

Ten Reasons to buy Cyber Risk Insurance

from Magnet Insurance Services

1. The real risk

The most pressing cyber risk to your business is your own team. Your employees use your computers, software and information on a daily basis. They use their own social media accounts on Facebook to air personal views. They have work email access on their own mobile phones, which if lost could constitute a data breach. They have access to customer lists or supplier prices, which are attractive targets of acquisition by a competitor should they poach a member of staff. Cyber risk insurance can cover your costs in the event of a Cyber Security incident resulting from staff misuse.

2. Service providers

The second biggest risk to a business is the providers of its IT, Web and Cloud services. Should you encounter a contractual dispute with one of these parties they may take their systems offline, immediately halting your business. Should you decide to sell your business, it may quickly find out it doesn't even own its website. Cyber risk insurance can cover the sometimes-hefty legal costs involved with cyber service providers.

3. Social Media misuse

Libel and slander court cases now abound due to misuse of social media, and the claimants awarded recompense can be many thousands of pounds. If your company's social media accounts are misused, or an employee's personal comments are attributed back to your business, you could land in hot water with a libel, slander or defamation case in short order. Cyber risk insurance can cover your business for this type of multimedia liability.

4. Ecommerce

Many small businesses rely on the web for revenue. Selling online is attractive as it reduces overheads, among other benefits, however ecommerce isn't without risk. Provider contracts, website downtime, hackers and fake reviews by malicious competitors can conspire against your profitability. First party cyber business interruption and data restoration costs can be covered with Cyber Risk insurance, to name but a few.

5. Business Interruption

That said, many small businesses don't rely on the web for revenue, however they will still rely on computers and computer systems to automate many basic office functions. This could be an internal file or email server, enabling employee scheduling or stock take. Should these systems be inaccessible cyber risk insurance can cover your First Party Cyber Business Interruption costs.

6. Viruses

The main reason a computer will be infected with a virus is that a member of staff will have unknowingly or maliciously enabled it to happen. One particular nasty specimen of malware, named CryptoLocker, irretrievably encrypts every file on your computer until a ransom of over £500 (each time!) is paid. Cyber risk insurance can cover such cyber extortion costs.

7. Portable Devices

Portable devices, such as tablets and iPhones, are a growing threat. Many staff use their own, for which a BYOD (or 'Bring Your Own Device') policy is a necessity. These devices access services in the cloud, and often do not have their security settings properly configured. If lost or stolen the device

could become a costly liability should the event be perceived to be a data breach.

8. Legislation

The Information Commissioner's Office (ICO) has powers under the Data Protection Act to award monetary penalties of up to £500,000 against a business in the event of a data breach or the breach of electronic marketing regulations. They can also prosecute Directors with the laws allowing for custodial criminal sentences. Cyber risk insurance can cover your penalty defence and crisis management costs.

9. Reputation

Reputation is becoming more important than ever, simply because it is becoming easier to tarnish. Malicious reviews on websites, by real and non-existent customers will decrease your chance of obtaining repeat or new custom. This isn't just applicable to companies that sell online; it applies to businesses of all types. In the event your reputation is damaged by a cyber security incident Cyber Risk insurance can cover your costs for a Public Relations firm to repair any damages and fallout.

10. Crisis Management

A data breach or cyber security incident is a terrifying ordeal. You will need to coordinate significant resource internally towards managing and rectifying the incident. Cyber Risk insurance can cover your costs during crisis management, ensuring the incident doesn't spiral from the virtual world to impact your real world longevity.

For more information visit
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