

Hiscox Cyber Readiness Report 2023

US small business focus





Small business owners are often experts in their chosen field. But running a small business comes with a lot of responsibility, most of which may fall outside of an entrepreneur's typical skillset. How can they be experts in their chosen field, as well as accounting, finance, human resources, IT, marketing, and even cybersecurity? The latter can certainly be at the bottom of their priority list.

Small businesses often don't have the luxury of a dedicated IT team, and a lack of cybersecurity knowledge can make small businesses a target. Bad actors can use a variety of tools and strategies to gain entry and wreak havoc on a business's programs and systems. It is crucial for small business owners to be aware of potential threats and the ways to combat them, as well as preventative measures to stop cyber criminals in their tracks.

The Hiscox Cyber Readiness Report 2023 gauges businesses' preparedness to combat cyber incidents and breaches. The report surveyed more than 500 US small business professionals.

Small business owners are getting smarter, but so are cyber criminals

Small businesses are knowledgeable when it comes to cybersecurity but despite their level of cyber savvy, they are still suffering increased attacks. Although 63% of small businesses in the US are cyber intermediates and 4% are cyber experts when it comes to defending against and avoiding cyber incidents, almost half (41%) have experienced a cyber-attack during the past year.



Cyber extortion:

Any crime conducted electronically in which the hacker demands money. Cyber extortion includes ransomware, distributed denial-of-service and other attacks.



Ransomware:

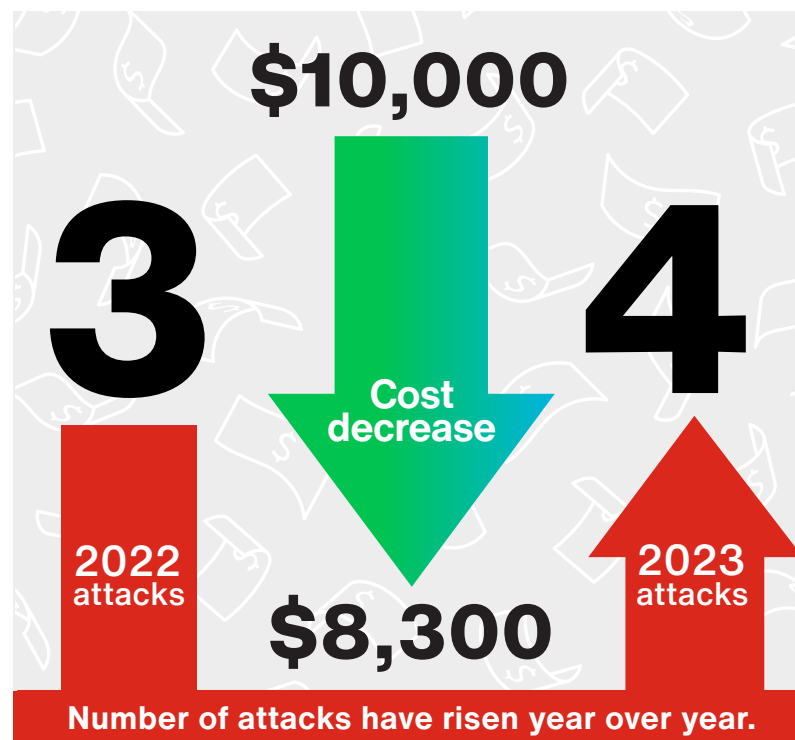
A type of malicious software designed to block access to a computer system until a sum of money is paid.



Phishing:

The fraudulent practice of sending emails or messages purporting to be from reputable organizations to induce individuals to reveal personal information.

The cost of cyber-attacks has decreased, but the risk has not



The median cost of cyber-attacks for one business in a year is \$8,300, down from nearly \$10,000 last year. Although the cost is down, the median number of attacks has risen from 3 in 2022 to 4 in 2023.

Ransomware is costing small businesses in a big way

 US small businesses paid:

	OVER \$16,000 in ransoms over the past 12 months
	ONLY 50% of businesses who paid a ransom recovered all their data
	50% of businesses who paid a ransom were forced to rebuild systems
	27% who paid a ransom were attacked again
	27% who paid a ransom went on to be asked for more money by the attacker

Because of this, it's not recommended to pay a ransom, but a cyber security expert — often provided with cyber insurance — can manage the situation and provide step-by-step advice.

