

# Cyber Liability Insurance

## The Complete Guide

This guide is for title and law professionals who want to make confident insurance decisions.

By the last page, we will have guided you through -

1. **The Basics:** The components of cyber liability coverage and why it's important
2. **The Variations:** The important differences between cyber liability insurance across the industry
3. **The Decisions:** How we recommend building your proper insurance plan

### Make this guide personal:

Your Business Name:

Your First Name:





## 1| The Basics

# Cyber Liability Coverage Components and Importance

, welcome to your complete guide for cyber liability coverage for the title industry.

Our first objective is for you to know the intent of cyber liability insurance and how a policy is structured. Knowing these “basics” will help you understand the risks that can be offset by cyber liability insurance and help you navigate an insurance policy to find the information you need.

### Intent of Cyber Liability Insurance

*What is the purpose of cyber liability insurance?*

The main intention of cyber liability insurance is to provide coverage for damage caused by a breach of the company's data or network. A breach can lead to various schemes that target and affect your business directly as well as third parties you serve, such as your clients or partners.

Cyber liability insurance also typically provides coverage for liability arising from the company's online and offline content.

*What does cyber liability coverage typically include?*

Cyber liability coverage varies greatly between different policies and these differences are not always apparent. It's most important that the coverage addresses the relevant risks in the industry and the associated costs that arise due to a breach for both and any third parties affected. From the beginning of a breach to resolution, there are investigation, legal, regulatory, and numerous recovery costs to consider.

Selecting proper cyber liability insurance in today's environment is an important business decision to offset the financial impact of these risks.



# Cyber Liability Policy Components

While all cyber liability insurance has a basic intent, the policies are a little more complex when specifying coverage.

Below are the components of a cyber liability policy and what each section communicates. Knowing these components is key to understanding where differences arise between policies and will also help you navigate your policy for clarification when you need it.

## 1 | Declarations Page

The high-level overview of your coverage amounts, the amounts you are responsible for, your retroactive date and your policy period.

**“Insured:**



**Coverage Amounts:**

\$500,000 Coverage A

\$500,000 Coverage B

**Deductible:**

\$5,000 Coverage A

\$5,000 Coverage B

**Premium:** \$10,000

**Retroactive Date:** 1/1/2015

**Policy Period:** 12:01AM

1/1/21 – 12:00AM 1/1/22”

## 2 | Insuring Agreements

This section is filled with statements that detail what the insurance company is agreeing to insure. There will typically be several sub-sections to organize the different cyber events covered. Throughout the entire section, words are highlighted for further explanation in the definitions section.

*Example:*

“Coverage A: **We** agree to provide coverage for the **damages** resulting from a **breach**”

## 3 | Definitions

This ‘dictionary’ of the policy gives further meaning to the Insuring Agreement section. And these two sections often give the most insight into the true, deeper intent of coverage the insurance company is offering.

*Example:*

**“We** – The insurance company

**Damages** – The monetary costs including...

**Breach** – Unauthorized access to the insured’s network or data”

## 4 | Exclusions

The outline of scenarios the insurance company is *not* agreeing to insure.

*Example:*

“**We** will not provide coverage for intentional, unlawful acts”

## 5 | Endorsements

Overlaying changes to your *entire* policy. Endorsements, also referred to as “Riders”, can either limit or expand coverage in small or large ways.

*Example:*

“Coverage A is amended to read...”

## 6 | Conditions

Renewing, cancelling, giving notice of a potential claim or actual claim, and other important processes are outlined step by step in this section.

*Example:*

“The Insured must notify the insurance company of claim through this process...”



## 2| The Variations

# Cyber Liability Insurance Differences in the Industry

Like any other product or service you purchase, there are variations when selecting cyber liability insurance. However, unlike most purchases, these variations can have substantial positive or negative impacts on your business.

Fortunately, you are here to learn about these differences and how to approach this decision so you can be confident in your coverage.

### Cyber Liability Insurance Differences

When you select cyber liability insurance, remember you are selecting –

- The insurance professional who will guide you through that coverage and through important business decisions ①
- The insurance organization that will serve you throughout your lifetime as a client and guide you during claim time ①
- A policy's promise of coverage ②
- The amount of coverage and cost ③



Each of these selections can be categorized into three overall categories that will frame your decision: **Insurance Advising**, **Policy Language** and **Cost Factors**.

