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Cyber & Data Insurance Explained

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WHAT IS CYBER & DATA INSURANCE?

In today's world every business relies on IT, when systems fail or equipment fails or you cannot access your network, your business can sustain the following losses:

- ◆ Loss of income
- ◆ Business Interruption
- ◆ System & Network Damage
- ◆ Social Engineering
- ◆ Reputational Damage

A comprehensive Cyber & Data insurance policy will protect your business against these exposures and any business should have a comprehensive cyber policy if they:

- ◆ Hold customer details, such as names, addresses, bank details
- ◆ Process payment card information
- ◆ Rely on IT systems and websites to operate their business
- ◆ Have automated manufacturing



WHAT SHOULD A COMPREHENSIVE CYBER & DATA POLICY COVER?

A good Cyber Insurance policy should provide cover for losses relating to IT system and network damage, including loss of information from these. It will also provide assistance and support with the management of the incident itself, which is a major benefit when your business is faced with reputational damage or regulatory enforcement. Under the General Data Protection Regulations (GDPR) 2018, this new law made several changes:



Mandatory requirement for all businesses to notify the Information Commission Office (ICO) of any breach within 72 hours of becoming aware of the breach



Mandatory requirement to notify all individuals affected by a breach of their personal data, where this is deemed by the regulatory to be a high risk breach, which could cause significant harm.



A right for individuals to know when their information has been hacked



Substantial fines increased to £20,000,000 or up to 4% of global turnover for non-compliance.

The implications, costs are significant and demonstrate the need for a comprehensive cyber and data policy, which provides insurance for breach costs and includes the notification costs to affected individuals which can be expensive.

Cyber & Data risks fall into first party and third party liability. First party liability is the businesses own assets:

- ◆ Loss or damage to data or software programmes
- ◆ Business interruption from network downtime
- ◆ Cyber & Data extortion
- ◆ Customer & / or third party notification expenses where there is a legal requirement to notify them of a privacy or security breach
- ◆ Potentially cover for fines, where legally insurable
- ◆ Repair or replacement of IT equipment following system damage
- ◆ Crisis communications costs
- ◆ Regulatory action, investigation & court attendance costs
- ◆ Reputational damage arising from a breach of data, that results in intellectual property or customers

Third party liability covers the assets of others, which is typically the businesses customers:

- ◆ Security and privacy breaches, investigation and defence costs which together with civil damages associated with them
- ◆ Multimedia liability to cover investigation, defence costs and civil damages arising from defamation, breach of privacy or negligence in publication in electronic or print media
- ◆ Loss of third party data, including payment of compensation to customers for denial of access and failure of software or systems



If you have any questions about Cyber & Data Insurance or would like to find out how J M Glendinning Insurance Brokers or other members of the JMG Group can help you, then please contact me on the details below:



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