

Why the Real Estate Industry Needs Cyber Insurance

Like those working in any other industry, real estate professionals take on risk as part of doing business.

How can a real estate business prepare for a cyber security attack?

A breach could result in the exposure of sensitive information:

- Personal Identifiable Information (PII)
- Mortgage Records
- Social Security Numbers (SSNs)

This leaves clients vulnerable to identity theft and fraud.

Simple proactive steps businesses should take include:

- Multi-Factor Authentication
- Endpoint Protection
- 321 Backups
- Secure Email Gateways

When all other safety measures fail, cyber Insurance protects businesses from the expenses, legal fees, and fines or penalties incurred in the event of a cyber attack and data breach.

Without this insurance, the business could take a devastating hit in a breach—losses from which the business's revenue and reputation might never recover.

The Cost of a Breach

Today, the average data breach across all industries costs a business **\$4.24 million**. This amount is an increase of 10% from the previous year alone, and the number will only continue to grow for the real estate business as more and more transactions move online.

In recent years, real estate businesses have already been feeling the effects. Nearly a third of real estate leaders responding to KPMG's 2017 Real Estate Industry Outlook Survey reported their **companies had experienced a cybersecurity breach in the previous two years**. However, only **half** of respondents were adequately prepared to mitigate or prevent breaches.

What Does Cyber Insurance Cover?

First-Party Coverage

- Hiring forensic IT consultants to determine the origin of a breach
- Outsourcing support to manage impacted clients
Repairing digital assets
- Cover the interruption cost while systems are down
- Ransom payments where allowable

Third-Party Coverage

- Legal representation
- Document preparation
- Fines and indemnity payments associated with a cyber attack

A Real World Example

In April 2021, Douglas Elliman Property Management (DEPM), the largest residential property management firm in New York City, suffered a data breach. The event potentially compromised the names, birthdates, mailing addresses, Social Security numbers, driver's license numbers, passport numbers, and financial information of nearly 50,000 New York residents. Even several luxury apartment owners' and employees' personal files were potentially compromised.

Mitigation and damage control efforts included conducting a forensic IT investigation, contacting law enforcement, and notifying affected parties. DEPM also set up a hotline to address residents' questions, and offered those affected a complimentary one-year membership to an identity theft prevention and credit monitoring service.

When even New York's biggest real estate management firm isn't safe from cyber attacks, can any firm be certain their business is?

Real estate businesses need to stay protected. Get cyber insurance today.