You will face positive and negative variations in each of these areas. We will review each of these in detail so you can be aware of the variations and prioritize what is important.

## Cyber Liability Insurance Differences | Insurance Advising

The insurance professional and organization you select impacts every step of the insurance process, and can have significant positive or negative effects in each stage:



There is no replacement for an insurance expert advocating for you every step of the way. For perhaps the most important decision, here are the different areas to consider when selecting an insurance organization and professional, and the most advantageous choice (in our experience):

<b>INSURANCE COMPANY RELATIONSHIP</b>	<b>Insurance Company</b> Represents its own insurance products ❌ Limited to insurance company selection ❌ Claims support is through the insurance company without outside consultation beforehand ✔️ Potentially quicker process times	<b>Insurance Broker</b> Represents insurance products from multiple insurance companies ✔️ More selection among industry offerings ✔️ Claims support prior to engaging the insurance company ❌ Potentially longer process times
<b>INSURANCE PRODUCT EXPERTISE</b>	<b>Specific Product Expertise</b> Focus on one insurance product ❌ No insight into multiple coverage intents and potential overlaps ✔️ Very knowledgeable in one product	<b>Broad Product Expertise</b> Assists with multiple insurance products ✔️ Insight and synergy between all necessary coverages ❌ May be less familiar with uncommon products
<b>INDUSTRY EXPERTISE</b>	<b>Broad Industry Expertise</b> Assists with all industries ❌ Only superficial understanding of the many industries without specific knowledge	<b>Specific Industry Expertise</b> Focus on one or subset of industries ✔️ Deeply familiar with nuances in your industry and profession to provide better guidance
<b>COVERAGE IMPROVEMENT</b>	<b>Reactive</b> Make coverage changes to their product reactively or when the market forces ❌ Can leave you exposed for a period of time	<b>Proactive</b> Influence coverage and encourage proactive and continual improvement ✔️ More likely to maintain relevant and proper coverage over time
<b>RESOURCES</b>	<b>Dedicated Advisor</b> Low support system to advise and service your company ❌ Potentially slower production of important documents upfront and throughout the year as your business requires	<b>Dedicated Advisor and Team</b> High support system to advise and service your company ✔️ Faster production of important documents upfront and throughout the year as your business requires ✔️ Potential of providing helpful reminders and education for you throughout the year

## Cyber Liability Insurance Differences | Policy Language

You've learned that cyber liability policies contain different sections, statements, and definitions. This language ultimately describes the promise of coverage you are purchasing and answers the first question at claim time: "Is there coverage?"

Discussing with an insurance professional how the policy language addresses your industry risks can help you either identify red flags or help you build confidence in the coverage.

Review the table for the most relevant cyber events, resulting losses and path to recovery to incorporate in your insurance discussion.

CYBER EVENT	RESULTING LOSS	PATH TO RECOVER	QUESTIONS
<p><b>NETWORK BREACH LIABILITY</b> Criminals have infiltrated your company's network or particular system</p>	<ul style="list-style-type: none"> <li>Extortion or ransomware – a demand for money in return for the release of information or access to system</li> <li>Data loss or system access loss for a period or indefinitely</li> </ul>	<ul style="list-style-type: none"> <li>Direct business loss recovery</li> <li>Business income interruption</li> <li>Data recovery</li> <li>Investigation</li> <li>Litigation</li> </ul>	<ul style="list-style-type: none"> <li>What scenarios is the coverage intended for?</li> <li>Are third party costs and first party costs covered in this scenario?</li> <li>What exclusions should I be aware of?</li> <li>Are funds covered? If so, what type of funds?</li> </ul>
<p><b>DATA BREACH LIABILITY</b> Criminals have accessed non-public, personally identifiable information your company holds or has access to</p>	<ul style="list-style-type: none"> <li>Identity theft of third party</li> </ul>	<ul style="list-style-type: none"> <li>Investigation</li> <li>Litigation</li> <li>Third party loss recovery</li> <li>Notification and prevention</li> <li>Crisis management</li> <li>Regulatory implications</li> </ul>	
<p><b>MULTIMEDIA LIABILITY</b> Liability associated with online or offline company content or statements</p>	<ul style="list-style-type: none"> <li>Defamation - libel, slander of reputational harm</li> <li>Invasion of privacy</li> <li>Copyright infringement</li> </ul>	<ul style="list-style-type: none"> <li>Investigation</li> <li>Litigation</li> <li>Third party damages recovery</li> </ul>	
<p><b>WIRE OUT FRAUD SCHEME</b> Funds misdirected by your company due to fraudulent instructions</p>	<ul style="list-style-type: none"> <li>Mortgage payoff funds loss</li> <li>Seller funds loss</li> </ul>	<ul style="list-style-type: none"> <li>Investigation</li> <li>Litigation</li> <li>Third party damages recovery</li> </ul>	

There is much more to a policy than the coverages listed on the declarations page. Never accept general statements about coverage without insight into the policy language.

