# 2017 CYBER RISK SURVEY

INTRODUCTION

Cyber threats are an increasing concern for businesses of all sizes, yet many businesses lack the resources to protect themselves. In fact, two-thirds of businesses do not have a stand-alone cyber insurance policy, and over half have not discussed cyber insurance coverage with their broker within the last year. As cyber attacks continue to become more sophisticated and common, cyber insurance will be an essential part of a business's insurance coverage package.

The 2017 Cyber Risk Survey provides a look at the current state of cyber coverage as well as the common exposures that businesses face. A total of 333 employers completed the survey.

Have you and your insurance broker discussed your cyber insurance coverage options during the last 12 months?

- Yes
- No

44%

56%
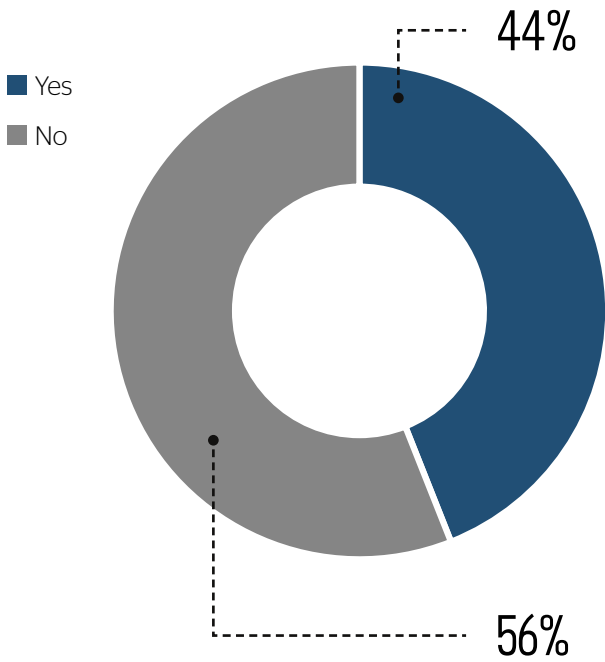
Does your organization have a stand-alone cyber insurance policy?

- Yes
- No

34%

66%
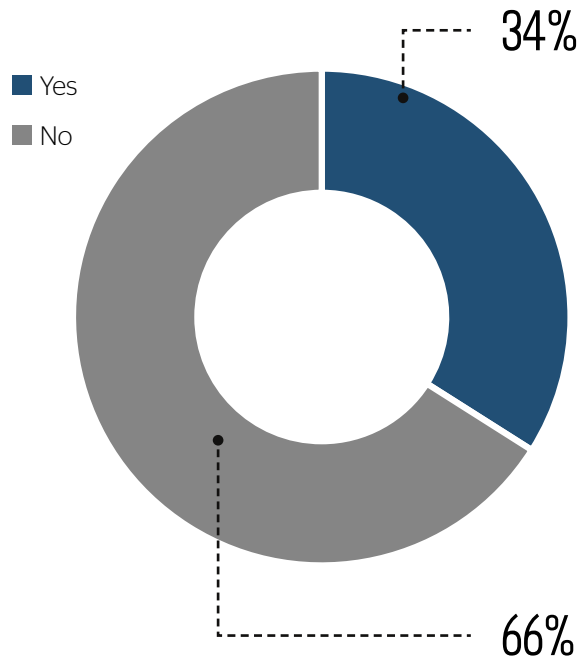
Having a conversation about cyber insurance is not something that should be delayed. In fact, nearly 20 percent of businesses that had not discussed cyber insurance with their broker within the last year had a cyber security incident during that period. As cyber policies continue to become more necessary and commonplace, now is the time to have the discussion and find the correct policy for you.

