



**Ascend Broking Group**

Business Insurance Solutions

# CYBER BREACH & LIABILITY INSURANCE

Part 1 - *Understanding Cyber Insurance*

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# Understanding **Cyber Risks**

The dangers of cyber-attacks have been well documented in recent years and online security has become a priority for businesses. Less than 10% of UK companies have cyber insurance protection in place,\* and the figure is lower for SMEs.

These risks are only increasing in frequency. If ignored, you are putting your business and, in some cases, your personal liability at risk with the implementation of GDPR.

Any business that relies on technology to conduct business is increasingly vulnerable to the immediate effects of a cyber-attack or data security breach and its ability to recover. Standard insurance policies do not cover these risks.



A cyber breach can affect a business in a number of ways including:

Data breaches

Legal investigations

Business interruption

Privacy protection

Human error

System damage

Reputation protection

Extortion

Financial crime

Digital assets

Third party losses

That is why cyber insurance is a business necessity - it protects against the consequences of cyber-attacks by providing immediate assistance and financial support, plus compensation when something goes wrong.

This white paper aims to explain your business exposures and how a cyber insurance policy would respond in the event of a loss.

## Cyber-attack is a genuine threat to every organisation that relies on computers and data

**75%** of small and medium-sized businesses reported that they had suffered an **information security breach** in 2018



# Ask yourself 4 questions

- » Are you reliant on digital systems and, if a cyber-attack meant this vital part of your business was no longer functioning, what could you do?

Not much? That's what cyber insurance is for. It's about keeping businesses trading in a world where digital systems dominate.

- » If you came into work and you were told someone had got into your systems and accessed your data, would you know what to do next?
- » If someone hacked your business – to put out messages on social media for example – would you know how to stop them and repair the reputational damage?
- » Or if you came in and switched on your computer and there was no response except for a ransom demand? Who would you call? Would you pay?

Cyber insurance is designed to tackle all of these threats and more. It not only protects businesses but supports you through the crisis.

## You should consider cyber insurance if:

- ✓ You store personal info or email addresses
- ✓ You use a computer to run your business software
- ✓ You take card payments or make electronic payments

For small and medium sized businesses the average cost of the **worst security breaches** is between...

**£75,000 -  
£310,080**

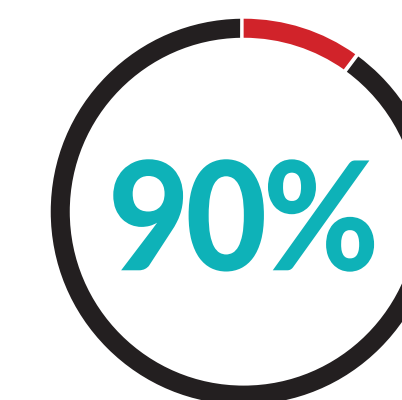
# Essential cyber breach, liability and regulatory response

From computer hacking to the loss of data caused by human error, cyber risks take many forms.

In May 2018 the EU General Data Protection Regulation (GDPR) came into force, bringing with it fines of up to 4% of annual global turnover, or £20M (whichever is greater) for businesses that do not adequately protect customer data.\*

Coupled to this is a requirement within the GDPR that if the potential harm to the data subject (the business's customer, employee, supplier etc) is not "remote" then new notification requirements come into force, along with any existing EU national law requirements.

In the USA, the introduction of stronger data protection legislation and requirements was the tipping point for the growth of cyber insurance, and most market commentators believe the UK will follow the same path. At present, 90% of the £2 billion global expenditure on cyber insurance is in the US marketplace, but, according to PwC, this is expected to treble by 2020, due to growth in the UK and Europe.



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**Cyber criminals** are increasingly targeting small and medium-sized enterprises (SMEs).







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