CYBER INSURANCE

Recovering from a cyber attack can be costly.

Cyber insurance is one option that can help protect your business against losses resulting from a cyber attack. If you're thinking about cyber insurance, discuss with your insurance agent what policy would best fit your company's needs, including whether you should go with first-party coverage, third-party coverage, or both. Here are some general tips to consider.

What Should Your Cyber Insurance Policy Cover?

Make sure your policy includes coverage for:

- Data breaches (like incidents involving theft of personal information)
- Cyber attacks (like breaches of your network)
- Cyber attacks on your data held by vendors and other third parties
- Cyber attacks that occur anywhere in the world (not only in the United States)
- Terrorist acts

Also, consider whether your cyber insurance provider will:

- Defend you in a lawsuit or regulatory investigation (look for "duty to defend" wording)
- Provide coverage in excess of any other applicable insurance you have
- Offer a breach hotline that's available every day of the year at all times

What Is **First-Party Coverage** and What Should You Look For?

First-party cyber coverage protects your data, including employee and customer information. This coverage typically includes your business's costs related to:

- Legal counsel to determine your notification and regulatory obligations
- Recovery and replacement of lost or stolen data
- Customer notification and call center services
- Lost income due to business interruption
- Crisis management and public relations
- Cyber extortion and fraud
- Forensic services to investigate the breach
- Fees, fines, and penalties related to the cyber incident

What Is **Third-Party Coverage** and What Should You Look For?

Third-party cyber coverage generally protects you from liability if a third party brings claims against you. This coverage typically includes:

- Payments to consumers affected by the breach
- Costs for litigation and responding toregulatory inquiries
- Claims and settlement expenses relating to disputes or lawsuits
- Other settlements, damages, and judgmentsLosses related to defamation and copyright or trademark infringement
- Accounting costs

More insurance resources for small businesses available at:
FTC.gov/SmallBusiness | **smallbusiness.naic.org**

National Association *of* Insurance Commissioners

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