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Cyberliability: Some Critical Coverages to Consider

What do Snapchat, Dairy Queen and Sony Pictures have in common? All three companies are successful, sophisticated and have been the target of a recent cyberattack. They are not the only ones. Scores of companies have suffered cyberattacks in the last few years. Given the costs of a cyberattack, what can you do to protect your company?

First, it is vital to have a plan to safeguard your company and clients from attacks, and to respond to attacks when and if they occur. But having a plan isn't enough.

If your company suffers a cyberattack, insurance may be your company's most valuable asset and resource. The insurance industry has developed specialized "cyberliability" policies to address the unique risks associated with cyberattacks.

In addition to the basic coverages that these policies provide, here are just a few of the other coverages that you should seriously consider when purchasing cyberliability insurance:

Notification Expense

Most states impose an affirmative obligation on companies that have suffered a cyberattack to notify impacted customers and clients and provide credit monitoring services to them. Insurance is available to cover these costs.

Public Relations/Crisis Management

Cyberattacks not only have real and direct costs for victims, these attacks can also have a negative effect on a company's reputation. Public Relations/Crisis Management coverage is there to provide resources to hire a firm to get out in front of the situation by educating your customers and the public about the breach and your response to it.

Forensic Investigation

After a cyberattack, your first question is likely to be, "What exactly happened and how did it happen to us?" These are critical questions to answer as you try to comfort the public and prevent a reoccurrence in the future. Many insurers offer its policyholders coverage to offset this expense.

Business Interruption/Extra Expense

Depending on the nature of your business, a cyberattack may mean lost revenues or significant additional expenses to get back to "normal." In either situation, Business Interruption and Extra Expense coverage is critical. It reimburses you for the loss of income and/or extra expenses associated with a cyberattack.

Conclusion

In this article, we have highlighted just a few of the many coverage options that you should consider as you shop for and purchase cyberliability insurance. As this is a complicated and specialized insurance product, it is advisable to work with an experienced and trusted insurance broker or legal adviser.

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