

The dangers online businesses face while they are uninsured

If there was ever a time to invest in cyber security, now would be that time. With the ever increasing power of the internet on our lives, more and more businesses are taking to the cyber world to promote and sell their products to consumers.

As the control of the internet increases, so does the need for businesses to protect against cyber attacks with insurance specifically suited to deal with the risks faced when dealing with business online.

Recently the company giant Sony Entertainment discovered this the hard way. When the data infringements they experienced caused nearly 100 million individuals account details to become uncovered and over 12 million credit and debit cards were put at risk, at Sony's Playstation Network, Sony Entertainment Online as well as Sony Pictures.

The problem Sony Entertainment face is that the insurance policy they have with Zurich covers only harm such as bodily or property damage and not the cyber security Sony expected they would have. So the company's attempts to be defended by Zurich were unsuccessful.

This highlights the need for businesses to invest in good cover against cyber attacks, as the results of a cyber attack can be devastating to a company in costs but also in reputation. Sony Entertainment now faces 55 class-action lawsuits in the U.S and 3 in Canada. With costs expecting to amount close to \$180 million.

Sony made the mistake that many businesses have made before in assuming that their insurance would also cover damage caused by cyber attacks, this is not the case, as separate insurance policies are needed to cover this kind of damage and even if a company has a cyber liability policy it is essential that they check what it covers, as often enough the policy will not cover legal and other breach related costs.

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