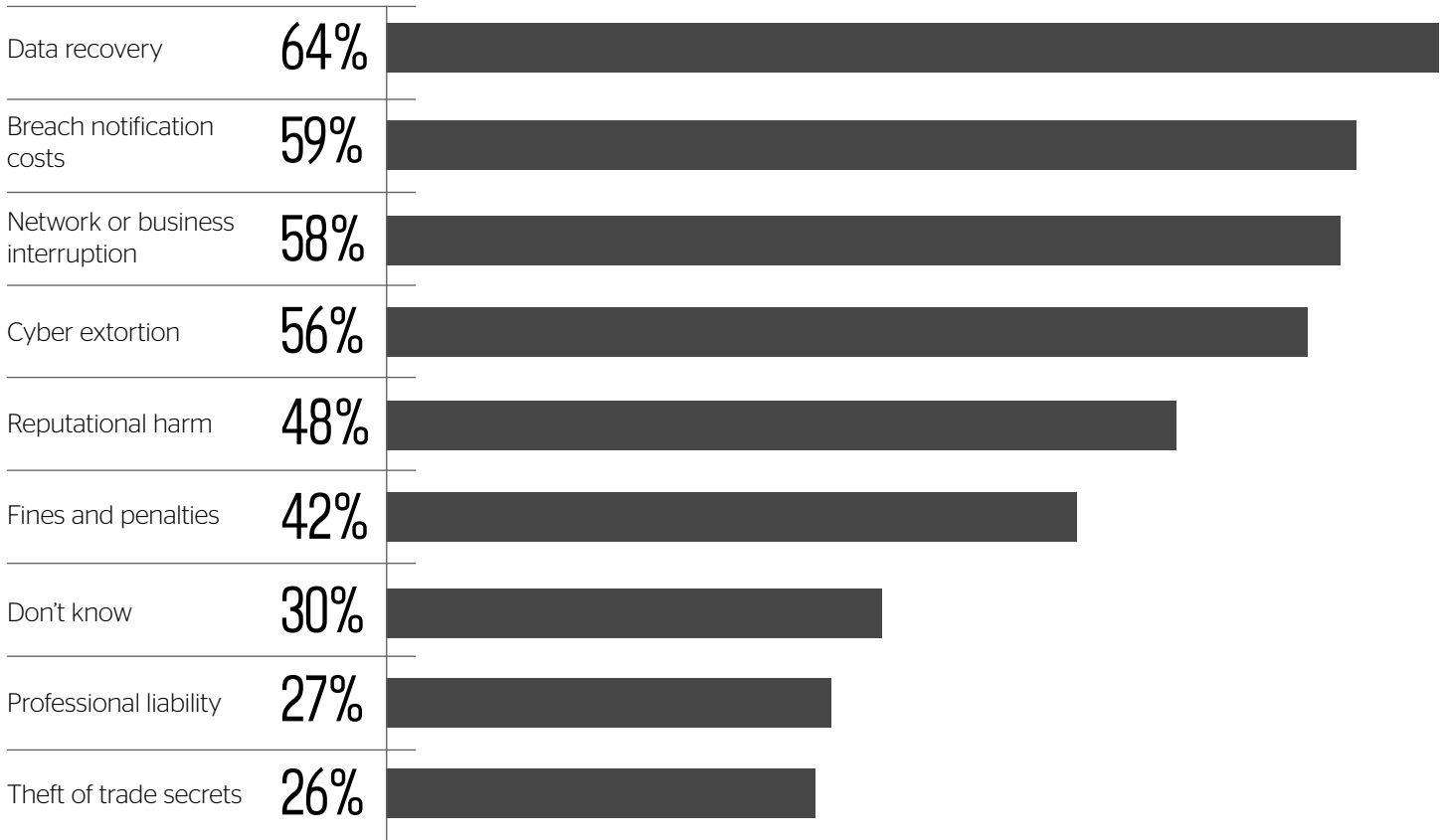## What is your current cyber insurance premium?

Less than $1,000	13%
$1,000-$4,999	39%
$5,000-$9,999	5%
$10,000-$14,999	2%
$15,000-$24,999	6%
$25,000+	5%
Don't know	29%

What is your current cyber insurance deductible?

Deductible	Percentage
No deductible	4%
Less than $1,000	10%
$1,000-$4,999	30%
$5,000-$9,999	15%
$10,000-$14,999	5%
$15,000-$24,999	0%
$25,000+	6%
Don't know	30%

What is your cyber insurance coverage limit?

Coverage limit	Percentage
Less than $1 million	11%
$1 million–$2.99 million	56%
$3 million–$4.99 million	6%
$5 million+	4%
Don't know	23%

Which of the following exposures are covered under your cyber insurance policy? (Please select all that apply.)

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Data recovery	64%	
Breach notification costs	59%	
Network or business interruption	58%	
Cyber extortion	56%	
Reputational harm	48%	
Fines and penalties	42%	
Don't know	30%	
Professional liability	27%	
Theft of trade secrets	26%	

What are the primary reasons your organization has not purchased cyber insurance? (Please select all that apply.)

