IBC
Insurance Bureau
of Canada

Cyber Insurance

Cyber insurance is a specialty insurance product intended to help protect businesses from computer network risks such as data confidentiality breaches and cyber extortion.

What does it cover?

Cyber insurance can cover a range of cyber events, including:

Data confidentiality breaches: The loss of and/or unauthorized access to or disclosure of confidential or personal information;

Cyber extortion: A demand for payment under threat of causing harm to your data; for example, disabling your operations or compromising your confidential data; and

Technology disruptions: A technology failure or denial-of-service attack.

Note: This list is not exhaustive as cyber coverage can vary from insurer to insurer and can be customized to address the needs of a particular organization.

Most property or liability policies do not cover cyber risks, or have very limited coverage. Therefore, certain businesses should consider a cyber insurance policy.

Cyber insurance can help businesses cover a number of costs resulting from these events, including:

Legal costs and civil damages: Paying for legal representation and possible damages related to a privacy or network security breach;

Security breach remediation and notification expenses: Notifying affected parties and mitigating potential harm from a privacy breach;

Forensic investigations expenses: Hiring a firm to investigate the root cause and scope of the data breach; and

Computer program and electronic data restoration expenses: Restoring or recovering damaged or corrupted data caused by a breach, denial-of-service attack, or ransomware.

Did you know:

Cyber crime is on the rise and very costly to remediate In Canada. In 2021, the average total cost of a data breach to Canadian organizations was an estimated $6.95 million.[1]

[1] IBM (2021), Cost of a Data Breach Report 2021. (Currency converted to Canadian dollars.)

IBC encourages business owners to speak with their insurance representative, who can help them find the best cyber coverage solutions to meet their needs.

Cyber insurance products are provided in one of three ways:

1 Stand-alone cyber insurance policies (policies specifically for cyber risks) are the most common cyber policies in Canada, the United States and Europe.

2 A traditional property and liability insurance policy may include coverage for cyber events. These policies typically have very low limits that would not cover the full cost of a breach or cyber attack.

3 Endorsements (also known as riders) can add, remove or exclude certain cyber coverages, altering a cyber or traditional insurance policy to meet specific needs.

IBC's new Cyber Savvy Assessment provides information for small business owners

IBC has launched a self-assessment tool to help business owners understand the steps most cyber insurers want businesses to take to reduce their cyber risk.

While this free tool cannot provide an assessment of a business's actual risk profile, its questions can help business owners gauge their level of readiness for cyber insurance and help determine which areas they may need to focus on to bolster their cyber resilience.

The Cyber Savvy Assessment is available at **cybersavvycanada.ca,** along with resources and information about the proactive measures businesses can take to help reduce their cyber risk.

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