

# Business Risks from Technology

By Zach Boyer

Technology has become an integral element of today's business operations. By embracing and leveraging advances, businesses can gain access to significant



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opportunities for growth, efficiency and innovation.

Unfortunately, as businesses large and small increase their reliance on technology, there is an increased risk of predations from cyber criminals. As reported by the *Harvard Business Review*, the IBM Data Breach Report revealed 83% of organizations experienced more than one data breach during 2022. The 2022 Verizon Data Breach Investigations Report indicated the total number of ransomware attacks increased by 13% year over year.

For companies seeking to protect their sensitive data while also maintaining the trust of clients who have shared their own sensitive data, cybersecurity becomes an increasing concern.

Cyber insurance, also known as cyber liability insurance or cyber risk insurance, is a type of insurance coverage designed to protect individuals and organizations from financial losses and liabilities arising from cyber-related incidents and data breaches. As both

technology and companies' reliance upon it continue to advance, cyber insurance has become an increasingly essential component of risk management for businesses and individuals alike.

While it will not eliminate the need for robust cybersecurity measures, it represents a vital adjunct to these activities. Key features of cyber insurance policies will include the following coverages:

**Data Breach Coverage:** This aspect of cyber insurance will help to cover costs stemming from the effects of a data breach. These costs will include notifying affected individuals whose data integrity has been compromised by the data breach, investigating the breach and providing credit monitoring services to affected parties.

**Network Security Liability:** Cyber insurance can cover legal fees and damages resulting from third-party claims due to network security failures and breaches leading to data theft or unauthorized access by rogue actors.

**Privacy Liability:** This coverage addresses claims related to violations of privacy laws, including improper handling of personally identifiable information and confidential data.

**Business Interruption:** Cyber insurance could potentially cover losses resulting from a cyber-attack disrupting normal business operations, leading to revenue loss and extra expenses.

**Extortion Coverage:** Certain cyber insurance policies will provide coverage for "cyber extortion." In these instances, cybercriminals will demand payment to prevent or discontinue a cyber-attack upon a targeted company whose web presence and/or digital assets are being held hostage.

**Digital Asset Restoration:** This covers expenses related to restoring or recovering data and digital assets lost, damaged, or corrupted as a result of a cyber incident.

It is important to note cyber insurance policies will vary significantly in terms of coverage limits, exclusions, and specific conditions. Organizations and individuals should carefully review and understand policy details to ensure they align with specific cyber risks and needs.

It bears repeating cyber insurance is only one aspect of a comprehensive cybersecurity strategy. Robust cybersecurity measures, scheduled risk assessments, staff training and incident response plans are vitally important when it comes to safeguarding against cyber threats.

While the threat to large and small businesses from malicious cyber actors is not new, it is a complicated bit of business characterized by an evolving and expanding profile. It is therefore advisable to consult with your trusted risk management professionals and cybersecurity experts to make informed decisions about cyber insurance and cybersecurity measures.

*Zach Boyer is an Account Manager at KMRD Partners, Inc., a risk and human capital management consulting and insurance brokerage firm serving clients worldwide. Zach can be reached at 267-482-8486 or [zboyer@kmrpartners.com](mailto:zboyer@kmrpartners.com)*