



CYBER INSURERS – FRIEND OR FOE?

BY JAY BORDEN

Breaches are affecting more companies and affecting each one more seriously. This has resulted in larger payouts by cyber insurers. No surprise that cyber insurance rates are increasing, up to 50% by some estimates. After all, insurers are very good at analyzing risks and losses and setting rates accordingly.

Now there is more experience with cyber risks and insurers are adapting. To get a policy insurance companies have often required more than an application form. For health, a doctor's exam. For property and casualty, a visit. Questionnaires may be the first step. The answers determined if you would be accepted and also affected rates. For instance, people with unhealthy habits often pay more for health or life insurance. Of course, sometimes the answers weren't 100% accurate. They may get a policy, but if discovered may result in denied claims.

Now that type of detail has made it to cyber insurance with insurers requiring detailed information about the cyber protections in place before issuing a policy. The fewer protections in place, the higher the premium or the policy may be refused. If a breach occurs and your answers don't match reality forget about a claim being paid. You may even be sued for misrepresentation.

Even if precautions are in place, what were considered acceptable before may not be now due to the increasing aggressiveness of cyberattackers.

For instance, Multifactor Authentication, MFA, was considered necessary and sufficient. But older, simpler forms of MFA have been compromised. Now, you must have one of the newer forms of MFA to satisfy insurers.

Cyber insurers want to know considerably more detail about your cyber protections. For instance, what are your policies and procedures in general and especially for high target applications?

Cyber made simple.

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On the one hand this can be viewed as onerous. And in many ways it is. But on the other hand, the CISO can use it to help get better tools and protections approved. The extra cost of the policy for not having sufficient precautions may help justify the cost of the tools, training, or staff. Don't forget the costs of downtime, restoration of services, and reputational damage in the calculation.

One of the first steps in completing the self-assessment questionnaires is to have a full inventory of assets, discovery tools, protections in place, and accurate and complete documentation of it all. Remember that important data from the protection systems and reports must be shown to be tamper proof. In the event of a breach if this cannot be shown, then a forensic examination will not yield accurate results and claims may be denied.

Don't forget that in regulated and high target industries it is essential to be fully compliant and be able to prove it.

With cybersecurity, no one is going to take your word for anything. If you can't prove it, you haven't taken cybersecurity seriously. This is harsh, but it is the current state of the world regarding cyber security and cyber insurance.

On the positive side, you can look at it as a help in getting senior management and the board to take cybersecurity more seriously and approve budget requests for what is needed. After all, executives and the board have an obligation to protect the company and keep it in business. Not taking cyber security seriously may be considered negligent.

Remember, cyberbreaches are a fact these days. Tools are helpful in protecting you, but people are still considered the cause of 90% of breaches.

Do follow the advice above but educate users to help them recognize phishing and not fall victim.

One Brightly Cyber offers services to improve your protections and educate everyone. Our sister company, Brightly Insurance, helps small and medium size businesses find insurance options that are right for them. We do this by working with innovative partners including Boxx Insurance, Hartford Steam Boiler, and Lloyds. See why we say Cyber Made Simple.

Contact onebrightlycyber at info@onebrightlycyber.com or call (888) 773-1920 or Brightly Insurance at brightlyinsurance.com or at 888-827-4780.