

Cyber insurance gaining ground

LinkedIn, Sony, the Clinton Foundation and tons of other companies have all been in the headlines for the past few years because they have been hacked - and users' details disseminated. The usual response to this sort of attack is for companies to increase security, put in more firewalls, and hire white hats to test their perimeters.



Yet, says Sarel Lamprecht, MD of Phishield, cyber fraud insurance company, this sort of response is no longer enough. “In just the same way you secure your home with burglar bars and electric fencing, but still get insurance, so you need to insure against the chances of a breach.”

Cyber insurance is a fairly new concept in SA, but as Lamprecht points out, some reports have estimated the cost of breaches to companies in SA as high as R5.8 billion just in 2014 – and individuals are being targeted even more frequently than companies.

Calculating the cost

Graham Oates, CEO of Norrie Johnston Recruitment, points out that just one study by the Center for Strategic and International Studies, a Washington DC policy research group, and McAfee, the technology security firm, puts the annual cost of cybercrime to the world economy at more than \$400 billion. This, he notes, is even before the wider impact on the victims' personal lives is taken into account.

“Gartner estimates that there are over 500,000 cyber attacks globally every day and that cyber spending will hit \$86 billion this year. As a result, businesses and individuals are fast waking up to the need to protect their cyber presence. Criminals are getting more sophisticated every day, and it’s getting harder to stay a step ahead of them,” Lamprecht notes.

He adds the risk grows as more and more devices become connected to the internet – the so-called Internet of Things world.

Personal protection

Cyber insurance is gaining ground in SA among the larger companies, but individuals are just as – if not more – vulnerable, he says. They can’t afford a team of IT specialists, but tend to have just as much sensitive information in their devices as large companies. “Unless you want to run your life offline, you’re at risk.”

Lamprecht explains that the benefits of cyber insurance include covering you if you are hacked and someone used their card to make online purchases, and then got taken for thousands. It also includes card fraud, in app purchase fraud, phishing and ETF breaches.

“These are the areas in which individuals are most vulnerable, because they don’t have an IT team protecting them. This is why we focus on protecting the most used transactions. Having cyber insurance means you’re protected when something goes wrong. It’s no longer a grudge purchase,” he concludes.

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