

Cyber threats still leading concern for businesses – report

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by [Ryan Smith](#) 14 Sep 2021

Cyber threats are still the leading concern for businesses despite the ongoing COVID-19 pandemic, according to a new report from specialist insurer [Beazley](#).

The report, Spotlight on technology risk, surveyed executives in the US and the UK. The report discusses a range of technology risks that have been on executives' radars since the advent of the pandemic. The report looks at how COVID-19 has been the largest catalyst of operational and strategic change in a generation, forcing businesses to adapt their technology infrastructures to new ways of operating. This has led to a greater threat of disruption by competitors – and opened the door to cyber criminals, who have wasted no time in exploiting staff, processes and networks that were suddenly exposed beyond the corporate firewall, Beazley said.

Against the backdrop of pandemic-induced change, technology risks were rated much higher than any other category of risks by the executives surveyed in the report.

“Technology risk ranking as highly as it does even during a pandemic is very telling,” said Paul Bantick, global head of cyber and technology at Beazley. “Strong awareness of the risk is encouraging. However, technology is an area where the threat vector evolves constantly, and **businesses need to continue updating risk management processes and work with partners that can support them in identifying and mitigating tech-based risk.**”

“In these uncertain times, customers want three things: a deep understanding of risk by sector and size, specialist risk advisory services as part of their policy, and comprehensive, straightforward coverage – making communication and collaboration between insurer, broker and customer more important than ever.”

Cyber risks were the highest-ranked within the technology category. They were of particular concern in the US, where 38% of survey respondents ranked cyber as the top risk, compared to 29% of UK respondents. In the US, 55% of businesses felt very prepared to anticipate and respond to cyber risk, compared to just 34% in the UK.

The sectors that felt most exposed to cyber threats included energy and utilities, with 40% of businesses ranking it as their top risk, followed by retail and technology media and telecoms, both with 38% of companies ranking it as their top risk.

“Although many organizations have invested heavily in technology to protect their systems and data, the cyber-attack landscape is constantly shifting,” said Raf Sanchez, international breach services manager at Beazley. **“Cyber criminals are increasingly well-funded and innovative, making constant vigilance by organizations a necessity.”**

“We are striving to help organizations of all sizes and sectors address the many impacts of a cyber attack on their operations by supplementing risk transfer with a suite of cyber risk management services and post-event incident response. This research gives us useful insights into how leaders view technology risks and their perceived resilience to them. The variances in attitude between sector and territory are notable.”

Disruption risk – the failure to innovate and keep pace with new developments, customer demand or market shifts – ranked second in the technology category, with 30% of survey respondents identifying it as their top

risk. UK respondents were particularly concerned about this risk, with 32% ranking it as their top risk, compared to 28% in the US. Only 41% of businesses overall reported they felt well prepared to respond to disruption risk, Beazley found.

Tech risks – not adapting to changing technology developments and opportunities – was identified as a top risk by only 26% of respondents. However, 44% of businesses felt they were very prepared to manage tech risk.

“This high level of resilience is likely to reflect the fact that successful companies have harnessed a combination of astute hiring and investment to ensure they manage this threat appropriately,” Beazley said.

Only 11% of business leaders ranked intellectual property risks as a primary concern, the report found.

“Given that intangible assets are the predominant source of economic value for many businesses, accounting for 75% of business value globally, the low risk rating assigned to IP is a potential blind spot that may require more forceful remediation, particularly given that only 40% of businesses report they feel well prepared to manage it,” Beazley said.

Cyber Liability Insurance Partner Thomas Bentz spoke with *Law360* about U.K. and U.S. business executives' concerns over cyber threats. According to a Beazley PLC survey, **more executives ranked technology risks as their top concern than any other risk category**, however, slightly more than half of U.S. executives feel prepared for cyber issues. This includes IT-based threats affecting national infrastructure, data leaks and employee errors. The report states that the shift in risk perception is largely due to the COVID-19 pandemic and the technology and operational shifts businesses required to remain operational. Mr. Bentz weighed in stating that his clients are taking cyber risk very seriously due to today's sophisticated cyber criminals and the frequency and severity of today's ransomware attacks.

"These scams can live in your system, see what you're emailing, see the types of emails you're getting, and can even interrupt your correspondence. These are no longer silly scams, now they're really complex. **I've seen a lot more effort [by companies] put into not only cyber programs ... but also making sure insurance programs are in place to handle a breach.**"