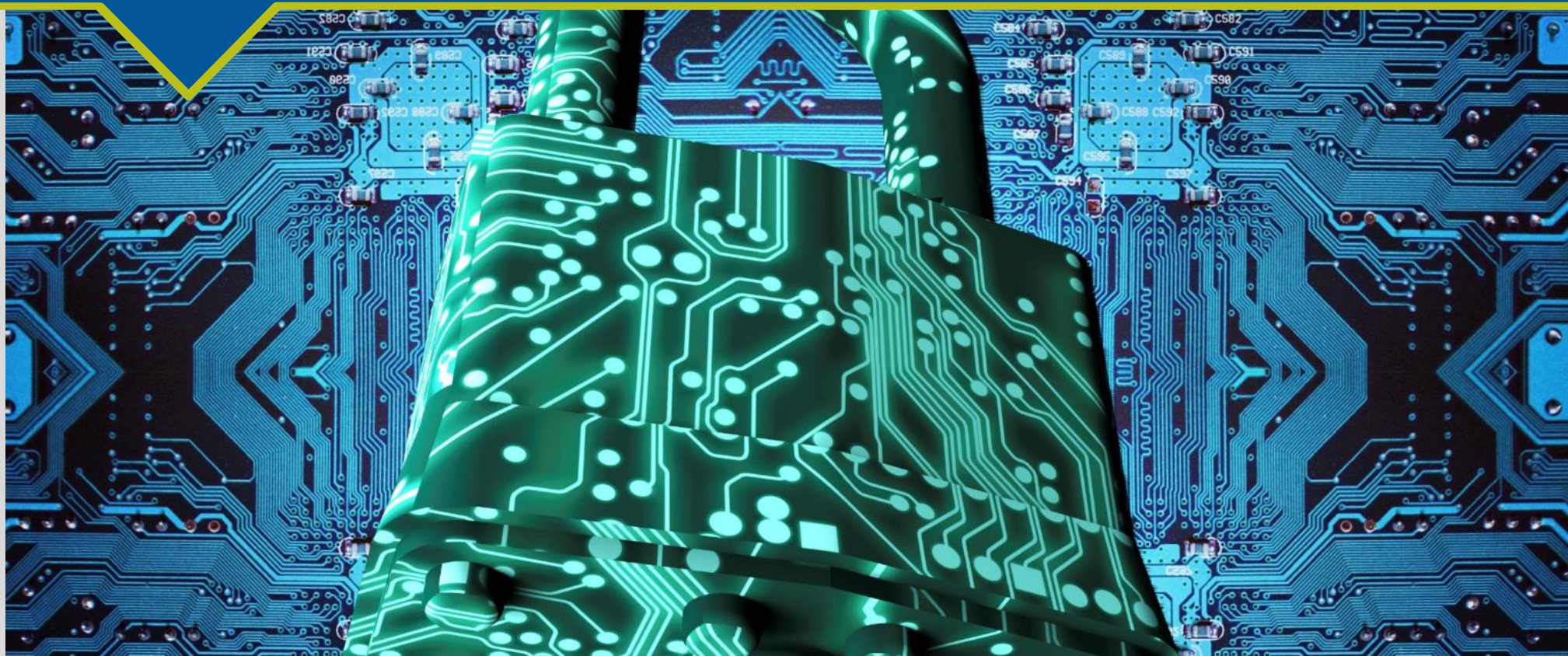




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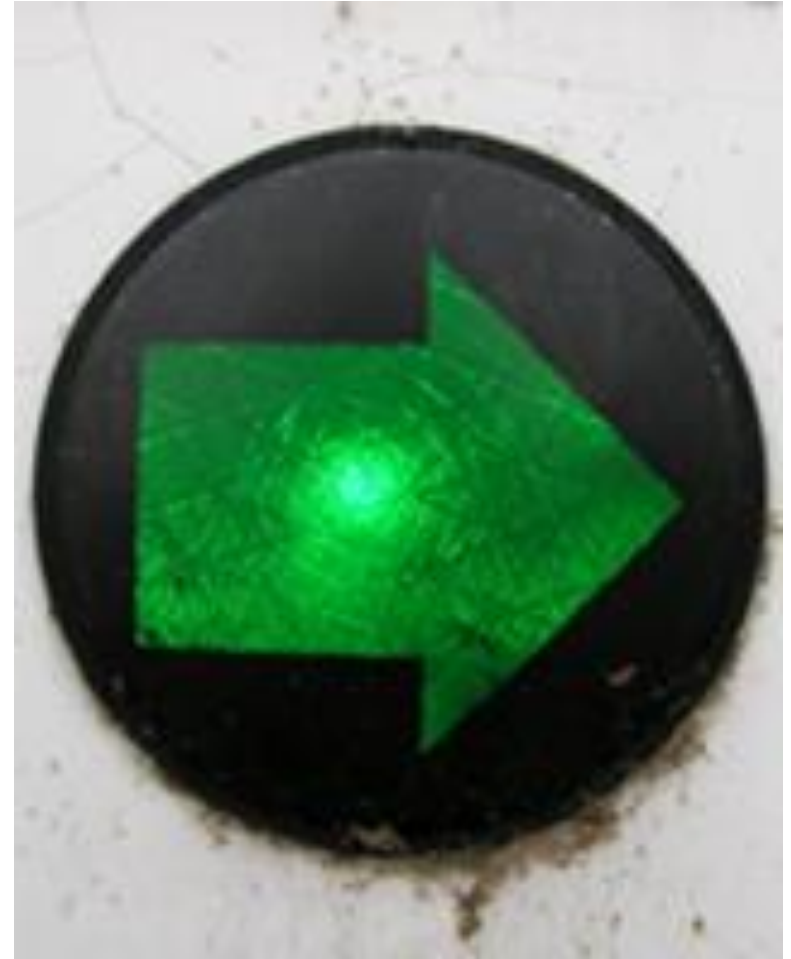
Schinnerer Cyber Protection Package vs. BOP

Matt Kletzli and Jason Bucher



Agenda

- Brief introduction to BOP Cyber Endorsements
- Benefits and limitations of a BOP
- BOP coverage analysis against the Schinnerer Cyber Protection Package
- Question and answer



Not all Cyber Insurance is the Same

- The Cyber Insurance landscape is littered with a variety of coverage options, formats, and policy language
- Navigating the variety can be different for both the insureds and brokers
- The phrase “I already purchased cyber insurance” provides an opportunity for the insurance broker to review their insured’s policy to ensure they are adequately covered



Understanding
BOP Cyber Policies



Business Owner's Policy (BOP) Cyber Overview

- A BOP combines business property and liability insurance into one policy.
- Cover claims resulting from things like fire and theft and claims involving bodily injury and property damage.
- Businesses can tailor BOP to help meet their needs by adding optional coverages like data breach, business income for off-premises utility services and other specialized coverages.
- **Recent development** – BOP cyber endorsements
- ISO has released several BOP cyber endorsement packages
- Reinsurers have developed and delivered a wide variety of cyber endorsement packages for BOP policies
- Primary insurers are also releasing a variety of cyber endorsement options for their BOP policies

BOP Cyber Policies Benefits

- Affordable coverage
- Easy delivery
- Standardized language and format
- Provides coverage for otherwise excluded and emerging exposures



