USI AFFINITY LEGAL ADVISORY

Cyber Coverage Misconceptions Putting Law Firms at Risk

Prepared by the USI Affinity Lawyers' Professional Liability Team

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Cyberattacks targeting law firms are becoming more widespread, sophisticated and costly. Yet, many firms continue to operate under risky misconceptions about cyber insurance — creating a false sense of protection while leaving them exposed to serious risks.

- Nearly 1 in 3 law firms have experienced a security breach.
- More than 50% of law firms that experienced a breach lost sensitive client information.
- Law firm breaches cost an average of $5.08 million.
- Only 40% of law firms report having cyber liability insurance.

"Our General Liability policy covers cyber risks."

FACT: Most commercial General Liability policies explicitly exclude cyber-related losses.

"Crime insurance will protect us from cyberattacks like phishing or hacking."

FACT: Traditional Crime policies typically cover theft and fraud, not cybercrime or broader cybersecurity events.

"Our Lawyers' Professional Liability policy already includes cyber coverage."

FACT: LPL policies may provide limited cyber coverage for third-party losses, but about 70% of financial damages are first-party losses, such as IT response, forensics and data recovery costs. These are generally not covered, as LPL responds only when there is a demand for money or services.

"Business Interruption coverage will respond to a cyber incident."

FACT: Traditional Business Interruption or Business Income coverage is triggered by physical damage to insured property, leaving law firms on their own to absorb the cost of lost billable hours for days or even weeks following a cyber incident.

"We're too small to need separate Cyber coverage."

FACT: Cybercriminals frequently target small and mid-sized law firms due to their limited IT resources, leading to even greater risks that require dedicated protection.

PROPER CYBER PROTECTION

Not all Cyber Liability delivers the same level of protection. To address the specific risks facing the legal industry, USI Affinity offers comprehensive Cyber Liability insurance built for law firms — enabling you to effectively prepare for, respond to and recover from cyber incidents.