

K-Notes: Cybersecurity Insurance Policy

from AXA

Avoid Sub-limited First Party Coverage

Check the declarations page to see if your first party coverage is sub-limited. Almost all of the damages in recent, major breaches have been first party.

“It’s very difficult to model cyber risk. I think it’s important that you choose a reputable, well-regarded insurer.”



Eric Drattell
General Counsel,
Roostify

“You want to understand what the risks are, who’s doing what to whom, and measure whether you have that exposure. Whether your vendors have that exposure.”

KEY TAKEAWAYS

- **Ask If Fines and Penalties Will Be Covered**

Cyber risk policies haven’t usually included fines and penalties from a government agency, though AXA’s policy does. Consider if this is needed.

- **Stay Informed of Potential Risks**

Read about current market trends. This will help you to recognize potential risks that need to be discussed in a policy. If a hacker comes up with a new way to breach information, you’ll know to bring it up while negotiating or drafting an insurance policy.

- **Maintain Control of the Settlement Process**

Negotiate for the right to choose your own panel of experts. At minimum, know whether the insurer will cover the maximum panel rate if you want someone other than their provided panel. This may help you respond more quickly to the situation with better expertise.

- **Diligently Inspect the “Damages Do Not Include” List**

Staying on top of recent breaches will help you to know if something is on the list that shouldn’t be. Engage purposefully with the insurer so that no potentially needed coverage is left to chance.