

# Why do companies need cyber insurance?

The ever-changing technological marketplace creates a unique risk environment for technology firms and those organizations with both traditional media and technology-related exposures. First party and third party cyberrisks are a growing concern in today's technology savvy environment.

Whether a business is a small operation or a multi-million dollar corporation, responding to a claim can be costly. Claims can arise from a wide range of areas, including e-business, e-communications, networks, data assets, advertising and intellectual property.

Even when a lawsuit doesn't have merit, the cost of defending against allegations of wrongful acts can have a big impact on a business.

Consider the following:

- According to a [cybersecurity survey conducted by the Canadian Internet Registration Authority \(CIRA\)](#), **71% of businesses have experienced at least one cyberattack that impacted them in some way, including time and resources, out of pocket expenses and ransom payments.**
  - › The average cost of investigating and remediating a cyberattack among Canadian businesses is now \$9.25 million according to the results of Accenture's annual Cost of Cybercrime Survey.
  - › Only 41% of respondents who were victimized by a cyberattack had mandatory cybersecurity awareness training in place for their employees.
  - › Cybersecurity is much more than just an information technology (IT) department; every employee has a role to play in keeping an organization safe and is a business' first line of defense.



## POLICY HIGHLIGHTS

- Broad definition of Insured Services
- First party and third party cyber coverage
- Cyberbreach coach (see [Cyberbreach Coach: What to do after a breach occurs](#))
- Defence costs in excess of the limits
- Split damage deductible
- Worldwide coverage

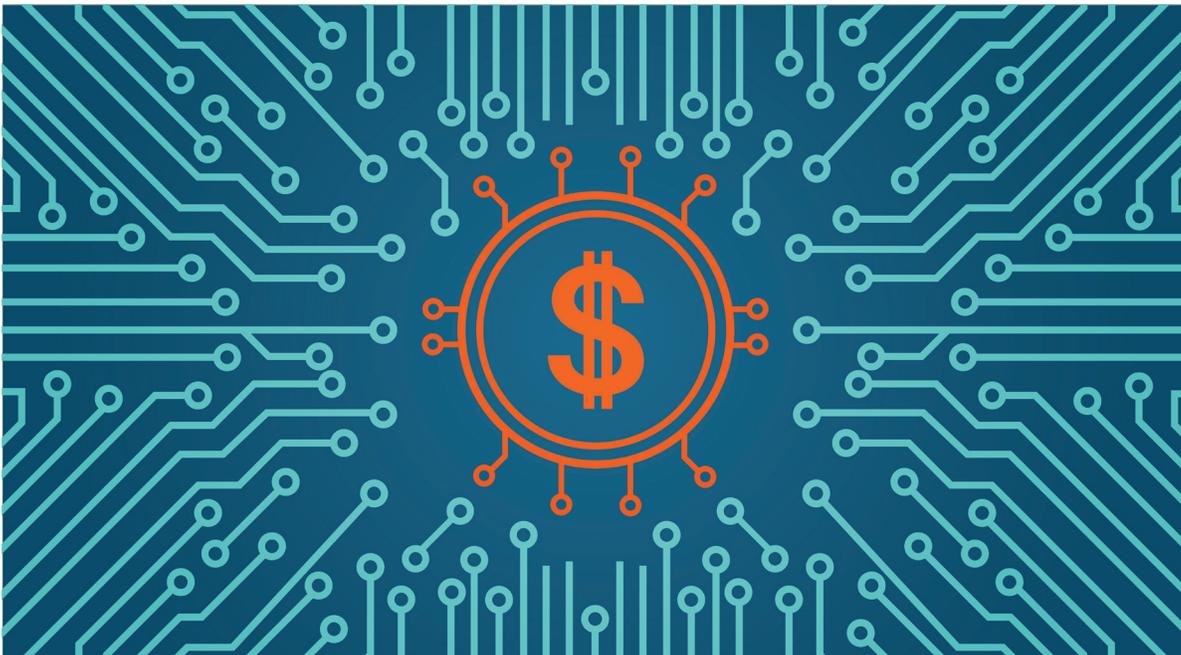
Victor offers broad coverage for your cyberrisks. Contact your insurance broker to learn more about Victor and/or obtain a quotation.