# Cyber Liability Insurance Differences | Cost Factors

Now, let's address what most of the insurance industry will have you focus on: Cost.

Fortunately, now you know a better way to begin your insurance evaluation and the most important factors on which to base your insurance decision.

Before you get to the point of evaluating cost, you have solidified your confidence in both your insurance professional and in the policy to answer "yes" to the first question at claim time, "Is this covered?" Now you can move on to your next consideration, "how much is covered?"

Let's review the cost factors during purchase and over your lifetime as an insurance client.

## Cost Factors in Your Policy

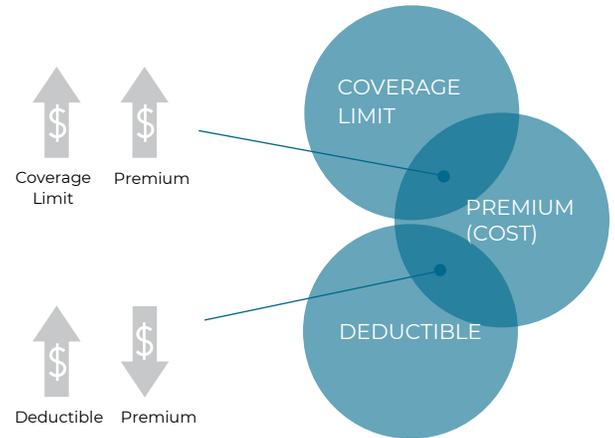
**Coverage Limit** – Maximum amount of coverage provided by the policy for one claim (per occurrence) and during the policy period for all claims (aggregate).

**Premium** – Annual cost of the policy.

**Deductible** – Amount you are responsible to pay at claim time before coverage begins.

Based on your risk tolerance, clients, and your financial threshold, you will choose your coverage limit and deductible. This will determine how much is paid by the insurance company and you once coverage is confirmed for a specific claim. Other than the details of your business, these two amounts will affect the premium of the policy. A higher coverage limit will increase the premium while a higher deductible will decrease the premium.

While the cost of a cyber liability policy will differ across the industry, this variation is arbitrary. Having an insurance advisor who knows the industry and advocates on your behalf is important to help you navigate these variations in the long run.



## Cost Factors Over Years

As your business grows and you serve more clients, your risk inherently increases, and therefore, your insurance premiums will generally increase to take on that risk. The best way to manage your insurance costs is to manage your risk of having a claim. Consider implementing these practices to manage your overall risk:

### Software and Tools

- Weekly off-site backups of data
- Automatic updating antivirus software
- Secure email gateway
- Strong password protection

### Procedures and Practices

- Procedure for fund transfers
- Procedure to verify identity of new entity before a transaction
- Antifraud disclosures
- Multi-factor authentication

### Training

- Cyber crime security training for all employees



### 3| The Decisions

# Building Your Proper Insurance Plan

You know the basics – the intent of cyber liability coverage and the policy components.

You know the variations – the differences you will encounter in insurance advising, policy language and pricing.

Now it's time to make confident insurance decisions for

The best approach to your insurance decision is to have the mindset of building a proper insurance plan. A proper insurance plan is built according to your business and your personal coverage preferences. It requires your engagement, sharing and openness to learn.

## The Steps to Proper Insurance





Your Resource  
**Stewart Insurance**

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Our team is dedicated to properly insuring you and your business.

Connect with a business insurance advisor to build a proper insurance plan for

We will –

- Engage with you to understand your business and coverage preferences
- Work with our insurance company partners to provide your desired coverage
- Discuss and build a proper insurance plan together
- Ensure your service expectations are met year-round
- Be your advocate during claim time
- Continue to influence beneficial coverage for you, year after year

Connect and join the properly insured. Become a Stewart Insurance client today.