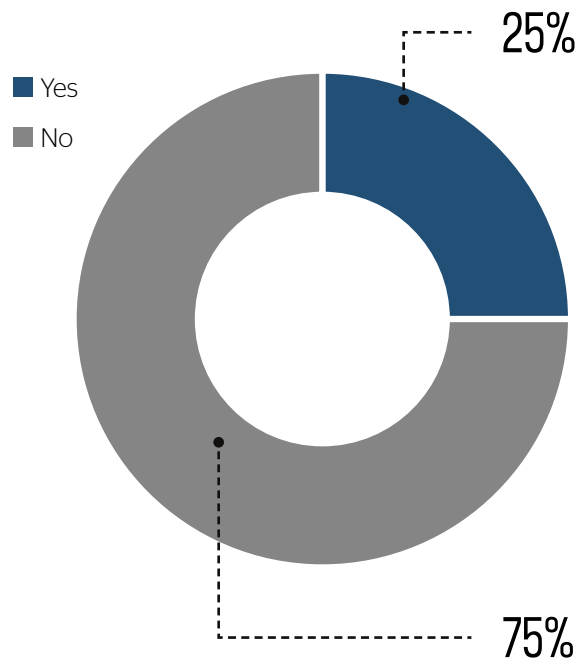|	
Our commercial general liability policy provides sufficient protection against cyber risk	**30%**
Broker has not recommended cyber coverage	**29%**
Organization does not need cyber insurance/cyber risks not a significant threat	**26%**
Not sure what type of policy to buy/too many coverage options	**25%**
Cost (cyber coverage is too expensive)	**16%**
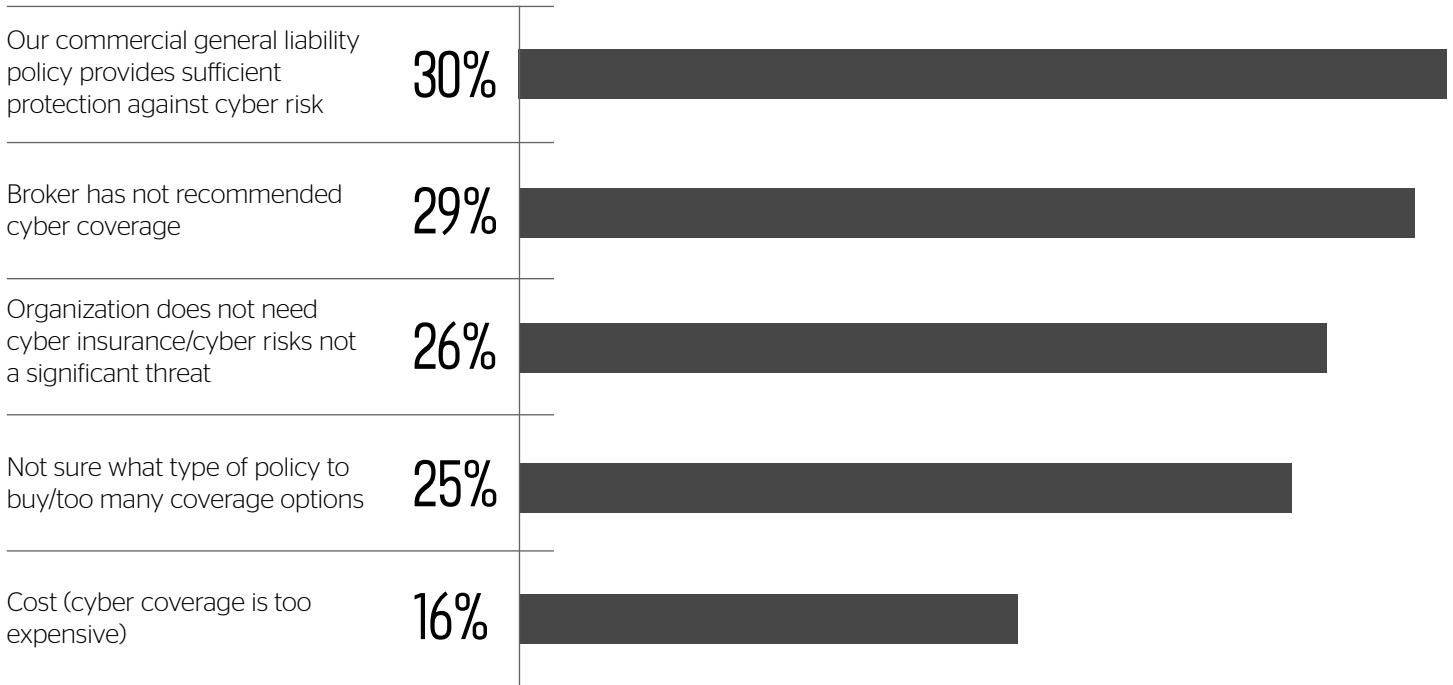
There is still a significant amount of confusion surrounding cyber insurance policies. In fact, over 50 percent of respondents stated that their organization had not purchased cyber insurance because they either did not know what type of policy to purchase, or because they believed that their commercial general liability policy would provide them with protection. However, except in rare circumstances, cyber liability is excluded from your standard commercial general liability policy. Having a conversation with your Broker is vital to understand your risks and get the protection you need.
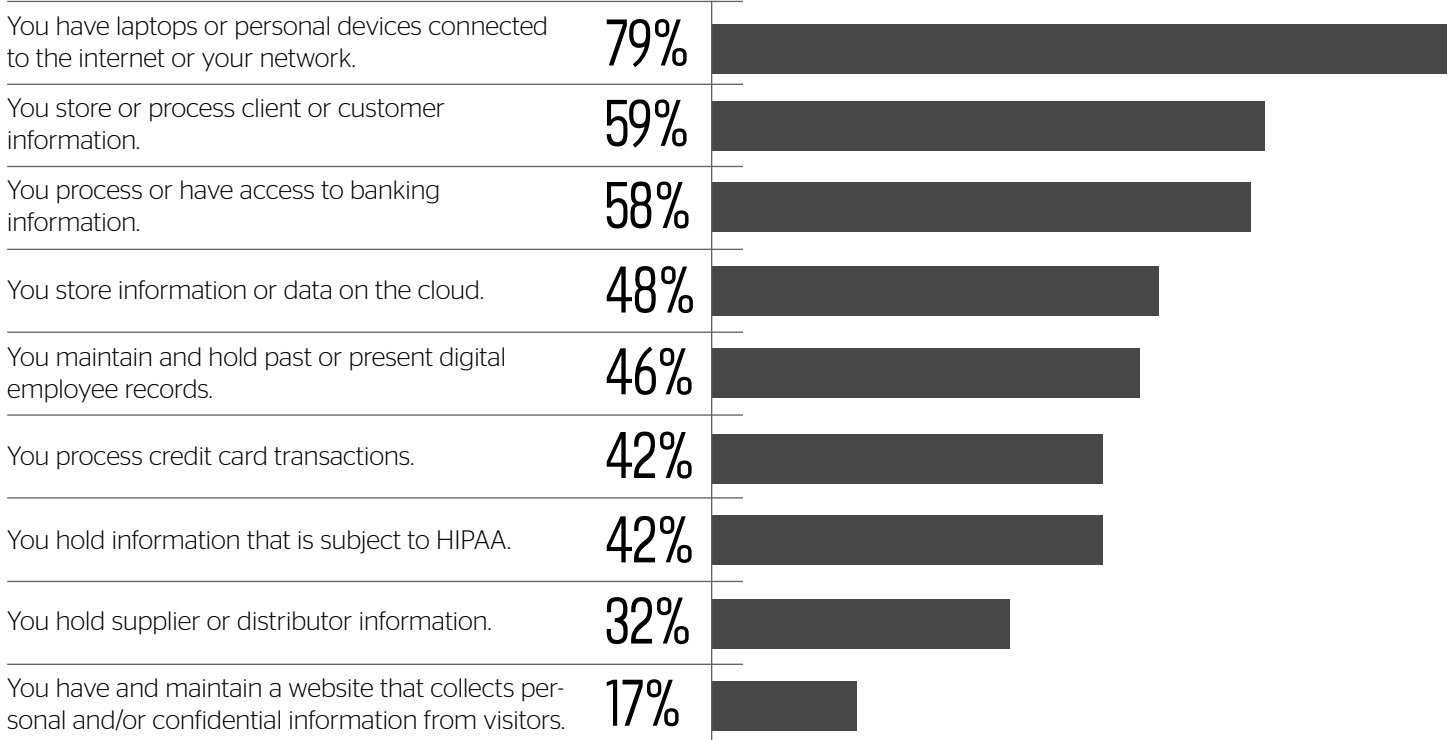
## Has your organization had a cyber insurance claim during the past 18 months?

