



Cyber Liability Insurance



What It Does and Doesn't Cover



Running a business in the digital age.

Today, most people who own or run a business are aware of the many digital risks threatening their companies with increasing frequency. As new brands announce data breaches seemingly weekly, companies are educating themselves on ways to avoid falling victim to cybercrime. Here at Layr, we recognize the important role that a robust business cyber security strategy plays in preventing cybercrime. But what happens when a company's cyber defenses fail? That's where insurance comes into play; specifically, cyber liability, or data breach, insurance.

What is cyber insurance?

Let's start with an overview of what cyber liability insurance is. Generally, cyber insurance provides protection when a company experiences a loss or data breach of sensitive or private information. This includes things like email addresses, personally identifying customer information, corporate confidential information, credit card numbers, or health records. Notably, most cyber liability policies only respond by covering third-party damages or damages affecting someone who is not the policyholder.

Examples of Third Party Damages



Costs to defend and settle a lawsuit if the policyholder is sued by the victim or victims of a data breach.



Costs credit card companies incur to reissue lost or stolen credit cards as a result of a data breach.

For some companies, a cyber insurance policy that protects against third-party damages might be enough. However, for most companies, third-party damages only account for a portion of the costs incurred with the majority of the damage being considered first-party. Crucially, first-party damages are not covered by most cyber liability insurance policies.

First Party Damages

Where third-party damages are damages experienced by a person or entity that is not the policyholder, first-party damages are damages experienced by the policyholder themselves. The costs associated with these damages are wide-ranging and can add up extremely quickly.

Examples of First Party Damages



Revenue that a company loses as a direct result of a data breach or hack.



The long-term reputational damage and harm a company incurs as a result of a cyber incident.



The costs of performing a forensic investigation to determine the extent of a data breach.



Fines handed down by the payment card industry in cases where credit card information is lost or stolen.



Money lost as a result of unauthorized bank transfers or illicit payroll runs including “whaling” incidents.



“ Without cyber insurance, small businesses are twice as likely to close after a breach.

Layr CEO Phillip Naples

Don't ignore first party damages.

As you can now tell, there are a number of costly first-party damage scenarios where a standard cyber liability insurance policy will not provide any protection at all. So, how do companies make sure they're truly protected if their cyber defenses aren't enough to prevent an incident?

The most robust and complete cyber insurance strategies include cyber liability insurance that specifically provides protection for both first and third-party damages and that integrates closely with more traditional insurance lines like a crime policy a property policy. At Layr, we are working hard to bring cyber products to market that provide well-rounded protection. For example, our flat rate instant-issue [cyber liability policy](#) provides \$100,000 in protection against first-party damages as well as many third-party damages offering a fast and economical way to get protection in place.

For larger companies where \$100,000 isn't enough, we have more robust customizable [cyber liability policies](#) that we place along with crime and property policies that specifically respond to the threats the customer is most likely to face. Without properly understanding, acknowledging, and communicating the threats their company faces to their insurance broker, business owners will likely have critical gaps in their coverage.



The product you need but never want to use.

Obviously, we hope that everyone reading this never needs the insurance products we sell and we strongly believe that a thorough and comprehensive business cyber security strategy can have a significant impact towards reducing the likelihood of ever having a cyber insurance claim. However, today's business owners must be vigilant in responding to the cyber threats they face and proper cyber liability insurance is an important component of that response. We hope you've found this guide helpful in understanding the role that cyber insurance plays.



How We Can Help?

Layr has created a smart business insurance platform that enables businesses to purchase and manage their liability insurance online from anywhere. Our recommendation engine walks customers through the process of selecting the right insurance for their company, instantly quoting a monthly price that can be paid with a credit card, and intelligently matching the selection with the A-rated insurance carrier best suited to provide the coverage.

Interested in learning more? Feel free to give us a call at (888) 897-4428, email us at hello@layrins.com, or visit our website at www.withlayr.com.