

# Questions to Consider Asking Your Broker About Cyberliability Coverage

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One of the first questions we ask our clients when they call about a security incident is whether they have insurance that may cover the costs associated with investigating the incident, potential forensic analysis, and coverage for a data breach. Sometimes the client will say “Yes, we have cyber coverage.” However, when reviewing the coverage or making a claim, we find that the client does not have the coverage for the incident.

We suggest that clients work with a broker who has experience in this area, as it is rapidly changing with cases being litigated and new schemes that have never been seen before affecting companies.

To help with your conversation with your broker, here are some basic questions (this is not an exhaustive list) to discuss with your broker as you evaluate your cyberliability insurance needs:

- Confirm first-party coverage for a security incident/data breach for forensic analysis, legal, costs associated with data breach notification to individuals and regulators, and coverage for fines/penalties and costs associated with an enforcement action;
- Confirm first-party coverage for ransomware, malware, wire fraud, phishing incident, social engineering, man in the middle scheme, including business interruption coverage;
- Confirm third-party coverage for security incident/data breach, class action litigation, enforcement actions and individual litigation;
- Discuss in detail the exclusions in the policy so you understand them and the

incidents that the exclusions may be applicable to, including Telephone Consumer Protection Act exclusion, and determine whether to purchase the coverage that is excluded;

- Discuss your particular industry and coverage that may be specifically applicable to you, including coverage for PCI fines and penalties, HIPAA privacy and security violations, GDPR or CCPA actions; and
- Specifically discuss crime coverage, a social engineering endorsement, errors and omissions, business interruption, and other coverage you may need to supplement other policies that you have in place.

This is a rapidly changing area, so stay in touch with your broker as new endorsements come out from insurance carriers to respond to new threats. Staying on top of the coverages and exclusions is important to managing potential risk.

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