**CONCLUSION:**

We studied the problem of designing cyber insurance contracts by a single profit-maximizing insurer, for both risk-neutral and risk-averse agents. While the introduction of insurance worsens network security in a network of independent agents, we showed that the result could be different in a network of interdependent agents. Specifically, we showed that security interdependency leads to a profit opportunity for the insurer, created by the inefficient effort levels exerted by free-riding agents when insurance is not available but interdependency is present; this is in addition to risk transfer that an insurer typically profits from. We showed that security prescreening then allows the insurer to take advantage of this additional profit opportunity by designing the right contracts to incentivize the agents to increase their effort levels and essentially selling commitment to interdependent agents. We show under what conditions this type of contracts leads to not only increased profit for the principal and utility for the agents, but also improved state of network security.