

# Why Would You Need Cyber Insurance?

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First, what is it? And is it really necessary? Here are some instances where you might wish you had a cyber insurance policy.

When you think about insurance, chances are you think about your car insurance or your home insurance. Maybe you even think about life insurance. I'm fairly certain you have never thought about cyber insurance and — spoiler alert — you really need to. Let's talk about what it is, why it is and if you should be pondering shopping around and purchasing a cyber insurance policy.

First things first, when you hear cyber-anything your immediate thoughts may jump to computers. That's reasonable, since the words "cyber" and "online" and "computers" tend to be used interchangeably. However, the exposure you have and the losses you may suffer extend far beyond your computer screen. It isn't about simply not clicking on links from people you don't know (you do know not to do that, right?) and the rest will be OK.

Here is a list of potential cyberexposure issues you could encounter that cyber insurance could help you deal with:

**Cyberextortion.** One day you try to turn on your computer only to find a message stating that you must pay a fee, either in cash or some form of [cryptocurrency](#) in order to get into your own computer. Yes, it happens, what expenses would you incur to get your computer back? Think about all that is on your machine — work documents, banking and tax information and personal photos. What wouldn't you pay? A cyber insurance policy may cough up the bucks on your behalf to get your stuff back.

**Network liability.** While you're lounging in your chaise lounge, a sudden pounding on the door startles you. It's the FBI with a search warrant for your house. Seriously? Yes, seriously. Turns out a hacker gained access to a computer on your home network — maybe your laptop or a desktop computer, maybe even a phone that connects to your Wi-Fi — and was sending out messages threatening people and trying to extort money from them. Naturally, you haven't a clue about any of this, but this is going to take time to explain and money to deal with.

**Identity theft.** Remember the name of that odd rectangular object that is mounted near the end of your driveway? I'll help you — it's your mailbox. Visiting your mailbox, you open it up to find a statement for a credit card that you don't recognize. What's more, it's a pretty darn active credit card with charges for items that, again, you don't recognize. Your [personal identity has been stolen](#), and some lowly character parading around as you is opening up credit cards and going on shopping sprees. And that's just the tip of the iceberg. Later, you find out they have applied for multiple credit cards and even a [home equity](#) line of credit. This can be one of the most costly events you can imagine. You will likely need an attorney who specializes in identity theft, because you will now need to actually prove to every bank or creditor that you did not make these charges or open these accounts.

**Phishing attacks.** Having nothing to do with putting a worm on a line and casting it out to poke some holes in fish, a [phishing](#) attack is when someone attempts to convince you they are a legitimate person or business in need of your personal information. What they do with this information can range from opening accounts to promoting illicit drugs, or worse. You may not be aware this has occurred or has been ongoing for months or longer. Just try to explain that away at the next PTA meeting.

**Reputation management.** Like it or not, you have an online reputation, even if you're not a heavy user of social media. Type in your name at [Google.com](http://Google.com), and you may or may not be surprised. However, you will find results that purport to be about you. If a bad actor is out there spreading lies, attacking others or just generally being a jerk, it's a pretty complex process to get those false narratives offline. If you are at all in the public spotlight, or work for a company that is, your reputation is everything.

## It's expensive to put things right

As you can see, you have cyberexposure, whether you like it or not, whether you realize it or not. Sometimes through zero fault of yours, you may end up in a position where you have to endure the time and expense to put things right. You can do it yourself, perhaps, and foot the bill, but do you really want to?

Cyber insurance policies tend to be inexpensive, and there are many insurers offering them. Remember to read your policy carefully, since there is no standard package that exists; comparing the coverage from company to company is challenging. Talk to a broker, talk to the insurance company, find out what they offer and compare it with what you want or, more accurately, what you need.

Cyberexposure is here to stay. Your options are simply to weather the storm on your own or buy a heavy-duty raincoat and umbrella.