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Cyberthreats

While nearly half of small business owners believe they are prepared to handle a cyberattack, only 39% of independent agents believe that their customers are prepared to prevent one. Only 17% of small business owners, or fewer than 1 in 5, say they have c

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As COVID-19 drives more Americans to turn to virtual or digital business interactions, cyber criminals have found fertile hunting ground for new opportunities to exploit weaknesses. According to a new Nationwide Agent Authority survey, many American consumers and businesses are dangerously underprepared to defend against common and evolving cyberthreats.

“Our survey highlights concerning vulnerabilities for consumers and small business

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1. Small business owners are underprepared and overconfident
2. Middle market business owners have a better handle on cyberthreats
3. Consumers underestimate their cyber risk exposure
4. Agents are vital and can help clients understand cyber risks, including new and evolving threats

Small business owners don't recognize cyber vulnerabilities

Nationwide's research highlights an opportunity for agents to deliver counsel that small business owners may not know they need. Though nearly [half of cyberattacks](#) are aimed at small businesses, only 37% of small business owners reported believing they are at risk to fall victim to a cyberattack. Alarming, about one-third also said they are not confident they could recover if their business was attacked.

While nearly half of small business owners believe they are prepared to handle a cyberattack, only 39% of independent agents believe that their customers are prepared to prevent one. Only 17% of small business owners, or fewer than 1 in 5, say they have cyber liability insurance, and half (53%) say they do not offer cybersecurity training to their employees

Approximately 8 in 10 agents say many of their clients are unsure of how they are exposed to cybersecurity risks, they don't know what is covered in a cyber insurance policy, they lack knowledge, and they believe the chance they can fall victim is small.

Middle market business owners have firmer cyber-footing

Nationwide's research shows that middle market businesses, which typically have more sophisticated operations, have a greater awareness and are more prepared for cyberthreats compared to small businesses. Seven in 10 (70%) middle market business owners are concerned about a cyberattack, and 79% feel they are well

prepared to address an attack. They are also confident in their ability to recover from

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Survey data showed that consumers have quite limited knowledge of cyberthreats as an alarming 40% of consumers reported they have never been victim of any sort of cyberattack, including phishing.

- About 2 in 5 consumers lack adequate knowledge of common risks.
 - Only 62% reported being knowledgeable about ID theft;
 - 56% know about malware; and
 - 57% know about phishing.

This lack of knowledge lends to poor preparation for potential cyberattacks. Only 1 in 3 (32%) said they feel prepared to fend them off and an alarming 8% reported taking zero cybersecurity precautions. Only 13% of consumers indicate that they have some type of cyber insurance.

Consumers are also unaware of what it takes to recover from an attack and just 51% believe they could recover at all. Four in 10 don't know how much it would cost to recover from a cyberattack. Of those who did experience an attack, 30% reported that it impacted their personal finances.

Agents can help clients with new and evolving cybersecurity issues

Insurance agents have an opportunity to strengthen relationships by offering effective counsel to help their clients protect against cyber risks, including several new and evolving threats that remain off the radar of most consumers and business owners. While the agents surveyed are well aware of the knowledge and protection gap, only about half (52%) say they talk to their customers often or always about cybersecurity threats.

Nearly half of agents said they are familiar with emerging cyberthreats, including:

- 58% – IoT (Internet of Things) security breaches (associated with products like

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A challenge may be that some agents need more education. While 84% of insurance agency principals say they provide plenty of resources to their employees, only 61% of producers and 42% of customer service reps agree, highlighting a potential disconnect between management and other customer facing representatives.

Small Business

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