# The Evolution of Cyber Insurance and Where It's Going

Cyberattacks and data breaches can have severe ramifications for organizations. Data theft and loss can lead to reputational damage, legal liabilities and lost productivity while being expensive. With cybercrime on the rise, operating in this landscape can be daunting. Cyber insurance gives organization leaders the confidence to focus on long-term growth.

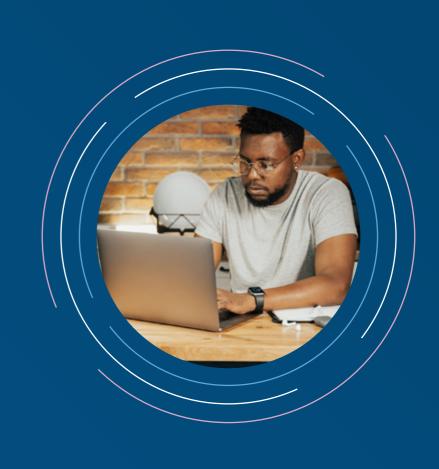## What Exactly is Cyber Insurance?

Cyber insurance, also known as cybersecurity insurance, encompasses policies that reimburse an organization for financial loss stemming from a cybersecurity incident as well as special services to help organizations recover from these incidents.

Policies can cover costs such as:

• Recovering and restoring data and services.

• Legal expenses from consumer lawsuits or regulatory fines.

• Lost income from disrupted operations.

• Communication costs involved with notifying customers and public relations.

• Payments to cyber extortionists during a ransomware attack.

• Reimbursement from funds transfer fraud and social engineering attacks.

• Computer forensic services to identify the source of the breach and make recommendations to improve your IT security.

## The Importance of Cyber Insurance

Technology advancements, specifically in cloud computing, can facilitate daily work tasks but can also pose significant risks. Cyber insurance offers organizations a critical resource for financial protection, helping operations remain healthy and seamless.

## What Research Says

### Cybercrime Is On The Rise

• Data breaches reached a record high in 2021 with 1,862 incidents; this is an increase of 68% from 2020.

• 29.4% of reports received by the Federal Trade Commission in 2021 were related to identity theft, totaling 1.7 million reports of this crime. Though levels declined in 2022, they remain higher than before the pandemic.

• At the end of 2022, ransomware payouts increased by 8% to $228,125 on average.

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### The Cost of Cybercrime

• Data breaches in the healthcare industry increased by 42% since 2020, with healthcare experiencing a higher average cost for data breaches than other industries for the 12th year.

• Ransomware-related data breaches increased by 41% in 2022, along with the time it took to identify them. The average ransomware attack cost was $4.5 million,

• Credential theft crimes cost $150,000 more than average data breaches, taking longer to identify at an average of 327 days.

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### The Cyber Insurance Industry At A Glance

• $7.8 billion: the estimated value of the global cyber insurance market in 2020.

• $20 billion: the forecasted value for the cyber insurance industry by 2025.

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### Room to Grow For Cyber Insurance Providers

On average, businesses see that cyber insurance providers compensate just 40% of costs related to a cyberattack, while premiums have increased 10-20 times.

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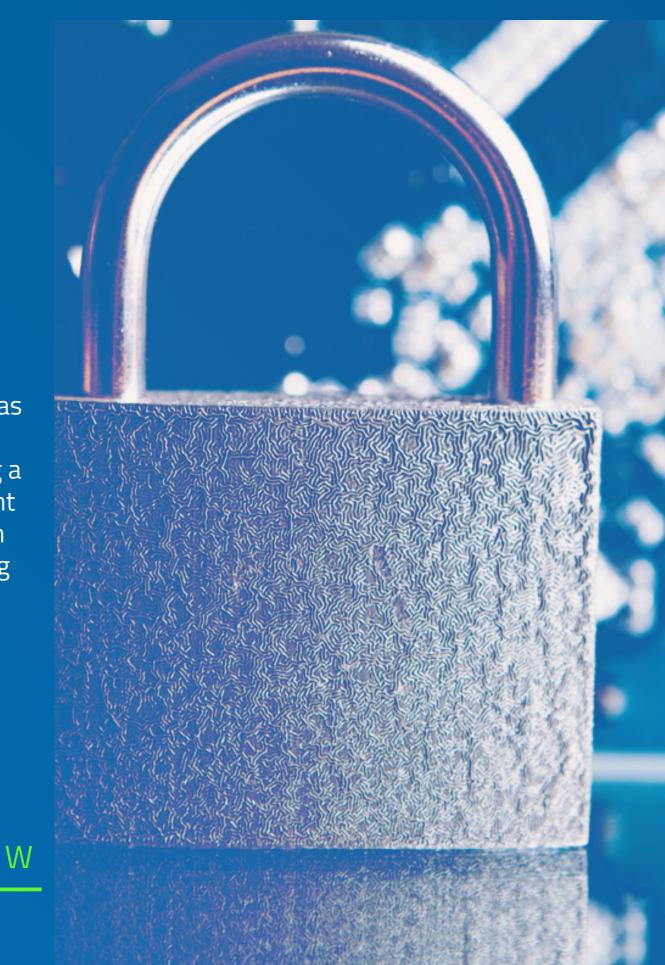### So, is Cyber Insurance Here to Stay?

Cyber insurance providers have adapted to their experiences during the pandemic, improving their cybersecurity practices to ensure that organizations can rely on effective coverage to meet the growing costs of cyberattacks. With the rise in cybercrime, cyber insurance will remain necessary for companies looking to boost their cyber resilience.

## Become Cyber Resilient With designDATA

As cyber criminals continue to grow their operations and target more organizations, it's no longer a question of if you will be targeted, but when. While sound cybersecurity practices at your organization (such as Multi-Factor Authentication, Encryption and Cybersecurity Awareness Training) continue to play a major role in cybersecurity defense, having a comprehensive cybersecurity insurance policy helps transfer significant risk off of your organization to the insurance carriers. Any organization that chooses to "go it alone" without cybersecurity insurance is putting themselves at significant risk of a single well-executed cyberattack putting them out of business.

If you want to check the status of your cyber insurance and make sure your business is prepared for cyber incidents, request a free cyber insurance review now!

REQUEST FREE CYBER INSURANCE REVIEW

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