of these go out of business within six months.

What's more data breaches aren't always caused by hackers. They can be caused by simple mistakes, such as leaving a company laptop on a train or a smart phone in a cab. And nearly a third of cyber-attacks against SMEs come from disgruntled or dishonest employees.

'We aren't responsible for our data because we use an IT provider.'

The Data Protection Act states that – regardless of who actually holds the data – the company which collected it, is the company responsible if a data breach occurs. The Information Commissioner's Office is able to impose penalties of up to £500,000 for serious breaches of the Act, so it is crucial to fully understand where your data is stored and how to react in the event of a breach. Cyber insurance can provide full crisis management including PR costs to help manage such events.

'The cost of an incident would not be significant enough to warrant the premium.'

The cost of a breach can be far higher than you might think. There's the emergency IT contractors to repair and reactivate your network and rebuild your security and the PR consultants to act to protect your company's reputation in the short term. Not to mention the contractual or regulatory penalties you may face. Often, just having the guidance of the insurer in knowing who to turn to in these situations can prove invaluable.

'Our IT manager is excellent. / We have state-of-the-art firewalls.'

Unfortunately, as we all know, even the most sophisticated networks can be hacked. Government agencies to multi-million pound games companies have had their systems breached or customer details leaked. You may not be a target for the same high-level hackers, but the statistics indicate that the majority of SMEs will face an attack at some point and the frequency of these attacks is on the rise. And, of course, there's always human error, such as sharing passwords or forgetting to follow security protocols.

'The cover is too expensive.'

With Centor, cover may be more affordable than you think. Our cyber expertise means that we can help you identify the risks you face and recommend solutions that remove, reduce or cover them. So you pay only for the cover you really need. Our panel of select insurers allows us to find the right insurer, with the right cover for your company at a competitive price. And our knowledge of the area means we can move fast! Client satisfaction is our lifeblood. It's no coincidence that 98% of our clients renew with us each year, and that we've won a string of prestigious awards for great customer service.

If you would like to find out more about cyber insurance or other insurance available for technology companies, please contact Centor Insurance.

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