So why are businesses paying up? For those who paid ransoms, the lead drivers for paying were to protect confidential internal documents and information (45%), to be operational again (41%) and to protect the reputation of the organization (36%).

Phishing proves to be a large opportunity for cyber criminals

Ransomware also highlights vulnerabilities when it comes to main points of entry in attacks. In ransomware attacks, the most common points of entry were **phishing (53%)**, **unpatched servers/VPN (38%)**, and **credential theft (29%)**.



The best way to protect yourself and your business from a phishing email is to learn how to spot a suspicious attempt and to remain vigilant. Here are some common things to look for:



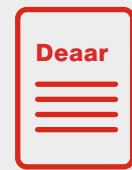
Even valid email addresses can be spoofed, so use your best judgement and verify addresses before clicking.



An unusual request from the sender. For example, an urgent message from the CEO asking you to purchase gift cards.



Suspicious links that you are urged to click on, often with some time urgency. You can even hover over the link without clicking to see a preview.



The language or structure of the message may be incorrect. Key signs to watch out for are spelling mistakes and grammatical errors.



While IT security spending has increased, there are still areas of vulnerability

	10%	increase in median IT budget
	24%	increase cybersecurity spending over the last 12 months
	59%	of businesses don't use security awareness training
	41%	surveyed do not use data backup recovery and restoration systems
	43%	of the business surveyed don't have network-based firewalls

Training employees, no matter how small the business, is vital as businesses are only as secure as their least knowledgeable employee. Security awareness training teaches the latest phishing techniques to look out for, how to create a strong password and protect customer information.

When it comes to cyber maturity, there is more work to be done

France	2.98	USA	2.94
Global small businesses	2.80	US small businesses	2.83

While the US ranks second for cyber maturity with a score of 2.94 (behind France, 2.98), small businesses globally only achieved a score of 2.80 and 2.83 within the US.

Suffering a cyber-attack often causes a business to face the reality that small businesses can also be a target, and they are vulnerable. Nearly half (42%) of the businesses that fell victim implemented additional cybersecurity and audit requirements because of the attacks they faced.



Small businesses are protecting themselves

In the ongoing battle against cyber criminals, it is important for small business owners to remain vigilant and take the necessary precautions to protect themselves.

Cyber security insurance, also known as “cyber risk insurance” or “cyber liability insurance,” protects businesses against losses that are computer or technology related.



So what does cyber insurance cover?

In many cases, coverage can include things like:



Costs associated with responding to a data breach, including the cost to notify anyone who may have been affected



Actions needed to avoid ransom demands and cyber extortion



Funds lost due to cyber crime, including social engineering and funds transfer fraud



Lost business income and data recovery



Expert assistance in responding to a breach and containing the damage

[➔ Learn more](#) about cyber security insurance and how Hiscox can help protect your business.



Cyber resources for your business

Let's face it

Most small business owners only know the basics of cybersecurity. Simple tips like “remember to use strong passwords, don’t use the same one for multiple sites, and don’t click on links in emails from senders you don’t know,” which are helpful, but cyber-attacks are becoming increasingly sophisticated, and it can be challenging to keep up.

To improve your [cyber security IQ](#), read up on the latest in the continuously evolving cyber security schemes designed to compromise your business.

Learn from a pro

Hiscox USA’s cyber experts share key tips on how to [protect your business from ransomware attacks](#).



You can find additional resources on a variety of small business and cybersecurity topics on the Hiscox **blog.**

Survey Methodology

Hiscox commissioned Forrester Consulting to gather information about businesses cyber activities and readiness. In total 5,005 professionals responsible for their company's cyber security strategy were surveyed (over 900 each from the USA, UK, France and Germany; more than 400 from Spain; and 200-plus from the Belgium, Republic of Ireland and The Netherlands). Respondents completed the online survey between 9 January 2023 and 2 February 2023.

We have adopted median rather than mean or average figures and restated prior-year figures in the same terms. Given the extreme variation in the underlying figures between the smallest and largest firms, this provides a more accurate representation of the respondents as a whole.

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