



Fact sheet

Cyber Liability Insurance

November 2019

Cyber Liability in a nutshell

If your business is targeted by cyber criminals or suffers a data breach, Cyber Liability insurance will assist in managing incidents from the first notification right through to providing a resolution.

The low-down

Cyber Liability Insurance is designed to help protect you from claims and support your profitability in the event of a cyber breach or attack. Costs associated with defending a cyber claim are also covered.

It offers cover for both third party claims against your business (such as clients suing for breach of privacy, or action taken by the Privacy Commissioner); and first party cover for the expenses your business incurs following a cyber attack (including the costs of repairing and restoring your systems).

Do I really need it?

Almost every business, big and small, handles some form of important data which could be compromised. This can include sensitive personal information collected from your customers or clients; details about your staff; crucial information about your business such as your budgets, sales data, marketing plans and suppliers details; or credit card and bank account details.

If your business stores any of these forms of information electronically, you have a website or an online presence, your business may be at risk of becoming a victim of a cyber attack or data breach.

An attack on your business could be a costly experience and has the potential to jeopardise your intellectual property, ruin your reputation and put you out of business.

To understand if a Cyber Liability policy would be beneficial to your business, ask yourself the following questions:

- How valuable is your data? Do you store personal or commercially sensitive information about your clients, suppliers or your own business?
- How robust is your IT infrastructure? Is it up-to-date with the latest anti-virus protection software?
- Are you and your employees adequately trained on what to be aware of, how to prevent a cyber incident from occurring and recognising when a data breach has occurred?
- Do you have sufficient resources and an incident response plan to manage a cyber incident?

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What is typically covered?*

First Party Costs

Covers the costs associated with responding to a cyber incident, including:

- ✓ IT forensic costs
- ✓ Data recovery costs
- ✓ Cyber extortion costs (including ransom demands from hackers)
- ✓ Notification and public relations costs
- ✓ Legal representation expenses

Third Party Losses

Covers your liability to third parties following a data breach, including:

- ✓ Claims for compensation
- ✓ Legal and defence costs
- ✓ Costs arising from investigations by a government regulator
- ✓ Fines and penalties for breaching the Privacy Act

Business Interruption

Covers lost profits as a direct result of a cyber event:

- ✓ Loss of income
- ✓ Business expenses
- ✓ Increased cost of operating your business

What is typically not covered?*

- ✗ Bodily injury and property damage
- ✗ Prior known facts or circumstances
- ✗ Intentional or fraudulent acts
- ✗ Damage to computer hardware
- ✗ Upgrading or replacement of an application, system or network
- ✗ Failure or outage of power, utilities, satellites or telecommunication services

Always read the Policy Wording to understand the terms and conditions of Cyber insurance cover, including any applicable exclusions.

Did you know?

- According to the UNISYS security index 2019, 57% of consumers are concerned about the threat of viruses/hacking in relation to online shopping and banking
- Around 25 per cent of Australian small to medium enterprises experienced a cybercrime in 2017¹. In a 2017 survey, small business operators rated cybercrime as the third biggest risk to their business (www.cyber.gov.au)
- Australian small businesses are taking more steps to improve their cyber security and almost 90 per cent are seeking more resources to understand and tackle cyber threats (NSW Small Business Commissioner, 2017)

¹Dual Australia, Cyber Claims Examples, Accessed 2019

Claim Case Study

An insured accountant had an employee who accidentally misplaced a company laptop that contained a list of 1000 client tax records and credit card details.

A policy payment totalling \$250,000 was made to cover the costs involved with notifying the affected individuals and the Privacy Commissioner of the data breach. The cost of hiring a Public Relations firm to assist the insured with re-building their business reputation was also included.²

²Dual Australia, Cyber Claims Examples, Accessed 2019