- Yes
- No

7%

93%
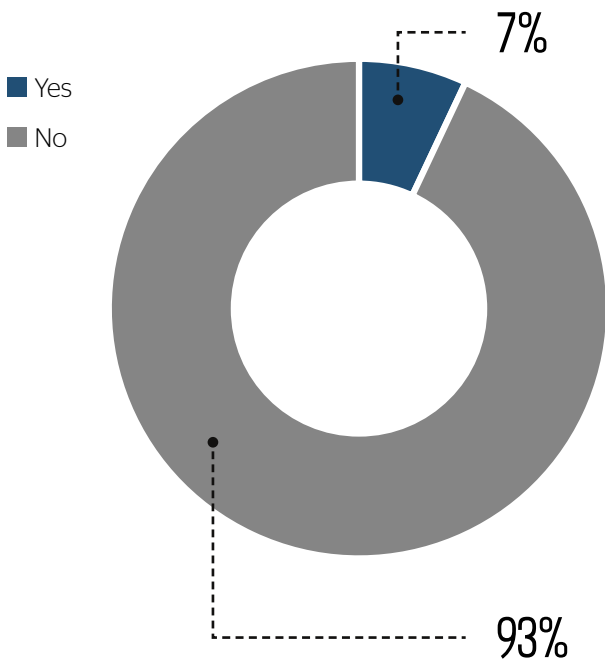
Is your organization considering adding cyber coverage within the next 12 months?

