Why Tech Companies Need Tech E&O with Cyber Insurance

The rapidly growing prevalence of online firms has made them **lucrative targets for cyber criminals**. Tech companies **collect and store data from millions of users**, making them extremely vulnerable to cyber attacks. These companies have

Most traditional business insurance doesn't cover claims resulting from cyber events, like:

- Commercial General Liability (CGL) policies
- Errors & Omissions (E&O) policies
- Other business insurance products

Sensitive information and vital company functions are at risk, and **companies are liable for breaches in third-party services they use**. To stay protected, the tech industry needs comprehensive Tech E&O and Cyber Insurance coverage.

The Cost of a Breach

Average **cost of an incident in 2021**:
$4.24 million (IBM Cost of a Data Breach Report)

While smaller companies may have smaller claims, an attack can still devastate these businesses and their customers and can be disproportionately large for a small business.

Remote work also makes businesses more vulnerable. It brings with it an increased rate of compromised credentials and more frequent business email compromise events, which can be exceedingly difficult to detect and stop. **Breaches linked to remote work cost $1 million more, on average, than other breaches.**

The Power of Comprehensive Coverage

First-Party Coverage

- Hiring forensic IT consultants to determine the origin of the breach

- Outsourcing support to manage impacted clients Repairing digital assets.

- Cost of lost revenue while systems are down

Third-Party Coverage

- Legal coverage for defense of a claim for negligence, professional errors, breach of contract, etc.

- Indemnity coverage if you ultimately settle or are found liable

- Fines and payouts to affected customers

Additional Benefits of Cyber Policies

- Commercial General Liability (CGL) policies
- Errors & Omissions (E&O) policies
- Other business insurance products

A Real World Example

In May 2020, software company Blackbaud Inc. announced that they been the victim of a ransomware attack. Providing products for 'social good' institutions such as non-profits, educational institutions, and foundations, the company held a massive trove of PPI, including Social Security numbers, driver's license numbers, passport numbers, personal health information (PHI), financial information, contact info, student I.D. numbers, and donor information.

The hacker was successfully locked out of the system, but not before copying the data. They demanded Blackbaud pay a ransom to delete the stolen information, which the company did. The incident led to a slew of class-action lawsuits against the software company, with plaintiffs charging negligent handling of their data. A judge as so far upheld these claims, and Blackbaud is potentially on the line for hundreds of millions of dollars.

With Tech E&O and Cyber Liability Insurance, a devastating financial blow like this can be avoided. Ransomware is a growing risk, and everyone needs to be ready. No matter its size, your tech firm needs tech and cyber insurance today.