

## 7 Benefits of Investing in Cyber Insurance for Your Infrastructure



Cyberattacks and cyber terrorism are on the rise. No industry and business are safe. Assaults are coming from various sources, including foreign state agents. Today, the [average cost of cybercrime](#) in the United States is \$27.37 million. And companies are spending millions in litigation costs as class action suits are filed following data breaches. With seemingly numerous threats on every side, what can enterprises do to protect themselves? Enter cyber insurance.

### What is cyber insurance?

Cyber risk insurance, also known as a cyber insurance policy or cyber liability insurance coverage, is a safeguard offered to businesses by insurance agents geared at assisting enterprises to reduce risk exposure following a cyber-breach or attack. This insurance will help in offsetting associated recovery costs following the cyberattack.

The good news is that research carried out by PwC demonstrates that [one-third of American companies](#) have some form of cyber insurance. While this is better than nothing, this also means two-thirds of U.S. businesses are not cyber insured. If you're on the fence about cyber insurance, here are seven reasons to consider investing in cyber insurance for your infrastructure.

## 1. Cyber insurance can cover investigation costs

Following a security breach, forensics teams must be brought in to investigate the situation. This is necessary to establish what really happened and how the damage can be repaired. Investigations can go on for months, and enterprises may need to bring on board third-parties such as the FBI. Investigation fees can get very expensive, very fast.

## 2. Cyber insurance can offset business losses

Downtime can result in thousands of dollars worth of loss. For web-based enterprises such as Facebook, downtime can be exceedingly costly. In 2019 when [Facebook suffered a blackout](#), they lost upwards of \$6.3 million every hour. The 14-hour outage reportedly cost the company \$90 million. You can get a cyber-liability insurance coverage policy that covers business interruption, network downtime, and crisis management costs.

## 3. Cyber risk insurance can cover notification costs

Seeing as most businesses today collect customer information and store sensitive client payment information, it is mandatory to notify your customers following a cyber-incident where their personal details might have been compromised. In fact, this is required by law in several jurisdictions in the country. As a firm, you will be expected to put in place credit monitoring systems after a cyberattack. These are all costs that can be reimbursed by your insurers.

## 4. Cyber liability insurance can pay for lawsuits and extortion

Cyber breaches and lawsuits almost always go hand in hand. There will be legal expenses once news of the incident reaches the public. Enterprises can anticipate settlements if confidential information was leaked. Unfortunately, that's not all businesses have to contend with these

days. They also have to be covered in the event of cyber extortion (ransomware,) which is often the case in the majority of cyber incidents today.

## 5. Cyber risk insurance finances data recovery

In 2019, more than [4 billion records were breached](#). Some 3,800 companies publicly disclosed breaches that had taken place within their institutions. Hackers are notorious for damaging breached files if their ransom demands are not met. One of the benefits of having a cyber-risk insurance policy is that it can provide the necessary coverage needed to restore data after an incident.

## 6. Cyber insurance allows businesses to resume operations

How fast your company can recover following a cyberattack will be determined by and large by your cyber insurance cover. When Danish shipping broker AP Moller Maersk was affected by the [NotPetya virus in 2017](#), it paralyzed company operations around the globe.

To paint the picture, every computer in the company's 574 global offices had to be switched off to try and contain the spread of the virus. The firm's 800 vessels could not dock and unload because systems were down. Third-party logistics companies had their trucks stuck waiting to offload. Numerous businesses along the value chain were affected.

What makes cybercrime terrifying for businesses is that they can be affected even though they are not the main target. The NotPetya attack was carried out by Russian state agents and was meant to disrupt the tax software used in Ukraine. However, the virus did not spare other machines running the targeted software. A million miles away in Denmark, the Maersk network was one among hundreds that became collateral damage. Unfortunately for Maersk, this indirect attack cost them \$300 million to resolve, and normal operations only resumed after two weeks of intense damage control and mitigation efforts.

## 7. Cyber risk insurance can cover media liability

It can happen that your business unintentionally infringes on the intellectual property of another company. More often than not, you will be sued. Fortunately, cyber risk insurance can accommodate this in the form of media liability. Media liability protects your online and offline

advertising efforts. It is worth discussing the type of media liability cover you can secure in-depth with a qualified insurer. Be aware, however, that media liability might not cover patent infringement.

## Getting started with cyber insurance

No risk management plan is complete without cyber risk insurance. Investing in cyber insurance is an excellent way to protect your infrastructure and your business. Obtaining such insurance ensures that you are fully protected and can manage third-party claims if you ever find yourself a victim of cyber terrorists. The first step should be establishing a cyber-risk profile for your enterprise and evaluating the various expenses you would like to have covered. This will help you figure out potential third party fees. Armed with this insight, you can then begin your search for cyber insurance providers.

## The bottom line

The numerous benefits of cyber insurance can be summarized as follows:

Cyber risk insurance provides CEOs and CISOs with peace of mind in the event of a cyberattack. In addition, cyber insurance enables businesses to recover their first-party costs in areas of data restoration, legal expenses, public relations, identity restoration, and IT forensics. Companies will also be able to meet their third party claims without disrupting operations. All in all, enterprises cannot afford to overlook the importance of cyber risk in today's cyber landscape.