

The Value of Cyber Insurance



An IBM 2018 study showed that the cost of cyber breaches continues to rise year over year.

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By Megan Fernandes – Reporter, Pacific Business News

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Property, professional liability and workers compensation are all insurances that most businesses commonly invest in, but what about cyber insurance?

Sandra Ferreira, vice president of Atlas Insurance said that most people think that they are covered for cyber attacks through other general policies, but they are wrong.

“It’s a hot topic right now among businesses,” Ferreira said. “Most insurance policies don’t pay for the regulated fines and penalties after an attack.”

Cyber attacks have hit home in Hawaii before. Most recently, the Zippy’s chain settled a \$725,000 class-action claim in court earlier this year after debit and credit cards used at all 25 of the company’s restaurants between Nov. 23, 2017 and March 29, 2018 were potentially compromised due to an incident involving its card-processing system.

“Without insurances, businesses must interpret the loss and pay the regulatory fines,” she said. “If insured, you turn it over to insurance with the expectation that they will help you out, and they take care of it. It’s a peace of mind.”

Atlas Insurance is starting to see a trend of more business clients buy cyber insurance, Ferreira said.

“Since it’s readily available in the marketplace affordably, we see both small and large businesses invest in it, whereas in the past it was mostly large businesses purchasing cyber insurance,” Ferreira said. “Big businesses are not the only targets of cyber crime; Hackers often look for multiple vulnerabilities and smaller payouts.”

An IBM 2018 study showed that the cost of breaches continues to rise year over year. The cost of an average breach is more than \$3.4 million, which includes expenses such as fines, lawyers and forensics investigations to find the source of the hack.

As computer systems and technology continue to advance, so does the cyber insurance meant to protect against cyber threats.

“It’s continually changing,” she said. “Nothing in the past can predict the future. It’s not just for one type of business, it gives corporations financial backing.”

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