



CYBER LIABILITY INSURANCES

An important message for the policy holder

As Cyber risks become increasingly widespread, Small Business Owners will need to maintain minimum levels of internal compliance and policies around handling of these risks. In particular, we have seen a dramatic increase in online scams, social engineering and/or phishing scams which has led to considerable financial loss.

Read on for basic Risk Management tips to protect your business or call your dedicated MGA broker to learn more about how a Cyber Liability policy can protect you and your business.

Find your nearest broker at www.mga.com/our-offices



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CYBER LIABILITY INSURANCES

What is cyber insurance?

Cyber attacks are one of the leading risks for businesses in Australia and Symantec has reported companies with less than 500 employees were most likely to be targeted.

Cyber attacks could leave you or your business exposed to costly expenses such as system restoration costs, crisis management costs, hefty fines from regulators and extortion costs. An incident can be as simple as attaching the wrong file to an email or more complicated such as an attack from a hacker resulting in loss of confidential customer information.

Cyber insurance is a specialised insurance product, commonly sourced through a Cyber Insurance Broker and is designed to protect businesses against the costs incurred as a result of a cyber attack.

Please ensure that your business undertakes the following procedures (at a minimum) to ensure that coverage is provided by your insurance policy:

The provision of written training materials to all Employees regarding the dangers of Social Engineering Fraud, Phishing, Phreaking and Cyber Fraud which incorporate regular review; Ensure passwords for all online accounts and banking platforms maintained by the Insured are reviewed/changed at least every 45 days and that the password protocols accord with industry best practice, or adopts two factor authentication; Ensure protocols are in place to prevent any one Insured Person to pay, deliver or transfer money or securities valued at more than \$2,000 from an account maintained by the Insured without a second Insured Person co-authorising such transaction.

What can Cyber Insurance cover?

- Cyber incident response costs – e.g. IT forensics, legal, breach notification and crisis communication
- Cyber crime (including social engineering and theft of personal funds)
- Cyber extortion / ransom attack
- System damage
- Data destruction
- System business interruption
- Cyber and privacy liability
- Reputation harm
- Management liability (arising from a cyber attack)
- Multimedia liability

Cyber claim example

A retailer emailed a group of customers to promote a sale with special discounts available to them. The retailer intended to attach a copy of the flyer detailing the discounts but instead attached a copy of a spreadsheet that contained a customer list, including customer names, addresses and credit card information.

Result

The retailer was required to notify all affected customers of the error and offered credit monitoring services. Several of the affected individuals began legal proceedings against the retailer. The notification and credit monitoring costs totalled \$50,000, and the amount to settle the legal proceedings with the retailer's customers combined with the associated legal costs and expenses totalled \$100,000. Luckily for this business, they had cyber insurance and the claim was accepted and paid in full.

Want to find out more?

Find out more online: [mga.com/cyber/](https://www.mga.com/cyber/)

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