- Yes
- No

25%

75%

Which of the common cyber exposures does your organization face? (Please select all that apply.)

Exposure	%
You have laptops or personal devices connected to the internet or your network.	79%
You store or process client or customer information.	59%
You process or have access to banking information.	58%
You store information or data on the cloud.	48%
You maintain and hold past or present digital employee records.	46%
You process credit card transactions.	42%
You hold information that is subject to HIPAA.	42%
You hold supplier or distributor information.	32%
You have and maintain a website that collects personal and/or confidential information from visitors.	17%

How many cyber security incidents has your organization experienced in the last year (e.g., data breach, cyber attack or hacking incident)?

TWO TO FIVE–8%

MORE THAN FIVE –2%

ONE–11%

ZERO–79%
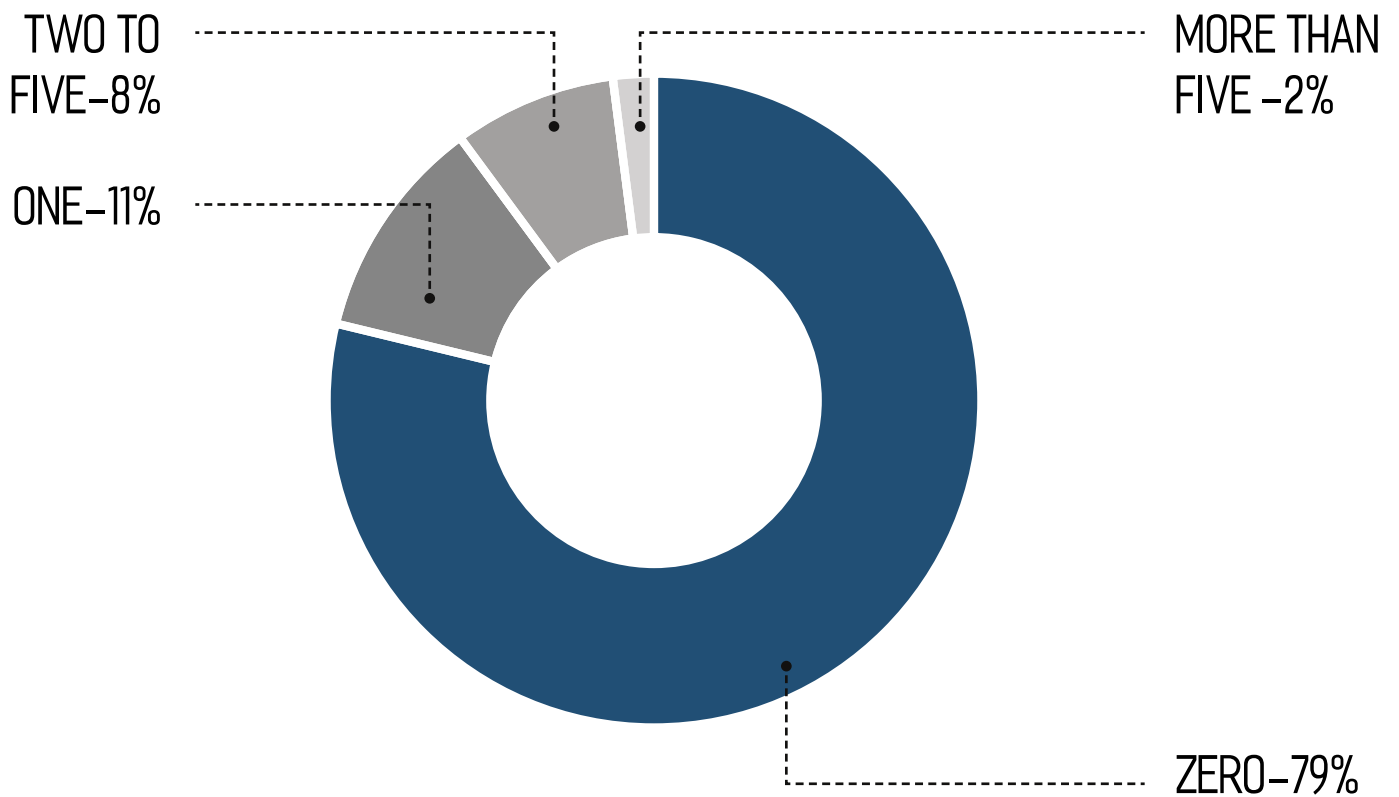
How frequently is cyber risk and/or cyber security discussed at your organization among decision-makers (executive level or ownership)?

