

Understanding the benefits

Understanding the cover and response services offered by cyber liability insurance can be difficult. Here we explain some of the benefits you can expect to receive from a comprehensive product.

1. Do you have a response team who will know how to respond instantly?

In the event of a cyber or data related incident, (including cyber extortion threats), you need to know that the situation can be rectified quickly. This will be critical to ensuring your business can continue operating, the financial loss is minimised and your clients' data is protected. Cyber insurers negotiate preferential rates with specialist providers of incident response services so when you need help, it will be available 24/7.

2. What will you do if your systems fail?

Businesses are heavily reliant on their IT infrastructure. If systems are damaged a traditional business interruption policy may not cover a resulting loss of income. Cyber insurance can provide cover for loss of profits associated with a systems outage that is caused by, for example, a computer virus or denial of service attack.

3. How much will it cost to notify 10,000 contacts that your system has been hacked?

The General Data Protection Regulation will be implemented on 25 May 2018. Following this there will be a legal requirement to notify individuals who are potentially

affected by a breach. Informing your customers directly might be very expensive from the cost of sending the initial communication through to the provision of credit monitoring services and an emergency call centre. A comprehensive cyber liability policy would cover these costs.

4. What happens if you lose your customer data?

Corruption of your customer and prospect databases will have a significant impact on your ability to operate. Cyber policies will cover restoration costs which, as they typically constitute a first party loss, may not be covered by other forms of insurance.

5. What about your firm's reputation?

If your business is affected by a cyber incident, there's a strong possibility that it will be covered by the press. Your reputation will suffer with corporate clients, like banks, being particularly sensitive about their supplier's IT security. Reputational harm can be far more expensive and detrimental to your business than more immediate forms of financial loss. Cyber insurance can not only help pay for the costs of hiring a PR firm but also for the loss of profits that arise as a direct result of customers switching to your competitors.

As concerns regarding cyber liability increase, professional indemnity insurers will increasingly expect their insureds to buy cyber liability insurance to protect their professional risk and to assist in mitigating against PI claims that may arise as a result of a cyber incident.

Cyber-attacks are widely recognised as one of the greatest risks faced by businesses and individuals. With premiums starting at just £300.00 we would encourage all firms that are serious about risk management to purchase a good quality cyber policy.

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