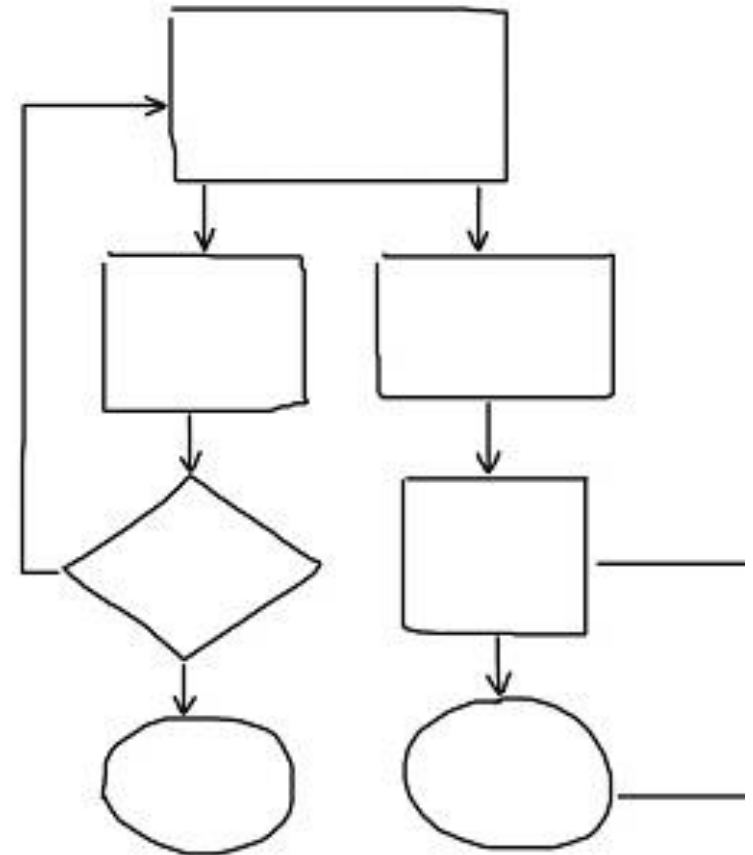
BOP Cyber Policies Limitations

- Low Limits
- Narrow coverage focus
- Few insuring agreements
- Reinsurance focused language limitations
- Unexpected coverage “gotcha’s” in exclusions, definitions and conditions



BOP Cyber Policies Coverage Analysis

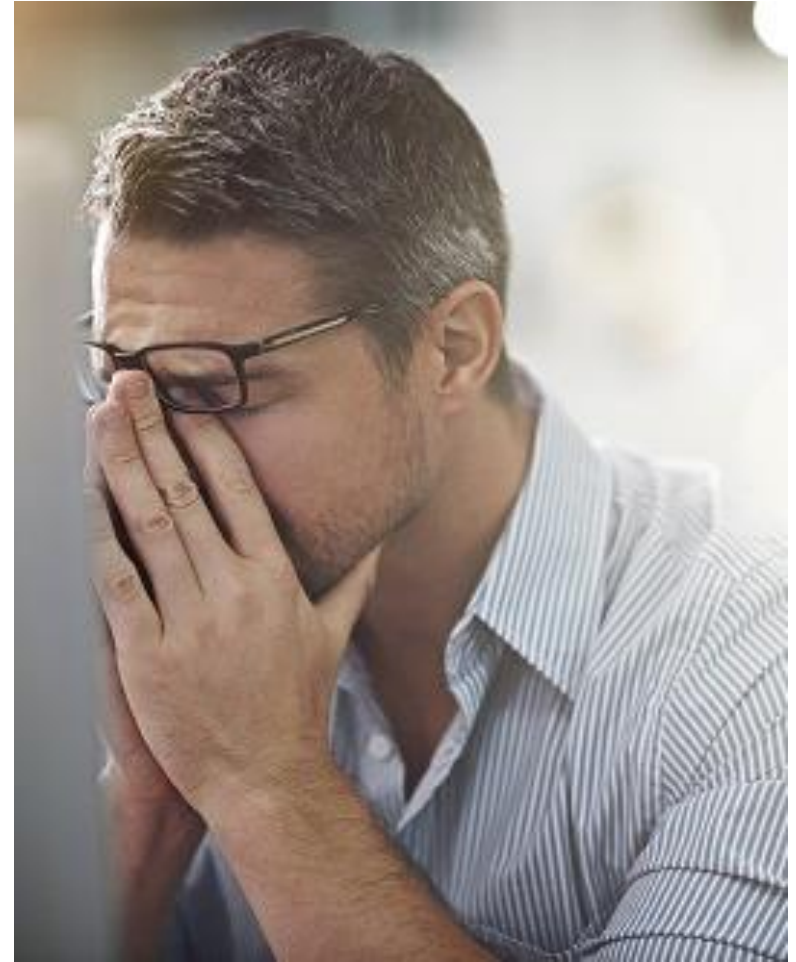
- Many BOP Cyber endorsements focus on Breach Response and narrow direct liability cover
 - No fines/penalties cover
 - No Payment Card Industry (PCI) coverage or support
- Many BOP cyber endorsements do not provide:
 - Cyber extortion
 - Digital asset/property replacement cover
 - Business interruption/extra expense
 - Internet media cover
 - Cyber crime coverages



