

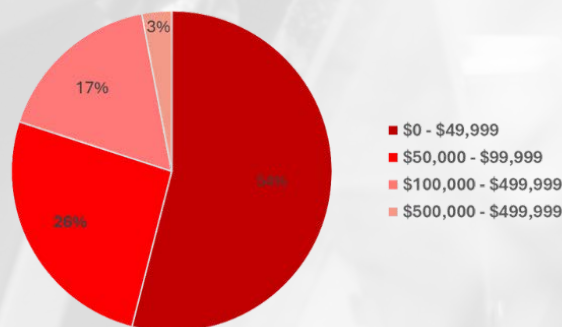
Common Objections to Buying Cyber Insurance

The Cyber threat landscape is constantly evolving, with cyber attacks becoming more sophisticated and prevalent than ever before. Despite the rising risks, many businesses hesitate to invest in cyber insurance, leaving themselves vulnerable to potentially enormous consequences. Here are the top five reasons why businesses may be reluctant to purchase cyber insurance:

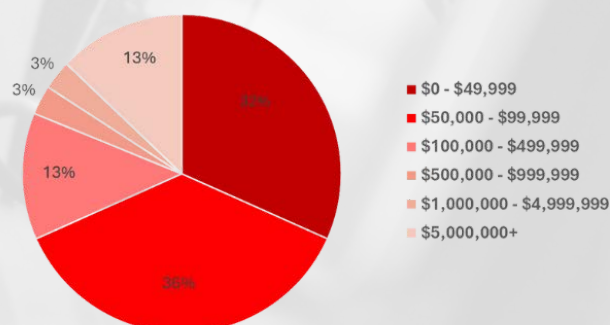
1. Cost Concerns

One of the primary reasons businesses avoid cyber insurance is the perceived cost. Some organisations may believe that the premiums associated with cyber insurance are too high and simply think it won't happen to them. However, the cost of recovering from a cyber incident, including legal fees, regulatory fines, and reputational damage, can far exceed the expense of cyber insurance premiums. Overcoming this concern involves demonstrating the potential cost savings in the event of a cyber incident compared to the financial fallout of not having insurance. Sharing some statistics from the recent Clyde & Co whitepaper on average costs:

Total cost of claim (AUD) – BEC incidents



Total cost of claim (AUD) – Ransomware



2. "My IT team have it covered"

Many businesses mistakenly believe that their existing cyber security measures and IT team (including MSP's) are sufficient to protect them from cyber threats. They may have invested in firewalls, AV software, and employee training programs, leading them to believe they are adequately protected. However, cyber criminals are continuously devising new techniques to exploit vulnerabilities, making it essential for businesses to have comprehensive insurance coverage as an additional layer of protection. Emphasising that cyber insurance complements, rather than replaces, effective cybersecurity measures can help them understand its importance.

3. Uncertainty of Coverage

Uncertainty of coverage: There is often confusion surrounding what cyber insurance covers and what it does not. Some businesses may believe that their other insurance policies already provide adequate coverage for cyber incidents, failing to recognize the specific risks addressed by cyber insurance, such as data breaches, ransomware attacks, and business interruption due to cyber events. Clear communication about the scope of coverage offered by cyber insurance can help dispel these misconceptions.

4. Lack of Awareness

Many small business owners are not fully aware of the extent of cyber risks or the insurance options available to them. Providing clear and accessible information about the types of cyber threats they may face and how insurance can mitigate those risks can increase awareness and understanding.

5. "They won't target us!"

Some businesses may believe that they are unlikely to experience a cyber incident or be underestimating the severity of potential consequences. This optimism can lead to complacency and a reluctance to invest in proactive risk mitigation strategies such as cyber insurance. However, cyber threats can affect businesses of all sizes and industries, educating them about the increasing frequency and sophistication of cyber threats, as well as the potential impact on their business, can help dispel this misconception.

While there are several reasons why businesses may hesitate to purchase cyber insurance, the importance of mitigating cyber risks cannot be overstated. By addressing these concerns and understanding the value that cyber insurance provides, businesses can better protect themselves, their assets, reputation, and ensure continuity of operations.



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