ALMOST NEVER–43%

MONTHLY–11%

QUARTERLY–25%

ONCE PER YEAR–21%
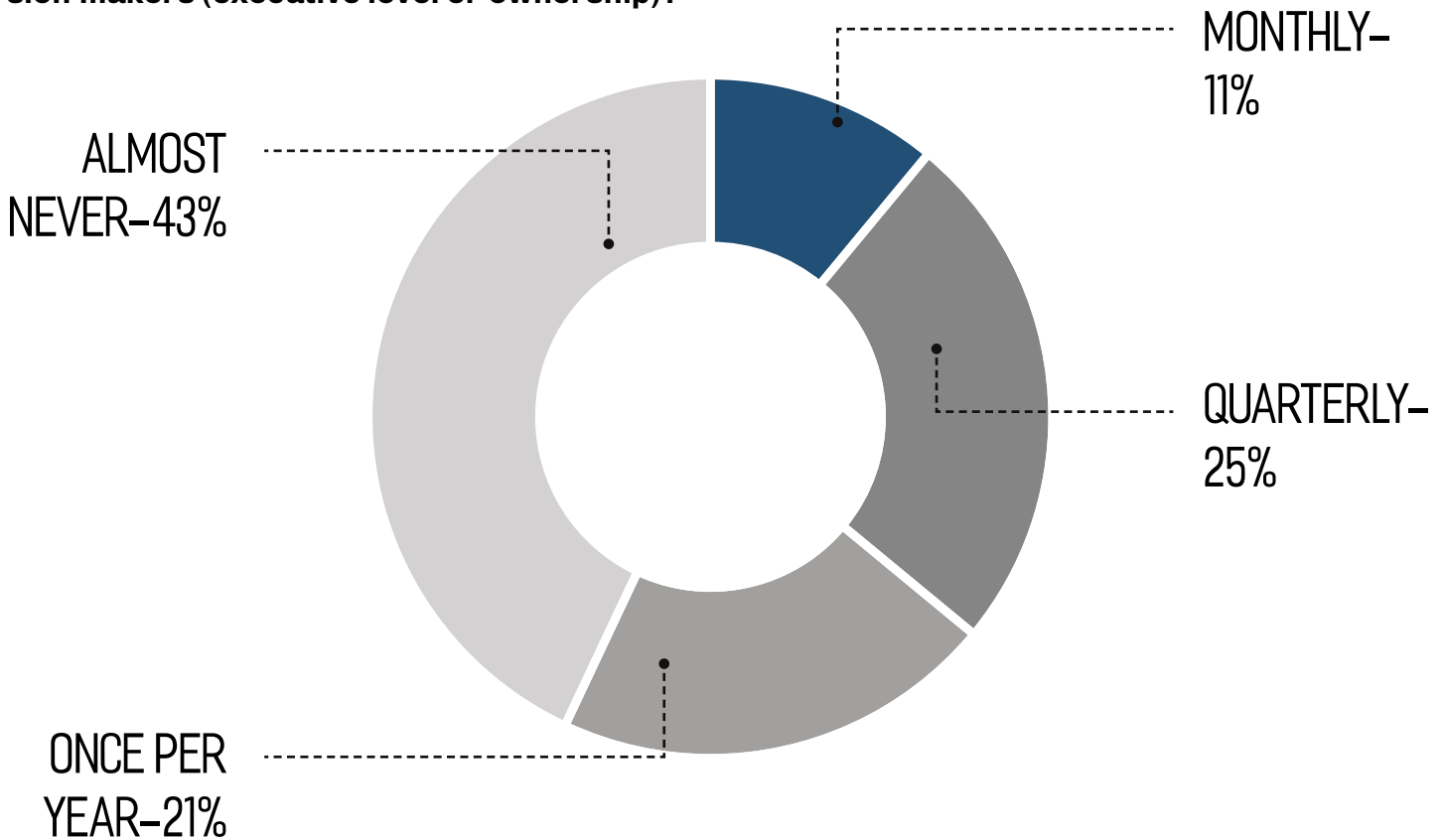
Please indicate the level of risk your organization faces from the following cyber exposures:

