WHAT SMALL BUSINESSES NEED TO KNOW ABOUT CYBER INSURANCE

Cyber insurance is an insurance policy that can help your business pay for damages and recovery costs resulting from cyber events such as data breaches, cyber theft, ransomware and more. Complying with your policy requirements maximizes your chances of receiving a payout to cover the costs of audits, forensics, compliance fines, lawsuits and even extortion payments.

Why do small businesses need cyber insurance?

Cybercriminals aren't only interested in data from big companies. They also have their sights set on small businesses because they know they aren't as likely to have the advanced cybersecurity procedures in place that big enterprises do.

Some companies skip out on top-notch security measures assuming that cyber insurance will cover their costs in the event of a catastrophe. This simply isn't true.

Strong cybersecurity measures are necessary to safeguard your company and are typically a requirement to qualify for insurance coverage. Cyber insurance is really meant to be a backup plan for your cybersecurity in the event of a breach.

3 types of cyber insurance and what they typically cover

You can choose from different cyber insurance plans based on your specific business requirements. Here are three key types of coverage every small business needs to be aware of:

01 CYBER THEFT

This plan covers losses resulting from identity theft.

- First-party coverage
- Embezzlement
- Scams – phony invoices, money transfers

02 CYBER LIABILITY

This plan covers financial losses that result from data breaches and other cyber events.

- Third-party coverage
- Regulatory penalties
- Lawsuits

03 CYBER EXTORTION/ RANSOMWARE

Cyber extortion insurance covers reasonable and necessary expenses your business incurs due to a network extortion threat.

- Ransom
- Negotiations
- Forensics

Having coverage and being eligible for a payout are NOT the same thing

Just because you've been accepted for cyber insurance coverage doesn't mean you are automatically eligible for a payout if your business experiences an incident.

Many insurance providers are unwilling to take on what they consider to be excessive risk associated with providing cyber insurance due to the rate and cost of cybercrime right now.

To maintain a good standing with a cyber insurance company, you must be compliant with their standards, which usually means having a strong cybersecurity posture. A payout may not be available if, for example, you meet the policy requirements at the time of acceptance, but then fall out of compliance by the time you experience an incident.

Why your small business needs an IT partner

Getting and keeping coverage can be difficult for a small business to navigate on its own. By partnering with an IT service provider, you can not only prevent incidents but also ensure compliance with your cyber insurance provider's policy requirements, increasing your chances of a payout in the event of an incident.

Contact us today to schedule a no-obligation consultation and find out how we can help you increase your chances of receiving cyber insurance coverage.

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