Cybersecurity safeguards for high-net-worth individuals

SCHAUER GROUP

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For high-net-worth and ultra-high-net-worth individuals, the effects of a cybersecurity attack can be costly and wide-reaching.

High-net-worth individuals have an elevated risk of being targeted by cybercriminals, and while they might have mechanisms in place to keep their assets secure, they may be overlooking the critical role cybersecurity can play in safeguarding their wealth.

Read on for guidance from the advisors at Beese Fulmer Private Wealth Management and Schauer Group about the cybersecurity steps high-net-worth individuals can take to best protect themselves online.

CYBER RISKS FOR HIGH-NET-WORTH INDIVIDUALS

Last year, Americans reported more than 880,000 internet crimes, totaling upwards of $12.5 billion in potential losses, to the FBI – a 10 percent increase in crimes and a 22 percent increase in losses compared with 2022.

While cybercrime can affect anyone, high-net-worth individuals have additional risk factors that make them susceptible to attacks:

- **Opportunity:** High-net-worth individuals are seen as a more valuable target for cybercriminals simply because of their higher level of wealth and assets.
- **Complexity:** For high-net-worth individuals who have multiple business entities in addition to their personal assets, it can be more difficult to monitor risks.
- **Vulnerability:** Often, high-net-worth individuals are working with other external resources that also are exposed to cybersecurity threats (such as banks and accounting firms).
- **Visibility:** In many cases, high-net-worth individuals are high-profile and easier to find online. For example, they might hold leadership positions at large companies or receive recognition for their generous donations to local nonprofits.

Even cybercrimes with seemingly minor financial impacts can have major consequences. For example, the average loss from a phishing scam (a technique used to obtain personal or financial information) averages less than $175, but a successful phishing attempt often leads to more serious crimes, such as credit card fraud (average loss of $11,500) or identity theft (average loss of $6,800), data aggregated by online security company Surfshark shows.

And the effects of cybercrime reach beyond the immediate financial harm. An attack also can lead to business disruptions, privacy violations, legal liabilities, and reputational damage.

CYBER BEST PRACTICES

As a first line of defense for high-net-worth individuals, the advisors at Beese Fulmer recommend exercising caution in all online interactions and verifying all requests for personal information.

Best practices include:

- Creating unique passwords for each account (a password manager can help store them)
- Using multi-factor identification when possible
- Checking email addresses and website URLs before clicking links – cybercriminals are becoming more sophisticated and often pretend to represent legitimate entities
- Setting up phones and computers so they automatically install available updates to operating systems, browsers and antivirus software
- Disclosing passwords or other sensitive information only after being the person to initiate contact with the party requesting the information
- Avoiding public Wi-Fi networks when accessing financial information
- Watching what information is shared on social media, as these details can be used by cybercriminals to create targeted attacks

ADDITIONAL CYBERSECURITY SOLUTIONS

While good cyber hygiene is a critical initial step in protecting assets from cybercriminals, purchasing a personal cyber protection policy is an additional option that can help prevent cyberattacks and assist with a response in the event one occurs.

Many of these policies offer robust coverage and are designed to help coordinate quick action in the event of an attack, along with mitigating the financial and psychological damage an attack can cause.

More specifically, cyber protection coverage can help:

- Evaluate cyber vulnerabilities
- Coordinate the solutions and specialists needed to respond to an attack
- Restore a stolen identity
- Assist with the cost of restoring systems or recovering data
- Replace stolen funds
- Provide public relations, legal and digital forensic support
- Offer temporary rehousing services if a cyberattack affects smart home devices
- Provide cyberbullying protections for children and their parents

While Schauer Group advisors broadly recommend this coverage for anyone who has a banking account or an online presence, having cyber protection coverage becomes even more important the more assets and the more smart devices a person has – because an attack initially affecting one account or tool has the potential to shut down everything else.

The teams at both Beese Fulmer Private Wealth Management and Schauer Group are available to review your individual situation and help you find the best options to protect your family's wealth. Please reach out to your advisor today if you'd like to discuss this important topic further.

About Beese Fulmer:

Beese Fulmer Private Wealth Management was founded in 1980 and is one of Stark County's oldest and largest investment management firms. The company serves high-net-worth individuals, families, and non-profits, and has been ranked as one of the largest money managers in Northeast Ohio.

About Schauer Group:

Schauer Group is an independent risk management and insurance advisory firm dedicated to helping people, companies and communities thrive. Our team of insurance professionals works with clients across the country and across a variety of industries, offering expert risk management consulting and customized business insurance, employee benefits, personal insurance and surety solutions. Our advisors take a risk management approach that supports clients seeking industry-leading knowledge and capabilities, along with competitive costs.

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