49% of US Companies Lack Insurance Coverage for Cyber Attacks
NTT Com Security 2016 Risk:Value Report Sheds Light on Potential Corporate Liabilities

BLOOMFIELD, Conn., April 27, 2016 – While the majority of global organizations say that it is 'vital' their organization is insured against information security breaches, less than half (41%) are fully covered for both security breaches and data loss and just over a third have dedicated cybersecurity insurance. Of the countries polled, 49% of the US companies surveyed currently do not have insurance specifically for cyber security attacks. This is according to the 2016 *Risk:Value* report looking at attitudes to cybersecurity and risk from NTT Com Security, the global information security and risk management company.

Research among 1,000 non-IT business decision makers in organizations in the UK, US, Germany, France, Sweden, Norway and Switzerland reveals that one in ten (12%) have no insurance cover at all for either eventuality. This is despite most business decision makers admitting that there is an increased cyber security threat, and that the cost of recovering from such an attack could start from around $1 million (£1.2m in the UK).

While cyber liability insurance has become increasingly popular and can include cover for data/privacy breaches, extortion liability and network security liability, only 35% of businesses currently see the need to take a policy out, although a further 43% are getting one or thinking about it. Businesses in the US are most likely to have this type of insurance – 51% compared to just 26% in the UK. Notably, wholesale organizations (43%) are most likely to take out dedicated cyber insurance, together with business/professional services (43%) and utilities companies (39%).

Less than half (46%) of those respondents whose organization has company insurance that covers data loss or a breach, expect it to cover legal costs. Fewer expect it to cover regulatory fines (43%), government fines (41%) and remediation (41%). Covering loss of business and loss of IP (intellectual property) is even less likely, according to the report, at just 25%.

When it comes to the validity of insurance cover, half of respondents cite that lack of compliance with necessary security criteria could invalidate their insurance, while 46% feel that not complying with business policies could be a problem, and 43% point to the lack of an incident response plan.

"Faced with risks every day, it's easy for organizations to look for quick-fix solutions rather than focusing on building a solid security and risk management strategy," says Garry Sidaway, SVP Security Strategy & Alliances, NTT Com Security. "Rather than relying solely on an insurance policy to cover losses, businesses need a different game plan. Buy insurance by all means, but ensure that you can demonstrate that you have put controls in place to reduce your risks, and, what these controls cover – this way you know what is being insured. Being able to demonstrate that these controls are

being tested and monitored is essential. Insurers need to know what they are insuring and the controls put in place to protect assets – this is the only way they can agree on cover."
Garry Sidaway adds: "Security needs to be embedded into the culture of an organization, from top to bottom, championed by the CEO, designed and executed by the CISO and communicated effectively so that every employee takes responsibility for ensuring that good practices are followed."

Cyber insurance is a potentially huge market, and annual gross written premiums are estimated to grow from around $2.5 billion in 2015 to reach $7.5 billion by the end of the decade, according to "*Insurance 2020 & beyond: Reaping the dividends of cyber resilience*", a report by PwC[1].

The NTT *Risk:Value* report also reveals that only around half (52%) of businesses have a full information security policy, while less than half (49%) have a disaster recovery plan in place.

More information on the potentially devastating cost of a data breach can be found in the Risk:Value Executive Summary and U.S. Infographic, both of which are available for download at www.nttcomsecurity.com/us/landingpages/risk-value-2016/.

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About NTT Com Security
NTT Com Security (formerly Integralis) is a global information security and risk management organization, which delivers a portfolio of managed security, business infrastructure, consulting and technology integration services through its WideAngle brand. NTT Com Security helps organizations lower their IT costs and increase the depth of IT security protection, risk management, compliance and service availability. NTT Com Security AG, is headquartered in Ismaning, Germany and part of the NTT Communications Group, owned by NTT (Nippon Telegraph and Telephone Corporation), one of the largest telecommunications companies in the world. For more information, visit http://www.nttcomsecurity.com.

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[1] http://www.pwc.com/gx/en/industries/financial-services/insurance/publications/insurance-2020-cyber.html