



Cyber insurance – it's not just for the big guys

We've all heard of instances where businesses have been targeted by a malicious group who threaten to release confidential data. On this occasion, it was a journalist who alerted a policyholder to a potential breach of data.

This claim involved a small technology business, with a turnover of under £1 million, that had created an application using artificial intelligence to detect bullying in schools. The insured was contacted by a journalist from a prominent technology publication who advised our insured that data, belonging to around 50,000 students across 150 schools, was accessible online due to a misconfiguration of the insured's application. The journalist was threatening to publish the story and was requesting a comment from the insured. At the time, the insured wasn't sure if the allegation was accurate, however if true it would represent a significant data breach.

Even though the insured wasn't certain of the legitimacy of the journalist's claim, they called the 24/7 emergency number to notify the Hiscox first response team. First to be appointed was the forensics team to see if the journalist's claims were true and then to understand how to secure the data. Next, a legal support team was engaged to anticipate and consider legal and regulatory obligations. Most importantly, public relations consultants were appointed to negotiate with the journalist on deadlines, to prepare a statement for the journalist and to monitor social media and local news outlet activity.

We established that there was an issue, but students' names and other sensitive data had not been exposed. The statement was released to the journalist and an article was published to advise the public. Given the original circumstances, this was generally a positive outcome and as such the story was not picked up by other news outlets, which significantly reduced damage to the insured's reputation.

Insured profile

Industry: technology
Turnover: sub-£1,000,000
Cyber premium: under £500
Total claim cost: £25,000-£50,000
Main head of cover: breach costs



Key highlights

- Suspected breaches are still covered under the policy, even if an insured isn't sure that an actual breach has occurred they can still call the 24/7 response number.
- Forensics are essential for the containment and investigation of an attack, but in addition they can also corroborate threats and allegations from third parties.
- PR is crucial to manage public response and, specifically in this example, to manage the correct communication with the journalist.
- The value returned from a cyber insurance policy can be extensive.