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INSURANCE BROKERAGE

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[Home](#) > The Insurance Many People Are Ignoring By Mistake!

Purchase Or Not Purchase - Document Your Position and Why.

With understanding comes advancement.

In the early days of property insurance, it was normal for claims to be paid based on a depreciated value. The idea was to compensate policyholders for their loss but not create a situation where the policyholders profit from claim payment. So, if your damaged property was older or used, your insurance settlement was reduced to reflect depreciation.

However, while insurance companies want happy policyholders, a depreciated settlement leaves policyholders unsatisfied and, often, in critical need of additional funds to restore their business or home.

At some point, the insurance industry responded to the need by offering an endorsement (for additional premium) that would pay to replace property damaged by an insured peril with “new property of the same kind and quality”.

It was called a “replacement cost” endorsement...and it caught on fast. In a matter of months, just about every application for property insurance included a request for “replacement cost” coverage.

Today, insuring for replacement cost is the norm and it’s built into virtually every property insurance policy form.

Today it’s “cyber liability” that cannot be ignored.

What was once generally misunderstood and a too often ignored protection against cyber-attacks, is now one of the fastest growing insurance coverages in the U.S. market. Cyber liability insurance is critical protection for just about any business or organization.

The two most common types of hack attacks causing serious damage to businesses in every industry across the country are...

Ransomware – A malicious software that encrypts the system and data. A ransom payment is demanded to unlock the system.

Wire Transfer Fraud – Theft of money or securities due to a bad actor transferring funds from a bank account (that does not belong to them).

The statistics are frightening.

- Every 14 seconds ransomware attacks a business.
- 43% of cyber-attacks target small businesses.
- The average cost for a small to medium sized business to respond to a cyber-attack is over \$500,000 and rising.
- 60% of small and midsize businesses close their doors within 6 months of a cyber-attack.

Yes, insurance is available to help protect against cyber risk. However, every business owner should also be educated on how these attacks happen, where insurance coverage is triggered, and best practices to stop attacks before they start.

Stay tuned as we continue to deliver answers and education right here in the upcoming weeks.

VANTREO is here to help. If you need help or have a question on this or anything else, just **[reply here](#)** ^[1]!

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