

## Why the Construction Industry Needs Cyber Insurance

Cyberattacks on businesses, both large and small, are on the rise. However, construction companies have become a favorite target for cybercriminals.

A [study by Safety Detectives](#) revealed that in 2021, construction accounted for 13.2% of total ransomware attacks in North America, making it the third-most-targeted industry.

With the rising digitization of operations, such as the use of project management software, digital blueprints, cloud storage, and connected devices on-site, the threat of cyberattacks in construction continues to grow.

### Cyber Risk and Exposures in the Construction Industry

Here are some of the key risks construction companies face:

- The use of Internet of Things (IoT) devices and interconnected systems in the construction industry make it more vulnerable to cyberattacks.
- Construction companies store large amounts of sensitive data in the cloud, making them attractive targets for cybercriminals.
- Cyberattacks can lead to financial losses, legal implications, and reputational damage.
- Cyberattacks can disrupt construction operations, leading to project delays, cost overruns, and safety risks.
- Remote work practices introduced during the pandemic can create additional cybersecurity risks if proper safeguards are not in place.
- Lack of cybersecurity awareness and training among construction professionals increases susceptibility to attacks.
- Collaboration with third-party contractors and consultants can increase cyber risks.

## Real-World Construction Claims and Examples

Phishing scams, data breaches, and ransomware attacks are becoming ever more rampant in the construction sector. Here are some real-world examples:

- **Phishing Scam at Turner Construction Company:** In 2016, cybercriminals targeted [Turner Construction Company](#). An employee at Turner responded to a spear-phishing email by sending the hackers personal information on hundreds of current and past employees. The information disclosed included employees' full names, Social Security numbers, states of residence and employment, and tax details. According to Turner, it informed the IRS of the breach, and the IRS took steps to monitor employee tax accounts for unusual activity.
- **Andrade Gutierrez Suffers Major Data Breach:** Between September and October of 2022, [hackers compromised the data of Andrade Gutierrez](#), a major Brazilian construction conglomerate. A hacking group known as the "Dark Angels" stole the personal information of over 10,600 current and former employees, including their names, email addresses, passport numbers, and health records.

Blueprints for multiple high-profile construction projects completed by the company were also stolen, including facilities used in the 2014 World Cup and the 2016 Olympic Games hosted in Brazil.

- **Lagan Specialist Contracting Group Data Held Hostage:** The Lagan Specialist Contracting Group (SCG), a major player in the British construction industry, [fell prey to the notorious "LockBit Gang."](#) The cybercriminals threatened to leak or sell critical information unless the Belfast firm paid a ransom by February 28, 2023.

Prior to the attack on Lagan, the hackers reportedly carried out a similar ransomware attack on the Royal Mail, demanding 0.5% of its annual turnover, equivalent to around \$80 million.

## Cyber Insurance Helps to Mitigate Your Risk

Cyber Insurance is no longer a luxury but a necessity. Construction businesses must evaluate their cyber risk exposures and take appropriate steps to protect their operations and ensure their long-term success. Working closely with an insurance broker experienced in Cyber Insurance can help tailor coverage to the company's unique needs and ensure adequate protection against cyber risks.

### Cyber Insurance can cover various costs, such as:

- Notification and crisis management expenses
- Legal costs and settlement expenses
- Costs associated with business interruption
- Expenses for data recovery and system repair