	Extremely High Risk	High Risk	Medium Risk	Low Risk	Extremely Low Risk
Employees mistakenly infecting the company's network or systems with malware or ransomware	6%	15%	34%	21%	23%
Malware cyber attacks on your network or systems	4%	15%	38%	26%	18%
Reputation damage due to hack of customers' and clients' personal records and information	4%	14%	25%	27%	30%
Data or privacy breach of customer and client records	3%	11%	27%	32%	28%
Inadequate employee cyber training	3%	9%	33%	27%	28%
Ransomware attacks, holding your network hostage for extortion	2%	9%	26%	30%	33%
Business interruption or closure due to cyber attacks	2%	8%	28%	31%	30%
Business interruption due to a supplier or distributor cyber attack	2%	7%	23%	32%	36%
The disruption or loss of your organization's assets or intellectual property due to a cyber attack	1%	9%	23%	34%	33%
Vulnerability and risks associated with the cloud	1%	6%	24%	33%	36%
Risk of information or data outsourced to contractors being compromised	0.4%	6%	24%	30%	39%

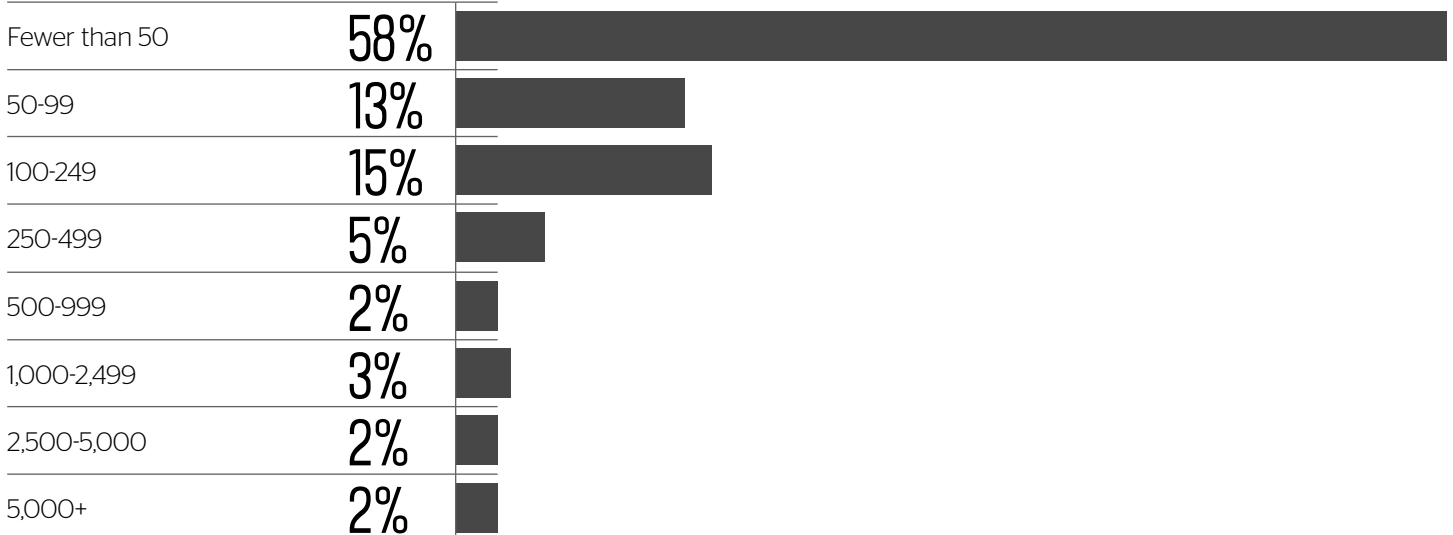**What is your organization doing to mitigate cyber-related risks?**

	Currently doing	Not doing, but would be interested in doing	Not interested in doing
Executive and management education on cyber risks	45%	33%	22%
Training employees about cyber risks	42%	36%	23%
Outside third-party security vendors	36%	31%	33%
Data breach response plan	34%	43%	23%
Cyber threat analysis	33%	44%	24%

Employers are starting to become more vigilant about cyber risk, and many more are looking to develop risk-mitigation strategies for their business. By working with your broker, you'll get the education and training resources to develop strategies and policies for your business and to make sure you're ready when you're faced with a cyber-related incident.

In what industry sector does your organization operate?

