Cyber protection insurance at a glance

What is cyber protection insurance?

Cyber protection insurance is a relatively new form of cover. It's designed to help protect your business from the financial impact of computer hacking or a data breach.

If you see it, report it!

In February 2017, the Senate passed the Privacy Amendment (Notifiable Data Breaches) Bill 2016 – setting up a mandatory nationwide data breach notification scheme. This means if you spot a security breach which may cause unauthorised access or disclosure of personal information, you're legally required to report it to the Office of the Australian Commissioner within 30 days. You'll also need to notify the people whose information has been affected.

Who should consider it?

If your business has a website or electronic records, you're vulnerable to cyber hackers. In fact, it's likely that your business will suffer a cyber attack at some stage.

A cyber attack could cost your business more than money. It could also threaten your intellectual property and put customers' personal information at risk – which could damage your reputation.

"The scale and reach of malicious cyber activity affecting Australian public and private sector organisations and individuals is unprecedented. The rate of compromise is increasing and the methods used by malicious actors are rapidly evolving."

Prime Minister Malcolm Turnbull, Australia's Cyber Security Strategy Report, 2016

Did you know?

9.9%

There were 177,519 scams reported in 2018 with 9.9% having a financial loss of $107,032,111.

(Scamwatch statistics, Australian Competition & Consumer Commission, 2018)

58%

58% of victims of data breaches are categorised as small businesses.

(Summary Findings, Verizon 2018 Data Breach Investigations Report, 2018)

22%

Among small to medium sized businesses that have experienced a successful infiltration of the corporate network by ransomware, 22% reported that they had to cease business operations immediately (identical to the global average), and 18 percent lost revenue (higher than the global average).

(Second Annual State of Ransomware Report: Survey Results for Australia, Osterman Research, 2017)

What can it cover?

Cyber insurance policies vary in the benefits they provide.

Your Steadfast insurance broker can help you find the most suitable product that meets the needs of your business. To give you an idea, here's the type of cover that your policy may include:

Type of cover	Potential benefits
First party losses	
Business interruption losses	Covers financial loss you may suffer as a result of a cyber attack.
Cyber extortion	The costs of a cyber attack, such as hiring negotiation experts, covering extortion demands and prevention of future threats.
Electronic data replacement	The costs of recovering or replacing your records and other business data.
Third party losses	
Security and privacy liability	Damages to your reputation resulting from data breaches, such as loss of third party data held on your system.
Defence costs	Funds the legal costs of defending claims.
Regulatory breach liability	Covers legal expenses and the costs of fines arising from investigation by a government regulator.
Electronic media liability	The costs of copyright infringement, defamation claims and misuse of certain types of intellectual property online.
Extra expenses	
Crisis management expenses	Provides cover for the costs of managing a crisis caused by cyber hackers.
Notification and monitoring expenses	The costs of notifying customers of a security breach, and monitoring their credit card details to prevent further attacks.

What usually isn't covered?

Exclusions and the excess you need to pay can vary greatly depending on your insurer. Policies generally won't include cover for:

- Damage to computer hardware.
- Criminal actions committed by you or your business.
- A cyber attack based on facts of which you were aware.
- Criminals using the internet to steal money from you.

There are other exclusions which your Steadfast insurance broker can outline for you.

CASE STUDY

Your employee opens an email attachment infected with a ransomware virus. Access to your systems and data are blocked and the virus software informs you that it will remain unavailable unless you pay the ransom amount. Rather than paying the hacker and opening your business up to further extortion attempts, you hire external IT consultants to recover your back-up data and files and upgrade your antivirus software. Over the week it takes to apply these fixes, you have to close your business, causing you to lose revenue. It also affects your reputation with your clients; one of your clients threatens to sue you for the delay which cost them a large amount of money.

A cyber protection insurance policy allows you to recover some of the costs you incur during this incident. Depending on your policy, you may be able to make a claim for losses caused by the interruption to your business, the costs of recovering your data and upgrading your software, and ongoing crisis management expenses.

Contact us today

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Important note – this information is provided to assist you in understanding the terms, implications and common considerations in cyber protection insurance. It does not constitute advice, and is not complete, so please discuss the full details with your Steadfast insurance broker.