BOP Cyber Policies Coverage Analysis

Coverage “Gotcha’s”

- No vendor coverage
 - Only responds to the insured’s failure to safeguard
 - Frequent exclusions for outages or impacts sustained by technology service providers
- Exclusion for failure to take reasonable or
- Exclusion for outsourcing IT resources outside the US
 - Common use of off-shore data entry or processing could surprise an insured



BOP Cyber Policies Risk Management Analysis

- Most BOP programs are endorsement offerings
- Few offer Breach Hotline or similar service
- Few offer assistance in vendor selection
- Fewer still offer a breach coach or similar service



BOP Cyber Policies Limits Analysis

Current landscape

- Average breach response cost is over \$150K
- Total claim cost for a breach averaged \$673,767 (recent study by Net Diligence)

BOP

- Many carriers will offer limits of only \$25K or \$50K for breach response



Understanding

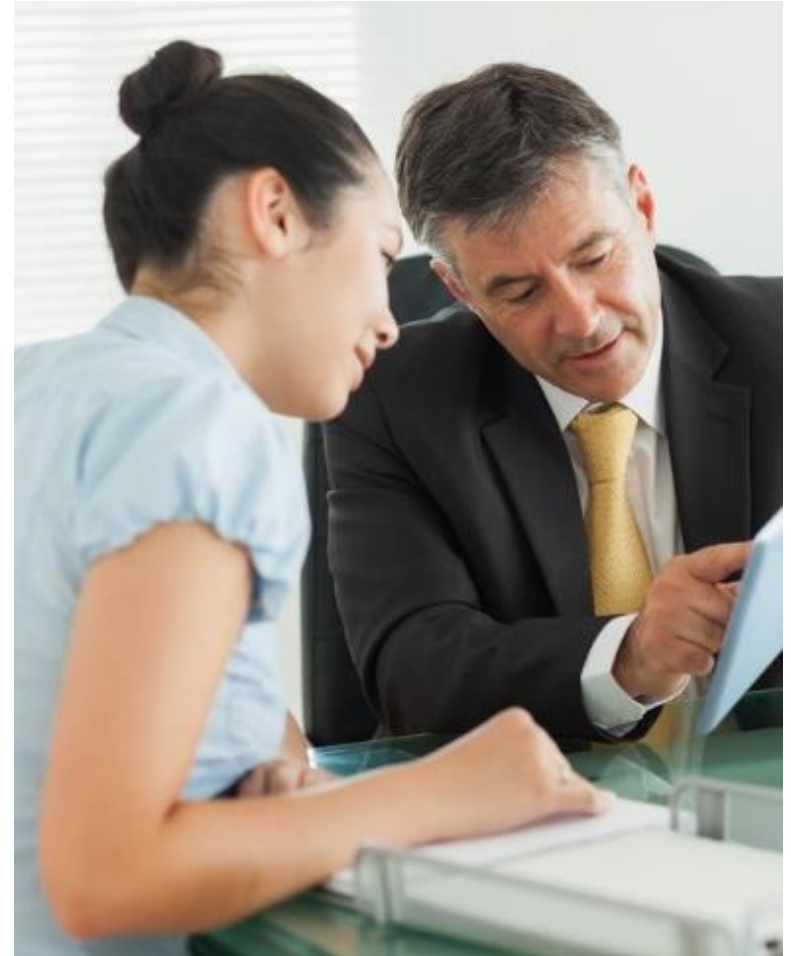
Schinnerer Cyber Protection Package



Schinnerer Cyber Protection Package Risk Management Analysis

