

4 Components of Cyber Risk Management

If your company stores information digitally, a cyber risk management program can help reduce the likelihood and impact of a data breach. An effective program focuses on four key areas: prevention, disclosure, crisis management, and insurance coverage.

1. Prevention

Prevention starts with strong cybersecurity practices, including encrypting employee devices and training staff to recognize phishing attempts and other social engineering scams. It's also important to assess risks across your technology, people, and processes to identify potential security gaps. Regular reviews can help ensure your security measures keep pace with evolving cyber threats.

2. Disclosure

If your business experiences a data breach, you may be legally required to notify affected individuals and other parties. Many state and international laws require organizations to inform anyone whose personal information was exposed. Publicly traded companies may also be required to disclose cybersecurity risks and incidents to investors.

It's important to carefully evaluate what information should be shared and with whom. Overdisclosing an incident that does not affect certain individuals can create unnecessary concern. In some cases, a significant breach may require additional actions, such as altering or destroying sensitive data.

3. Crisis Management

Preparation is a critical part of managing cyber risk. If a data breach occurs, your organization should be ready to respond quickly and effectively. A strong response plan should outline how to identify the breach, determine what information was exposed, and understand who may be affected. It's also important to assess the resulting risks, communicate appropriately with stakeholders, and take steps to minimize reputational damage. Work with legal, risk management, and IT professionals to develop and regularly refine your plan so everyone understands their responsibilities before an incident occurs.

4. Insurance

Cyber insurance should be a key part of your cyber risk management program. It helps protect against technology-related risks that may not be covered by other business insurance policies. The right level of coverage depends on your organization's specific exposures and needs.

Cyber insurance can be tailored to your organization's needs and help protect against data breach-related losses. Contact us to learn more about your coverage options and risk management strategies.