

Yes, You Need Cyber

For your agency, clients and contracts

By Jim Hanley



Hackers don't discriminate.

While large businesses may have the human and financial resources as well as risk transfer mechanisms to overcome a cybercrime event, small businesses are often targets precisely because they do not have these resources or security measures in place.

And if a business does not have access to those resources, the effects of a breach can be devastating—which is why it is vital for insurance agents to not only understand their own cyber needs, but also communicate exposures and potential coverage gaps to their customers.

Some business owners are content with no cyber insurance, while others have a false sense of security from “built-in” coverage on ancillary policies. This includes agency owners who believe the data breach coverage on their agency errors & omissions policy is enough to protect their interests.

Some carriers may offer an endorsement attached to an E&O policy which provides a sublimited amount of cyber coverage, or even options to increase the sublimit. But it is unlikely that the coverage and limits available via endorsement can compare to those available on a standalone cyber policy.

The Big “I” now partners with Coalition to offer standalone cyber coverage that includes several increased liability limit options and data breach response coverage built into the policy form. Also included is some coverage for professional assistance to determine the scope of the breach and legal counsel to help with breach response.

To learn more about how Coalition can help address the cyber needs of you and your clients, or to learn about other cyber options available through the Big “I,” contact your state association E&O Program Manager.

Note, too, that you may need to carry cyber insurance in order to comply with your agency-company contract requirements. In its regular review of agency-company contracts, the Big “I” Office of General Counsel has found that some carriers are now requiring agencies to carry standalone cyber liability coverage with a minimum \$1-million liability limits.

Carefully review each update and addenda to your carrier agreements to ensure your agency is in compliance with the carrier's requirements, and that your agency is not taking on any additional duties or responsibilities related to cyber compliance, notices or indemnifications that are not mutual to both parties.

For more information, visit independentagent.com and select Services from the top menu, then Legal Advocacy under Products, then Contract Review from the left menu.

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