Recovering from a cyberattack can be costly.

Cyber insurance is one option that can help protect your business against losses resulting from a cyberattack. 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)
> Cyberattacks (like breaches of your network)
> Cyberattacks on your data held by vendors and other third parties
> Cyberattacks 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 to regulatory inquiries
> Claims and settlement expenses relating to disputes or lawsuits
> Other settlements, damages, and judgments losses
> Losses related to defamation and copyright or trademark infringement
> Accounting costs

More insurance resources for small businesses are available at:

FTC.gov/SmallBusiness | smallbusiness.naic.org

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