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103

4

26



Cyber Insurance: It's Not Just for Data Breaches

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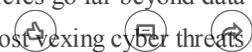
Several years ago, a series of massive and highly publicized retail data breaches took the issue of cyber security out of IT circles and inserted it into the mainstream news, cocktail party banter, and corporate board agendas. Those breaches also served to introduce the concept of cyber insurance to a much wider audience. Interest in and uptake of cyber insurance began to grow, largely driven by the breach response services (including incident response, forensic investigation, notification and credit monitoring costs) and class action lawsuit defense coverage available under those policies.

Although cyber policies still provide tremendously valuable coverage for breach events, they've come a long way since then. Recent iterations of cyber policies go far beyond data breach coverage and offer protection against a wide range of the most vexing cyber threats affecting companies in every business sector.

Additional Coverages

Some of the key cyber exposures for which coverage may be available are:

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4

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extortion, such as threats to publicly disclose protected information or to interrupt computer systems. Some insurers also will assist with obtaining digital currency to pay ransom demands.

• **Social Engineering**

Some insurers offer coverage under cyber policies that expressly applies to social engineering attacks that result in the transfer of company funds to unintended third parties.

• **Coverage for Senior Executive Losses**

At least one insurer provides coverage for identity theft and theft of funds from personal bank accounts of executive officers resulting from a third-party breach of the company's network security.

• **Corporate Identity Theft**

Coverage may be available for losses incurred as a result of fraudulent use of the company's electronic identity, including the establishment of credit in the company's name, electronic signing of the contract, and the creation of a website designed to impersonate the company.

• **Contingent Business Interruption**

Some insurers offer coverage for loss of business income, forensic expenses, and extra expenses sustained as a result of the interruption of the insured's business operations caused by an unintentional and unplanned interruption of computer systems operated by a third party business that provides necessary products or services to the insured pursuant to a written contract. This coverage can be especially valuable for companies operating in today's digital and interconnected economy.

• **Telephone Hacking**

Companies may be able to obtain coverage for losses resulting from the hacking of their telephone system, including reimbursement of costs for unauthorized calls and company's bandwidth.

• **Management Liability**

Coverage may be available for senior executive officers if they are sued in covered cyber event.

A Word of Caution

Messaging window with a header containing the word 'Messaging' and icons for a pencil and a gear.



Judy Selby

103

incurring any expenses.

Concluding Thoughts

Cyber insurance isn't just for companies with large amounts of credit card data. Coverage is constantly evolving to address emerging cyber risks from which no company is immune. Companies should carefully consider how a well designed cyber insurance policy can protect them from the expense and disruption of today's pervasive cyber threats.

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Stuart Quick

Cyber Operations & Breach Response

2d ...

Hi Judy - I concur, a great article. Helping spread the word about where cyber insurance has got to and its direction of travel. Another one for your list of coverages is Reputational Harm. We offer this on our CyberConnect product.....a foothold in the developing 'intangibles' market.

Like Reply | 4 Likes

Doug Endersbee

CEO & Investor at OzHosting.com

1d ...

Fire, theft, flood; these are all risks for which most Australian SMBs have insurance coverage.

In reality, data loss or an IT system shut down (as per the Cadbury/Petya event in Tassie) from causes like ransomware, cybercrime and data corruption are now p ...see more

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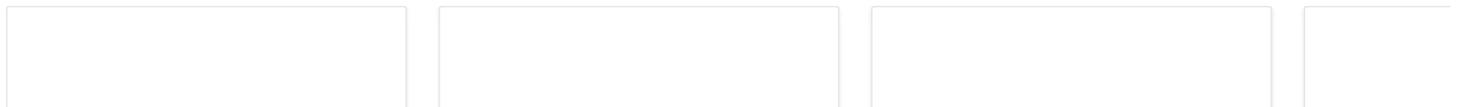


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