

Commercial Insurance Profile

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Compliance Pays Off: The Numbers Behind GDPR Investment Benefits

Organisations recognised the following major benefits of data privacy investments:



Enabling agility and innovation from having proper data controls

42%

Gaining a competitive advantage over unprepared organisations

41%



Having greater operational efficiency from more organised data practices

41%

Source: Cisco

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Research Reveals Why GDPR Compliance Is Worth the Effort

As the first anniversary of the GDPR going into effect approaches on 25th May, recent [reports](#) from Cisco revealed the wide range of benefits that compliant organisations have experienced over the past 12 months. While ensuring GDPR compliance may have felt like a tedious or unrewarding process within your workplace, the following statistics emphasise how these efforts have truly paid off:

- **Shorter sales delays**—GDPR-ready organisations experienced significantly shorter sales delays due to customer privacy concerns. While non-compliant businesses suffered from average delays of 5.4 weeks, those that were prepared for the GDPR dealt with average delays of just 3.4 weeks—totalling a 14-day difference.
- **Fewer data breaches**—Although a large majority of organisations reported that they had experienced a data breach within the past year, a closer look at compliance numbers revealed that GDPR-ready establishments still reaped some benefits. Indeed, compliant organisations were 15 per cent less likely to have experienced a data breach when compared to unprepared businesses.
- **Better data security**—One of the most difficult aspects of a data breach is dealing with the consequences of stolen, missing or deleted data records. But with the help of GDPR compliance, prepared organisations suffered from far less impacted data records during a breach—an average of 79,000 impacted records compared to 212,000 for non-compliant establishments.
- **Decreased downtime**—It's no secret that time is of the essence during a cyber-attack. And fortunately for compliant organisations, GDPR-preparedness saved them an average of 3 hours in system downtime following a breach. While these businesses took an average of 6.4 hours to recover, unprepared organisations required 9.4 hours to get their systems up and running again—longer than the span of an average working day.
- **Lower costs**—More than anything, the financial burden of a data breach can be significant. But in the case of GDPR-ready organisations, only 37 per cent had losses of over £500,000 after a cyber-attack, whereas 64 per cent of the least prepared establishments suffered such losses.

For ultimate peace of mind against a data breach, contact MacKay Corporate Insurance Brokers today to discuss cyber-related insurance solutions.

Here's Where Businesses Have the Biggest Cover Gaps

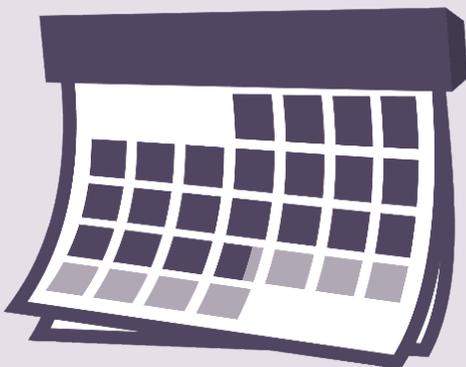
UK organisations are suffering from underinsurance in the following key areas:



Businesses' sums insured trail their actual valuations by an average of **20%**.



40% of business interruption policies are underinsured by an average of **45%**.



75% of organisations' indemnity periods span just 12 months, when 18-24 months is the most realistic option.

Is Your Business Underinsured? Review These Top Indicators

Even if you have insurance policies in place to protect your organisation from the worst-case scenarios, this cover won't be nearly as effective in the event of a claim if you are engaging in an increasingly common business mistake occurring throughout the country—**underinsurance**. Indeed, research from the Royal Institution of Chartered Surveyors revealed that as many as 80 per cent of UK organisations are thought to be underinsured. Don't let your organisation suffer the severe consequences of underinsurance in the event of a disaster. Review these top indicators of underinsurance to ensure robust cover:

- **Incorrect valuation**—Many organisations incorrectly value their property due to a variety of reasons (eg not conducting regular value reviews, not updating value after alterations or extensions, misunderstanding the difference between rebuild cost versus market value and not factoring in costs such as car parks, gates or paving), thus generating inadequate sums insured.
- **Stockpiling problems**—Your business may carry or store more stock on-site at different times throughout the year (eg for seasonal reasons or to prepare for Brexit). However, failure to update your broker on current stockpiling practices could result in underinsurance issues in the event of a claim.
- **Business interruption issues**—Even with business interruption cover in place, your organisation will have complications if your policy contains incorrect sums insured (eg excluding vital costs from your policy, such as payroll) or insufficient indemnity periods (eg only providing for one year recovery time after disaster).

It's Time to Document Your Brexit Plans, or Risk D&O Liability Issues

Although the impacts of Brexit remain uncertain, it's crucial for your organisation to prepare for any possible scenario. Especially as a senior-level leader within your workplace, failure to generate and document comprehensive continuity planning could expose you to serious directors' and officers' (D&O) liability risk if your organisation suffers a performance problem or interruption following Brexit.

In fact, the Insurance Act 2015 emphasises that senior-level management must properly investigate their business risks and disclose them to their brokers. With this in mind, organisations that possess improper documentation of Brexit preparations could suffer hefty legal expenses from disgruntled stakeholders and invalid insurance policies.

Regardless of Brexit's outcome, make sure your organisation prepares with robust continuity plans and detailed documentation. At a glance, consider including topics such as supply chain risks, data transfers, international trade, worker status and proper budgeting in your plan.

For cover solutions—such as trade credit or D&O liability insurance—contact MacKay Corporate Insurance Brokers today.

The content of this Profile is of general interest and is not intended to apply to specific circumstances. It does not purport to be a comprehensive analysis of all matters relevant to its subject matter. The content should not, therefore, be regarded as constituting legal advice and not be relied upon as such. In relation to any particular problem which they may have, readers are advised to seek specific advice. Further, the law may have changed since first publication and the reader is cautioned accordingly.

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