

Cybercrime white paper

September 2017



# CYBERCRIME IS THE GREATEST RISK TO EVERY BUSINESS, INCLUDING YOURS

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## EXECUTIVE SUMMARY

The recent worldwide ransomware attack with the 'WannaCry' virus has made cybercrime front page news. Previously, without making many headlines, it was just starting to be recognised as a major threat to everyone who is online, and to businesses and organisations in particular.

The sobering fact is that half of all UK crime is cybercrime. Yet much of it goes unreported, and police forces can't even handle the small proportion that is reported.

Even the biggest, most security-savvy companies such as banks have lost money through online fraud, so smaller companies are even more vulnerable. In fact, many SMEs have already been subjected to cyber-attack.

Cyber threats take many forms, and there are lots of precautions companies can take to protect themselves online. But it is clear that no amount of cyber security can deliver 100% safety. There is therefore a strong case for also having cyber insurance, making it possible to claim back the cost of breaches in cyber security if and when they happen.

With the right advice from Bollington Insurance, this insurance need not be expensive and will provide practical protection against a real and growing threat.



A photograph of a man in a checkered shirt talking to a woman, with a purple overlay. The man is holding a pen and looking towards the woman. The woman's back is to the camera.

# THE KEY ROLE INSURANCE CAN PLAY, AND WHY BOLLINGTON ARE THE RIGHT PEOPLE TO TALK TO

Once you have understood the threats and put sensible cyber defences in place, you have done everything you can to minimise the risks you run. Unfortunately, the operative word is 'minimised' and not 'removed'. **Most small firms have been affected, and if they haven't they will be.**

According to a report by the Federation of Small Businesses (June 2016) 93% of small firms take steps to protect their business from digital threats. Despite this, 66% had been victims in the previous two years. Worse still, most had been affected multiple times - four on average. The average cost to each business is around £3000 per incident.

That can be a lot of money to a small business, and the Federation points out that cybercrime costs small businesses disproportionately more than big businesses when adjusted for size of organisation.

### **Make sure you can recover losses**

The next step is to make sure that if the worst happens and you do fall victim, the money lost can be recovered. So, the right type and level of insurance is essential to ensure that your business doesn't lose out when the (almost) inevitable cyber attack arrives.

### **Doubts about the need for insurance**

The case for businesses to add insurance to their cyber security armoury seems pretty clear. Or perhaps not. When brokers attending the 2017 British Insurance Brokers Association conference discussed the issue, many said that their clients believe cyber insurance to be complicated and expensive, and that their cyber risk is already covered by other types of insurance. There was also a feeling that everything to do with cyber security will change when GDPR - the EU General Data Protection Regulation - comes into force in May 2018.

In short, lots of business owners and managers feel that cyber insurance is not needed or not a priority. The main counter-arguments are as follows.

**“The average cost to each business is around £3000 per incident”**

FEDERATION OF  
SMALL BUSINESSES

**A dedicated point of contact can be provided to respond to incidents as they happen.**

## The insurance cover you need for a wide range of risks

Cybercrime clearly takes many forms and can significantly impact upon your organisation, your customers and your staff. That is why it is important to understand all the activities carried out by your business that may be subject to cybercrime, to obtain cover for the risks your company most needs to guard against.

As you would expect, cyber insurance provides cover for the risks listed above. However, not only does it protect against the costs incurred in addressing a cyber intrusion, it can also provide a service offering that takes the stress away from you having to manage a situation yourself, drawing upon expert guidance in handling the event and responding to it appropriately.

Here are just some of the additional ways in which a cyber insurance policy could help you:

- Incident Response – A dedicated point of contact can be provided to respond to incidents as they happen, helping to manage and coordinate the activity required to address threats and escalate them to appropriate individuals and organisations.
- Crisis Management & PR – When a crisis hits, your reputation can be damaged irreparably if you don't manage the situation well. Handling the costs of legal, IT and crisis consulting services, a cyber policy can also help you restore unreadable data, manage your PR response, and notify affected individuals.
- Business interruption – Most businesses underestimate the impact of cybercrime, believing they can be back up-and-running quickly. However, material interruption of business operations is likely if there is a network security failure, and this could impact on your operation for an extended time. Cover can be arranged for costs incurred due to interruption to your business in this manner.
- Cover for outsourced service providers – While you may trust a third-party to look after your IT requirements and data, a security failure at an outsourced provider is still a possibility. Your cyber insurance can include cover for the costs of recovering data and software, alongside network business interruption.
- Extortion cover – Cyber criminals who steal data can demand payment for its return. Ransomware such as WannaCry has focussed on obtaining money from affected organisations and individuals. Your cyber insurance cover can protect against the costs of investigation and monies paid after the event.

## Build an insurance solution that fits your requirements.

- Cover for electronic data incidents – If data becomes machine-unreadable due to a listed peril such as fire, flood or storm to your property, then this element of cover provides an additional level of protection to more traditional material property covers available. Costs of reconstituting software or data, and of business interruption incurred, can be covered.

While robust security and management of cyber risks is most important, there are obvious benefits to the enhanced protection that cyber insurance provides. Cover is available to address many of the risks discussed in this whitepaper.

### Start by assessing your real risk

The best way to determine whether an organisation needs cyber insurance is to assess its real level of risk. A quick and reliable way to start assessing your level of risk is the Bollington Insurance Cyber Risk Exposure Scorecard. By answering 20 simple questions, you can quickly see where your biggest and most obvious threats and exposures might lie.

### Then talk to an expert

Once you have a picture of the risks faced by your company, a chat with Bollington Insurance's expert will make things even clearer.

They can conduct a detailed risk assessment and advise on the simple steps you can take to:

- Enhance your cyber security.
- Reduce the premiums for the cyber insurance cover you really need.

Bollington will:

- Work alongside you to fully understand what you do.
- See where there may be gaps in your existing insurance cover with regards to cyber liabilities by assessing where your exposures may lie.
- Build an insurance solution that fits your requirements.
- Approach a range of leading UK insurers to get the best value cover.
- Cover the cyber liabilities that concern you most, or are cost-effective for you, making sure you are comfortable with what your insurance covers you for.
- Provide one renewal date for your insurance when taking out cover alongside commercial combined insurance.

Don't be caught out by cybercrime. Focus on what you do best in running your business and rest assured that your risks are covered with the added protection of cyber insurance from an award-winning UK broker.



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**Speak to the experts at Bollington Insurance to arrange affordable cover to meet your needs.**

**Call 0161 929 1851 to request a no-obligation consultation, or visit [www.bollington.com/cybercrime](http://www.bollington.com/cybercrime) for more information.**