Targeted cyber focused team and product

- Small businesses need both risk transfer and risk management for their cyber exposures
- 24/7 hotline for immediate support
- Breach coach to advocate and assist insured through full breach resolution
- Knowing who to call and when to call is a challenge even for cyber experts



Schinnerer Cyber Protection Package

Comprehensive Cyber Insurance Solution

Digital Crime

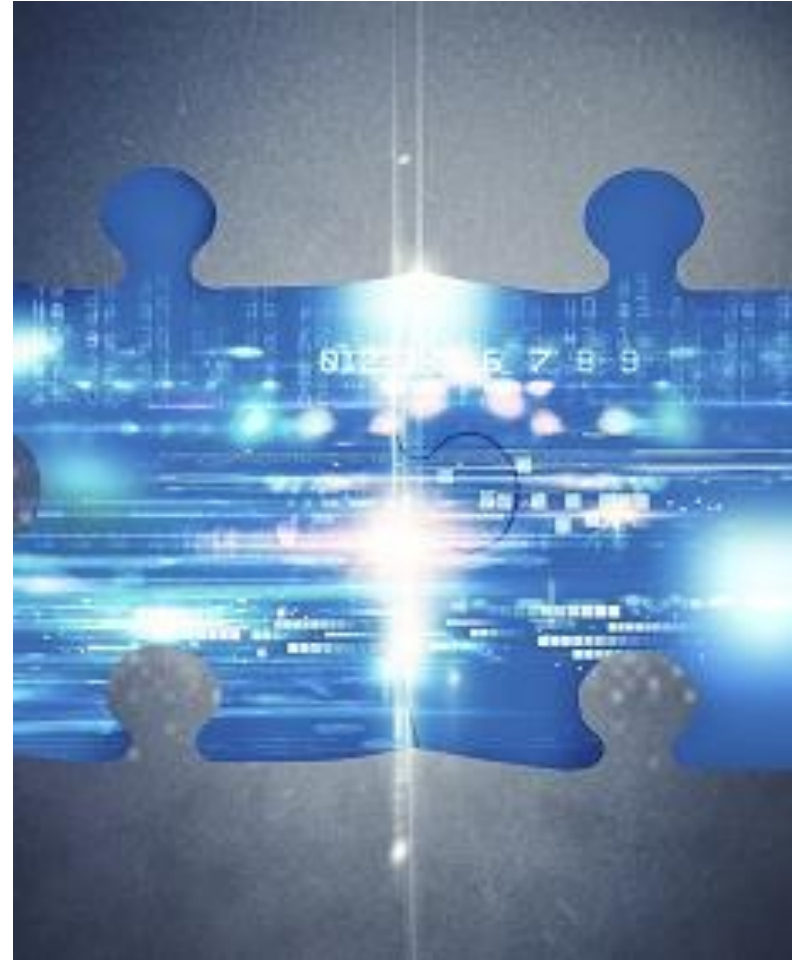
- Electronic transfer of funds
- Telephone toll fraud
- Cyber extortion
- Deceptive transfer

Breach Liability:

- Privacy liability
- Website media liability
- Regulatory
- Payment card industry (PCI)

Breach Rectification:

- Data breach team
- Business interruption
- Digital asset loss



Quick Summary

- Not all Cyber Insurance is the same
- Having some cover is better than nothing, but providing a deep review of your client's current coverage and the coverage needed is a great opportunity for you to deliver a true risk management solution for your clients



Thank you!



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