

# Cyber policy renewal

By Rob Roscoe

WCIA's group cyber insurance policy, underwritten by AIG Specialty Insurance Company, renewed on May 31, 2021. WCIA's policy has the benefits of economy of scale that allows us to purchase a cyber policy that applies to all 165 members at a reduced premium. WCIA does not charge the cost for cyber insurance to the individual members but rather pays this coverage as an operating expense out of WCIA's budget so there is no direct charge for cyber insurance to the membership.

The cyber market itself is undergoing significant changes globally, as carriers are either eliminating ransomware entirely, putting larger deductibles with smaller limits in place, or refusing to underwrite certain industries.

WCIA's renewed policy has some of these significant changes; including lower limits and higher deductibles that apply to every member. The changes were not cost saving tactics employed by WCIA, but rather non-negotiable terms and conditions put in place by the carrier (AIG) for WCIA to renew the policy. The changes to the policy are highlighted below:

- Member deductibles are increased from \$25,000 to \$50,000. Before the carrier will pay any money on a cyber loss the individual member must pay the first \$50,000 before the carrier begins paying.
- Cyber extortion coverage limits were dropped from \$1 million per member to \$100,000 per member with a \$1 million Pool limit and a \$50,000 member deductible. If a member experiences a ransomware event and chooses to make the payment the member will now be responsible for paying the first \$50,000 and the carrier will pay up to \$100,000 for a total of \$150,000 in ransomware payments.
- The Event Management coverage moved to a traditional monetary limits and deductibles instead of number of persons affected. The previous policy had a 100-person threshold of affected individuals and is replaced with the member \$50,000 deductible and the maximum 75,000 persons affected is replaced with the \$1 million member limit. Lastly, the pool aggregate switched from a \$5 million aggregate to a \$10 million aggregate.
- WCIA must also confirm that any member using MS Exchange Server on premises or in a hybrid deployment have followed the Microsoft guidance to update/patch and if they used it, did they perform a compromise assessment with this vulnerability?

WCIA was fortunate to continue to provide a group policy but also recognizes the impacts the increased deductibles and lower limits have on the membership. One option potentially available is to have your agency opt out of the WCIA group policy and look to buy an individual cyber policy unique to your agency's needs. Your agency would pay the carrier's premium and

the policy would be subject to whatever terms and market conditions available at the time of your application. Unfortunately, WCIA cannot keep you on the Pool's policy and have you purchase a separate policy as the two policies would not act together and could create conflicting and restrictive coverage. WCIA is researching the option to have our broker Marsh assist individual members in purchasing their own policy and will update the Marsh portal accordingly when available. WCIA will continue to market our program annually and look for ways to improve our program when possible. **Please note:** WCIA's cyber policy does not cover improper transfer of funds through email scams as that coverage is provided separately through the crime and fidelity policy.

For more information, please contact [Deputy Director Rob Roscoe](#) at 206-687-7892.