INSURANCE INSIGHTS

CYBER EXCLUSIONS

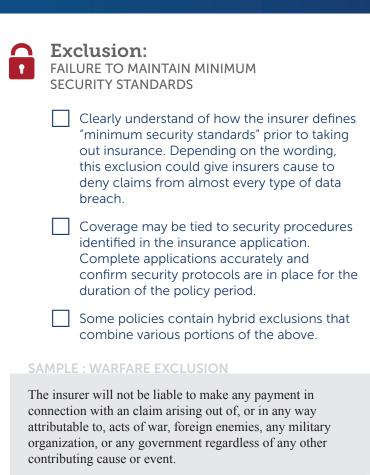
Key policy exclusions leave you at risk of costly gaps in coverage.

Cyber insurance is one of the fastest growing lines of insurance.

This also means the number of cyber plans and available products has also grown exponentially, but not all cyber insurance products are created equal. Coverage differences and exclusionary language amongst cyber policies has led to claims being denied, which often results in court rooms determining outcomes or large, unexpected losses that drive companies out of business.

When purchasing cyber insurance, it is important that businesses work with experienced insurance brokers who can help guide them through this process, as well as conduct a thorough review of the policy language. Clarifying questions around coverage, limitations and interpretations of ambiguous coverage clauses could be the difference between a covered cyber incident or not.

While not a comprehensive list of all the exclusions, we cover six of the most common ones— and the most prevalent causes of loss.



Exclusion:

WAR, TERRORISM, INVASION, OR INSURRECTION

- This is a fairly standard exclusion incorporated into many classes of insurance.
- Cyber attacks from state sponsored, political or ideological origins can be construed by insurers under this exclusion language.
 - Review coverage prior to taking out insurance and request to modify these exclusions to ensure coverage for "cyberterrorism" or "electronic terrorism."



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portable device.

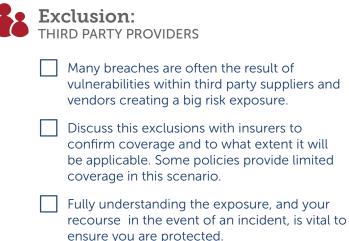
CYBER EXCLUSIONS

Key policy exclusions leave you at risk of costly gaps in coverage.

Exclusion: WRONGFUL ACTS THAT OCCUR PRIOR TO COVERAGE	The insurer will not l connection with an in
Most policies set a "Retroactive Date" when insurer first issued a policy to the insured, so this exclusion mostly impacts new cyber policies.	way involving, a brea any communication is computer system.
Cyber breaches are often discovered long after the breach occurred, and claims arising from a breach occurring prior to the policy's Retroactive Date may not be covered.	Exclusion: THIRD PARTY PE
Cyber policies are "claims made and reported" policies, meaning that they will only respond during the policy period. Notice of a claim must be made for coverage to exist.	vulnerabilitie vendors cre Discuss this confirm cov
Before changing your cyber carrier, be sure to purchase an extended discovery period, to provides an additional period to report claims that would have been covered by the non-renewed policy. Alternatively, consider obtaining a Retroactive Date that predates the inception of your new policy.	be applicable coverage in Fully understrecture in ensure you
The insurer will not be liable to make any payment in connection with an incident arising out of any litigation against any insured initiated prior to the respective date set forth in Item 9 of the Declarations, or involving any of the same facts, circumstances, or situations underlying such prior litigation.	Exclusion BODILY INJUR RESULTING FR Beyond coproperty p This can r computer
Exclusion: LOST PORTABLE ELECTRONIC DEVICES THAT RESULT IN A BREACH	Carefully of bodily in anguish, redistress, a always cit stemming
Some insurers are willing to remove this exclusion or modify it to apply only to claims arising from the loss of an unencrypted	SAMPLE : BODILY The insurer will not be

ARTY EXCLUSION

be liable to make any payment in ncident arising out of or in any ach of any computer system or network, other than the company's



RY & PROPERTY DAMAGE OM A CYBER INCIDENT

Beyond cyber policies, general liability and property policies exclude cyber related losses
This can make it difficult to cover losses to
computers and hardware.

review the cyber policy definition injury to verify coverage for mental mental injury, shock, emotional and humiliation. Plaintiffs almost te these injuries as damages from a data breach.

NJURY & PROPERTY EXCLUSION

be liable to make any payment for actual or alleged bodily injury, sickness, disease, death, damage to any tangible or intangible property, including false arrest, malicious prosecution, battery, mental anguish, emotional distress, invasion of privacy, defamation, libel or slander.