Topic 4 Discussion 2

Research cyber insurance and identify which risk mitigation strategy it falls under. Discuss the advantages and disadvantages of carrying cyber insurance.

Hello Class,

Cyber insurance is a type of insurance policy designed to protect businesses and individuals against the financial losses associated with cyberattacks and data breaches. It falls under the risk mitigation strategy of risk transfer, where the financial risk is shifted from the policyholder to the insurance company(Martinez, 2025). The advantages of carrying cyber insurance include financial protection against potentially crippling costs associated with data breaches, such as legal fees, regulatory fines, notification costs, and business interruption expenses. Many policies also include access to incident response teams and forensic experts, which can be invaluable during a crisis(Miller, 2022). However, disadvantages exist. Premiums can be substantial, especially for organizations with high-risk profiles. Policies often have exclusions and limitations, meaning not all losses are covered. Furthermore, the process of filing a claim and receiving compensation can be complex and time-consuming. Finally, the availability and affordability of cyber insurance can vary significantly depending on the market and the specific needs of the policyholder(Miandanao, 2023).

References:

Martinez, J. (2025, February 12). *What is Cyber Insurance? Definition, Coverage, Cost & More | StrongDM*. Discover.strongdm.com. https://www.strongdm.com/blog/cyber-insurance

Miller, L. (2022, November 14). *Understanding the Pros and Cons of Cybersecurity Insurance*. MorganFranklin Consulting. https://www.morganfranklin.com/insights/understanding-the-pros-and-cons-of-cybersecurity-insurance/

Mindanao, K. (2023, July 14). *7 Pros & Cons of Cyber Liability Insurance*. Www.itsasap.com. https://www.itsasap.com/blog/cyber-liability-insurance-pros-cons