- › The impact of a cyberattack cannot only lead to direct financial costs but also to indirect costs.
- › Businesses identified the following **top consequences of a cyberattack**:
  - › Time required for employees to respond to the cyberattack (28%);
  - › Inability of employees to carry out their regular work (28%);
  - › Prevented use of resources or services (26%).
- › Among the companies that were victimized by a cyberattack, 13% of them felt that the cyberattack damaged their reputation, a perception that is in sharp contrast to CIRA's findings, which indicated that only 19% of Canadians would continue to do business with an organization if their personal data were exposed in a cyberattack.

All of these impacts carry indirect monetary and productivity costs.<sup>1</sup>

- **Intellectual property (IP) infringement accounts for one of the most costly exposures facing IT professionals today, with claims that can range in the millions of dollars.**

- › [According to a report from Willis Towers Watson](#), while cause and severity can vary, all claims share one commonality: costliness.
- › Between litigation expenses and damages or settlements, costs can easily reach the six-figure range for smaller firms, and in the eight figures for larger organizations. These hard numbers do not factor in other indirect costs, such as lost productivity, lost customers or reduced brand.
- › As IP damages awarded by courts are beginning to increase so do exposure to such claims.<sup>2</sup>



<sup>1</sup> [Canadian Internet Registration Authority \(CIRA\), "2019 CIRA cybersecurity survey"](#)

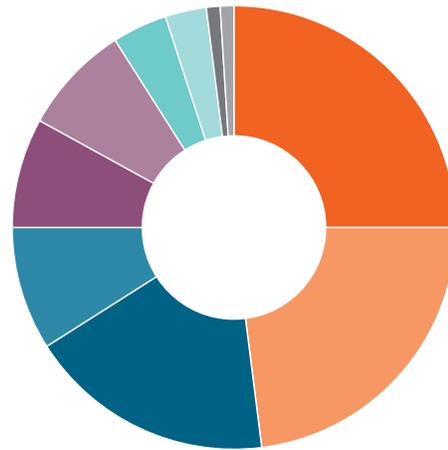
<sup>2</sup> [Willis Towers Watson, "Intellectual property litigation risk report"](#)

Victor’s Technology Insurance program offers an “all-in-one” solution for both first party and third party cyberrisks. The coverage helps protect organizations from allegations of wrongful acts in the provision of their products or services, intellectual property infringement, data personal injury and advertising injury, as well as first party risks associated with data asset loss, remediation and notification expenses, and crisis management expenses. In addition, policyholders have access to a cyberbreach coach, a legal firm designated by Victor who can provide policyholders with assistance and consultation services in the event of a cyberbreach.

Here are some examples of the types of risk that Victor’s Technology Insurance policies can help protect against in the event of a cyber liability:

- A software consulting company was sued for negligence and misrepresentation with respect to the design of a software program that was allegedly not compatible with a client’s computer system and did not perform as represented.
- A web hosting firm for a dental clinic faced remediation expenses, which included credit monitoring for affected individuals when their network was hacked and the personal information of over 500 patients was compromised.
- A software developer was served with a claim by a U.S. client when the computer-based point-of-sale software they provided allegedly did not function properly thereby leading to a loss of sales and clients.

Information technology claims by type of operation



- 25% Software development
- 23% Other
- 18% Consulting
- 9% Website design
- 8% Value-added resellers
- 8% Systems design/integration
- 4% Internet service providers
- 3% Network communication systems
- 1% Facilities management
- 1% Data processing



## Why you should consider Victor

Victor has been offering Technology Liability coverage since 2000. We bring a long-term commitment to this market and a high level of expertise in both underwriting and claims management. Victor prides itself on excellent service standards, a quick turnaround time on quotations, streamlined policy issuance and competitive pricing.

### ABOUT VICTOR

Victor (formerly ENCON Group Inc.) is a subsidiary of Victor Insurance Holdings and a leading managing general agent in Canada. We have a rich history in specialty insurance, and offer a unique range of products and programs distributed through independent brokers and advisors.

Victor is committed to empowering insurance professionals and their clients through innovation, specialized underwriting and claims expertise, and a nimble, technology-oriented business approach.

### TECHNOLOGY INSURANCE AND CYBER LIABILITY PRODUCTS

- Technology, Cyber & Multimedia Liability
- Information Technology Liability for Small Firms
- Hardware Manufacturers Liability
- Cyber Security & Privacy Liability for Policyholders

Visit us at [victorinsurance.ca](https://victorinsurance.ca) to learn more.

This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.

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