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Why the Real Estate Industry Needs Cyber Insurance

Real estate firms face rising threats from schemes like invoice manipulation, social engineering, and funds-transfer fraud. When hackers intercept emails or falsify wiring instructions, client escrow funds can disappear in seconds. Beyond financial theft, data breaches and system lockouts can halt transactions and erode client trust.

Cyber Insurance helps firms respond to both financial and data-related incidents, covering liability and recovery costs.

Firms handle large sums of money and sensitive data daily—conditions that attract cybercriminals. A breach can expose:

- Personally identifiable information (PII)
- Mortgage records
- Social Security numbers (SSNs)

When data falls into the wrong hands, it often leads to fraud and identity theft that can haunt clients for years. Proactive steps make a difference. Real estate businesses should prioritize:

- Multi-factor authentication
- Endpoint protection
- 3-2-1 backups
- Secure email gateways

Even with safeguards in place, no system is foolproof. Cyber Insurance helps cover legal fees, regulatory penalties, and recovery costs from attacks. Without this protection, a single breach can devastate a firm's revenue and reputation beyond repair.

Cost of a Breach

A 2025 IBM report found that the average cost of a data breach across all industries was $4.44 million, while Microsoft estimated the average incident cost for small and midsize firms at $254,445. In real estate, the financial impact can be even greater, with stalled transactions and shaken client confidence adding to the damage. Yet many firms remain underprepared.

RSM's 2025 industry snapshot shows that many firms lack in-house cybersecurity resources and lean heavily on third-party providers, creating gaps cybercriminals can exploit. ProWriters' Cyber U helps brokers and their clients understand these risks and prevent them.

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What Does Comprehensive Coverage Include?

First-Party Coverage

- Hiring forensic IT consultants to determine the origin of a breach
- Outsourcing client-support services to manage impacted clients
- Repairing or restoring digital assets
- Covering business-interruption costs while systems are down
- Paying ransom demands where allowable

Third-Party Coverage

- Legal representation
- Document preparation
- Fines and indemnity payments associated with a cyber attack

Real World Examples

In August 2023, Rapattoni Corporation, a nationwide MLS service provider, was hit by a ransomware attack that knocked MLS access offline for weeks. Just months later, the Real Estate Wealth Network left nearly 1.5 billion records exposed in an unsecured database—putting property, investor, and financial data at risk. And in 2024, LexisNexis Risk Solutions disclosed a breach impacting more than 360,000 individuals, with Social Security numbers, driver's license details, and other identifiers potentially stolen.

From frozen platforms to massive leaks and stolen identities, the message is clear: even the biggest names in property management, data aggregation, and risk analysis are vulnerable. If these giants can be blindsided, no firm is immune.

Real estate businesses need protection. Get Cyber Insurance today.