



## WHY ALL BUSINESSES CAN BENEFIT FROM CYBER SECURITY COVERAGE, AND HOW WE HELPED ONE CLIENT BY BINDING A CYBER PROGRAM JUST IN THE NICK OF TIME

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### SUMMARY

With an extensive understanding of the cyber risk landscape for small and mid-size companies, we evaluated one client's risk, tailored a specific Cyber program to fit their needs, and bound it just in the nick of time. This quickly became a lifeline, saving the client mid-six figures in a ransomware attack and valuable time and resources in handling the claim.



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## BACKGROUND

According to the [2019 Verizon Data Breach Investigations Report](#), 'small businesses accounted for 43% of cyber breaches'. However, most small, and even some mid-size companies, don't fully understand their cyber risks or view themselves as "relying" upon technology in order to properly facilitate and run their business.

According to the [2019 Ponemon Institute Global State of Cybersecurity in Small and Medium-Sized Businesses](#), sixty-six percent of organizations with 100 to 1,000 employees said they experienced a cyberattack in the last year and the average cost to recover from a cyber-attack was \$1.2M.

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## THE PROBLEM:

### Gaps in Insurance Program and Lack of Cyber Risk awareness

After doing a thorough review of our clients' company and insurance program, it was clear that there was a cyber exposure, but no coverage in place. Like many small to mid-size companies, the risk did not resonate with them.

We continued to raised awareness and educate the client, presenting them with potential areas of cyber exposure, and discussing the need/process to obtain Cyber Liability coverage.

After several years, a new controller took over the insurance function, and after analyzing the potential risks from the data provided, vetted the coverage with the internal executives. The client finally elected to obtain the coverage.

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## THE SOLUTION:

### (that they hoped they never needed)

Within thirty days of binding the Cyber Security program, the event the client did not think possible because they were "too small", "didn't rely on software" and "didn't have an exposure", occurred. They suffered a ransomware attack with a \$400,000 demand attached to it.

The client was able to utilize the partnership they had forged with the carrier to develop a strategy to reduce the downtime and the ultimate claims cost. The client was able to rely on both our firm and the carrier's panel of cyber experts, rather than navigate this novel and unknown event alone.

Ultimately, the client had an outstanding resolution: securing a cost-effective outcome to a potentially catastrophic ransomware attack, reducing the financial impact, and limiting their business downtime.

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## VALUABLE RESOURCES ON CYBER SECURITY

It's easy to see how the average cyber event can cost a business \$1.2M when a simple ransomware hacker's demand can be \$400,000 or more; however, only 14% of small businesses are prepared to defend themselves

[2018 State of Cybersecurity in Small & Medium Size Businesses](#)

[As Cyber Risks Grow, So Does the Need for Small Business Coverage](#)

It's important to consider the various facets of a claim. In addition to the "hard" costs, there are many soft cost factors to consider as well; customer damage control, reputational harm, credit card monitoring, and business interruption.

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## BENEFITS OF CYBER SECURITY INSURANCE

-  Data breach coverage
-  Business interruption loss reimbursement
-  Cyber extortion defense
-  Forensic support
-  Legal support
-  Coverage beyond general liability policy
-  Data recovery

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