Industry Sector	Percentage
Agriculture, Forestry and Fishing	1%
Construction	14%
Manufacturing	9%
Transportation, Communications, Electric, Gas and Sanitary Services	5%
Retail and Wholesale Trade	8%
Finance, Insurance and Real Estate	25%
Hotels and Hospitality	3%
Health Care	7%
Education	3%
Legal	1%
Social Services	1%
Nonprofit	6%
Public Administration	2%
Other	15%
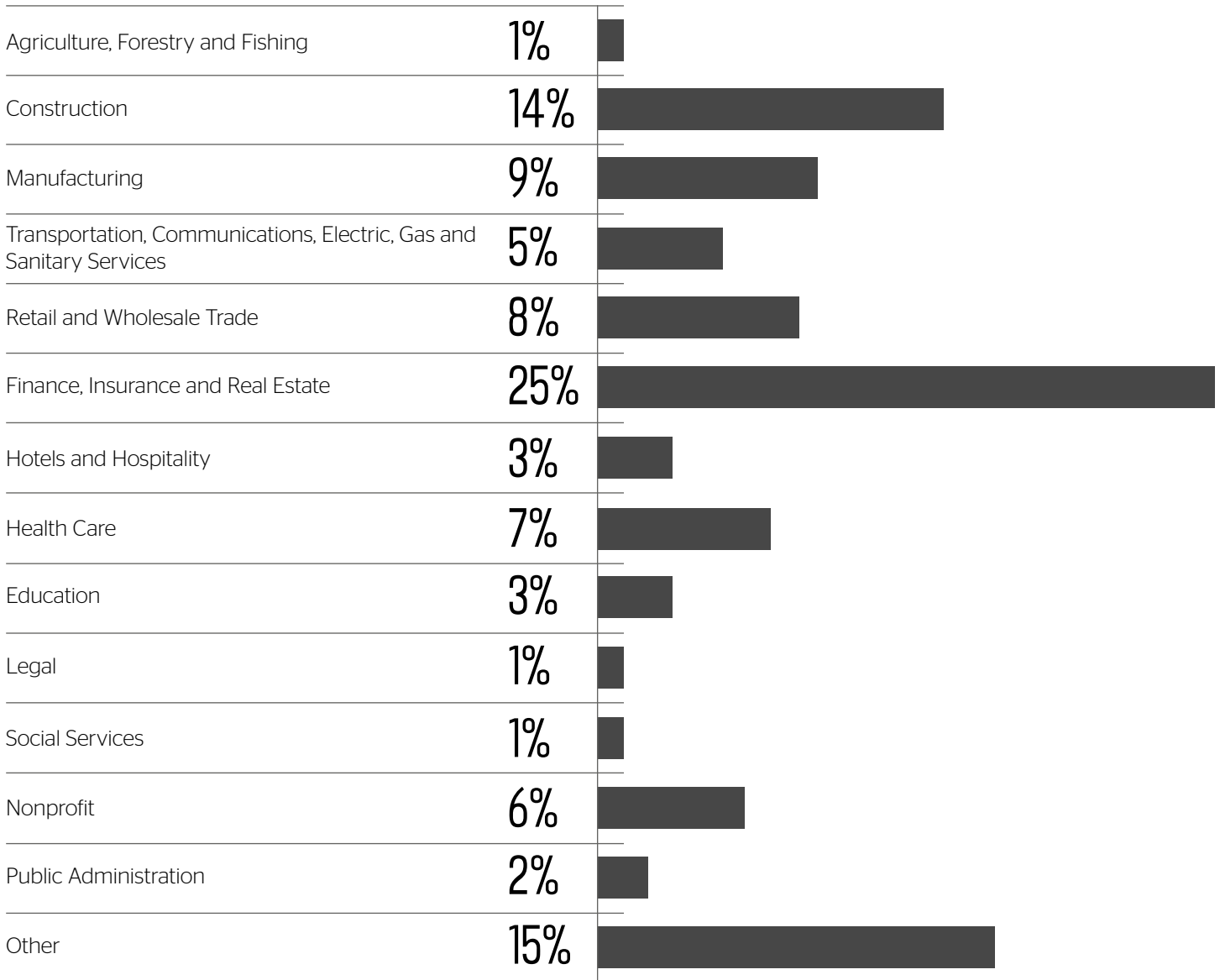
How many employees does your organization employ?

Number of Employees	Percentage
Fewer than 50	58%
50-99	13%
100-249	15%
250-499	5%
500-999	2%
1,000-2,499	3%
2,500-5,000	2%
5,000+	2%

In which state is your organization based?

NEW ENGLAND–4%

WEST NORTH CENTRAL–12%

MID-ATLANTIC–14%

MOUNTAIN–7%

EAST NORTH CENTRAL–19%

PACIFIC–7%

EAST SOUTH CENTRAL–7%

SOUTH ATLANTIC–19%

WEST SOUTH CENTRAL–11%