

## CYBER INSURANCE

Every business has at least some dependence on technology and the internet. So how will your business be affected when your computer network security is compromised?

It is almost certain there will be a financial cost. It could be lost revenue from being unable to sell goods or conduct your business, it could be damage to your reputation arising out of a breach of confidentiality and possible liability associated with this or it could simply be your own significant costs associated with cleaning the network up and reinstating the data.

If you are small business just using your PC for accounting, emails and the internet or a larger business involved with internet sales (holding customer's personal information including credit cards), major accounting usage, Social Media or anywhere in between, you should seriously consider Cyber Insurance.

Cyber Insurance is now available and it should be a key part of your risk management strategy. While an insurance policy cannot prevent a breach of your network security it can assist you by providing funds and professional guidance.

## FACTS

- More than 50% of NZ SMEs experience IT security attacks at least once a year
- 70% are affected by viruses, malware and scams
- 83% of lost smartphones result in compromised business data
- Cybercrime is New Zealand's third most prevalent crime and costs the country up to \$150m per annum

## CLAIMS

Examples of claims already paid out in New Zealand in the last 12 months:

- A virus was found to have infected a company's computer system with multiple computers affected. The only way this virus could be eradicated was to wipe and reinstall all of the computers on the network – **This claim was minor relative to many cyber claims. The costs totalled \$35,000.**
- Files were released after a ransom was paid. The Insurer also paid for loss of income, consultant fees and costs to restore the network – **\$100,000 has been paid so far with the file still open.**
- An employee emailed a client another client's sensitive information in error. This caused legal action and massive loss of reputation to the business – **the insured estimates \$300,000 has been paid so far.**

## COMMON MISCONCEPTIONS

- Our existing insurance policies typically cover some cyber risks – **no other form of liability insurance offers comprehensive coverage for cyber liability**
- Our data is not a high-risk target for cyber threats – **criminals know that some companies are "easier" targets because they do not have the resources for effective security to prevent loss or for effective recovery strategies after a loss**
- Our IT department is managing the risk effectively – **A company's most powerful first line of defence is its own IT system, and the best way to protect against attacks is to prevent them. Sometimes that is just not possible, and you will need someone who can react quickly and make it simple for you to help keep your business operating smoothly.**

## CYBER EVENTS CAN INCLUDE

- A breach of security on your computer network (this could be a hacker or a disgruntled employee)
- Rogue Tweets/Social Media comments made by employees that cause reputational damage
- Malicious malware and viruses that leave your digital systems crippled
- Accidental damage to hardware on your network that causes a loss of data including hardware or infrastructure failure resulting in data loss
- A breach of privacy such as losing or having stolen private or confidential information i.e. your clients' information
- A breach of any privacy regulations

## KEY ASPECTS TO CYBER RISK POLICIES

- Personal & Corporate Data Liability
- Outsourcing
- Data Security – resulting from any breach of duty
- Defence Costs
- Business Interruption

## COVERAGE IS PROVIDED TO THE FOLLOWING

- First Party & Third Party Loss (Loss to the insured *plus* liability for losses to 3<sup>rd</sup> Parties)
- Cyber Extortion (Ransoms)
- Legal Costs and Investigation costs
- Fines and Penalties
- Notification & Monitoring costs
- Public relations costs.

aibGROUP Insurance provides clients with full access to Cyber Risk products enhancing the ability for New Zealand businesses to better cope with such exposures. Ensuring your company's activities are well covered with a range of professional risk products is extremely important in today's business environment.

Please contact us for more information and advice about this policy and we will ensure a Broker Account Manager is assigned to meet your requirements.