

45% of small and micro businesses suffer cyber attacks

Cyber attacks are now a regular feature in the news, the stories tend to involve high profile organisations including the National Health Service and Equifax. However, smaller organisations are being affected as well, the UK Government Cyber Security Breach Survey 2017 identified that 45% of small or micro businesses and 66% of medium sized businesses have experienced a cyber attack in the past 12 months.

Types of cyber incident

Cyber incidents can come in a number of formats

- System and website hacking and infection of computer systems by virus
- Inadvertent spreading of a computer virus
- Negligent content and infringement of 3rd party intellectual property
- Failure of data privacy obligations
- Electronic transfer of money fraud (including social engineering)

For many of us the language used around cyber incident and cyber security is unfamiliar which can make understanding and therefore responding to the threat difficult for an organisation. We have produced a guide to cyber terminology which can be accessed [here](#) or by asking your usual Qualitas adviser for a copy.

The impact of a cyber incident

When discussing the impact of a cyber incident on an organisation the focus is often the potential for claims from third parties such as customers and fines and sanctions from regulators. For many organisations, however, the impact can come in a number of areas including losses from

- Reputational damage
- Interruption to the organisation's income
- Fraud and extortion
- The costs of repairing the breach and recompiling data

Insurance protection

The first line of defence for any organisation is robust internal policies and systems to reduce the chance of a cyber incident being successful. New threats are constantly emerging and we are all prone to human error so, no matter how robust any organisation's defence, losses are a real possibility. Cyber insurance provides the organisation with the financial resources to deal with the impact of an incident including additional costs, loss of income, theft of money and liability claims from affected parties.

Policies can include cover for

Cyber Incident Response Costs – forensic investigation, breach notification	System business interruption – cover against your loss of income following an interruption to your business caused by a cyber incident
Cyber extortion – ransomware attacks	Cyber crime – involving theft of money and fraud (phishing scams, electronic wire transfer fraud, telephone hacking and social engineering)
System damage – data repair, reconfiguring and rebuilding systems	Reputational harm – Communications and Public Relations fees to rebuild public confidence. Cover against loss of income due to reputational harm caused by a cyber incident.
Media liability – negligent content on websites and social media	Cyber and privacy liability - cover against claims from third parties

CFC Underwriting, a specialist underwriter of cyber insurance policies, provides examples of real claims which we think helpfully illustrate the potential risks organisations face and also the cover that can be obtained. A copy can be seen [here](#) or by contacting your usual Qualitas adviser.

Not all policies are the same

The cyber insurance market is still relatively new and the policies offered by insurers have yet to harmonise. Different cover levels and definitions are common with some insurers offering wider cover with fewer exclusions than others who offer ‘entry level’ policies.

Of course the different cover levels are reflected in the premium charged. Whilst price is an important factor, the true cost to consider is the impact on the organisation should it suffer an incident.

How Qualitas can help

We will discuss with you the cyber threats that you wish to protect your organisation against and explain the cover options available to you, we will then source an appropriate policy on your behalf and obtain a quotation. Putting you in a position where you can make an informed decision on how to protect your organisation.

Lastly if you choose to proceed we will be pleased to put the cyber insurance policy in place!

If you would like more information about Cyber insurance, would like to discuss the cover available or a quotation please do not hesitate to contact us 01684 217555.

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