

## CyberEdge Coverage Rate Plan

**Description:** This optional coverage provides cyber liability for a security or privacy failure, suspension of business caused by a network interruption, and extortion threat to a computer system. This coverage is available to be purchased and included within a package policy or monoline policy.

**Form:** CyberEdge Coverage Form, Form No. 123020

**Rating:** Base Premium is determined by risk group, annual revenue, policy limit and retention. Group 1 consists of risks in the Healthcare, Retail, Schools and Municipality portfolio; Group 2 consists of all other risks.

1. **Premium Calculation:** Determine the base premium. Base premium = **Group 1** or **Group 2** Revenue Band and limit of liability chosen
2. Multiply the base premium by the **REGULATORY/COMPLIANCE ENVIRONMENT FACTOR** (RCE) and the **CLAIMS & LITIGATION ENVIRONMENT FACTOR** (CLE) to determine the final premium.

**Example:** Insured is a healthcare business with an annual revenue of \$12M purchasing a \$250,000 limit of cyber coverage. The underwriter assigns an RCE of Confident and an LCE of Comfortable.

**Step 1.** GROUP 1/ Revenue \$12M/\$250,000 limit = \$1,132.00

**Step 2.** \$1,132.00 x RCE (.85) X LCE (1.00) = \$ 962.20

<b>Group 1 - Healthcare/ Retail/ Schools/ Municipalities (Public Entity)</b>				
<b>Revenue Band</b>	\$100,000 limit w/\$5,000 retention	\$250,000 limit w/\$5,000 retention	\$500,000 limit w/\$5,000 retention	\$1,000,000 limit w/\$10,000 retention
\$ 0 -\$9.9M	\$ 481	\$ 933	\$ 1,515	\$ 2,510
\$10M-\$14.9M	\$ 586	\$ 1,132	\$ 1,839	\$ 2,773
\$15M-\$19.9M	\$ 611	\$ 1,183	\$ 1,925	\$ 2,903
\$20M-\$24.9M	\$ 638	\$ 1,237	\$ 2,012	\$ 3,032
\$25M-\$29.9M	\$ 667	\$ 1,290	\$ 2,097	\$ 3,160
\$30M-\$34.9M	\$ 683	\$ 1,322	\$ 2,147	\$ 3,238
\$35M-\$39.9M	\$ 699	\$ 1,353	\$ 2,199	\$ 3,316
\$40M-\$44.9M	\$ 715	\$ 1,385	\$ 2,251	\$ 3,392
\$45M-\$49.9M	\$ 731	\$ 1,417	\$ 2,302	\$ 3,489
\$50M-\$54.9M	\$ 748	\$ 1,446	\$ 2,352	\$ 3,545
\$55M-\$59.9M	\$ 758	\$ 1,467	\$ 2,384	\$ 3,594
\$60M-\$64.9M	\$ 769	\$ 1,487	\$ 2,417	\$ 3,644
\$65M-\$69.9M	\$ 779	\$ 1,507	\$ 2,450	\$ 3,692
\$70M-\$74.9M	\$ 789	\$ 1,527	\$ 2,482	\$ 3,742
\$75M-\$79.9M	\$ 799	\$ 1,546	\$ 2,515	\$ 3,791
\$80M-\$84.9M	\$ 810	\$ 1,568	\$ 2,548	\$ 3,839
\$85M-\$89.9M	\$ 820	\$ 1,586	\$ 2,580	\$ 3,889
\$90M-\$94.9M	\$ 830	\$ 1,607	\$ 2,612	\$ 3,937
\$95M-\$100M	\$ 841	\$ 1,627	\$ 2,643	\$ 3,985

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<b>Group 2 - All Other Industries</b>				
<b>Revenue Band</b>	<b>\$100,000 limit w/\$2,500 retention</b>	<b>\$250,000 limit w/\$2,500 retention</b>	<b>\$500,000 limit w/\$2,500 retention</b>	<b>\$1,000,000 limit w/\$5,000 retention</b>
\$ 0 -\$9.9M	\$ 289	\$ 555	\$ 892	\$ 1,461
\$10M-\$14.9M	\$ 397	\$ 757	\$ 1,217	\$ 1,857
\$15M-\$19.9M	\$ 418	\$ 798	\$ 1,284	\$ 1,961
\$20M-\$24.9M	\$ 440	\$ 841	\$ 1,351	\$ 2,064
\$25M-\$29.9M	\$ 462	\$ 883	\$ 1,419	\$ 2,168
\$30M-\$34.9M	\$ 476	\$ 909	\$ 1,461	\$ 2,233
\$35M-\$39.0M	\$ 489	\$ 935	\$ 1,502	\$ 2,298
\$40M-\$44.9M	\$ 503	\$ 962	\$ 1,545	\$ 2,360
\$45M-\$49.9M	\$ 517	\$ 987	\$ 1,587	\$ 2,425
\$50M-\$54.9M	\$ 530	\$ 1,012	\$ 1,630	\$ 2,489
\$55M-\$59.9M	\$ 540	\$ 1,030	\$ 1,657	\$ 2,530
\$60M-\$64.9M	\$ 549	\$ 1,047	\$ 1,683	\$ 2,572
\$65M-\$69.9M	\$ 558	\$ 1,065	\$ 1,712	\$ 2,616
\$70M-\$74.9M	\$ 567	\$ 1,081	\$ 1,739	\$ 2,657
\$75M-\$79.9M	\$ 575	\$ 1,099	\$ 1,767	\$ 2,700
\$80M-\$84.9M	\$ 585	\$ 1,116	\$ 1,794	\$ 2,742
\$85M-\$89.9M	\$ 593	\$ 1,134	\$ 1,822	\$ 2,783
\$90M-\$94.9M	\$ 602	\$ 1,151	\$ 1,851	\$ 2,828
\$95M-\$100M	\$ 610	\$ 1,168	\$ 1,878	\$ 2,869

### REGULATORY/COMPLIANCE ENVIRONMENT FACTOR

The **Regulatory/Compliance Environment Factor** is assigned based on defined considerations listed below which reflect the degree of underwriting concern/confidence that future claims may be impacted by regulatory requirements. Some Federal regulators – such as the Federal Trade Commission (FTC) or Human Health Services (HHS) – can impose fines or mandate certain responses in case of a breach of information, while certain State electronic breach notification laws may also affect the insured's obligations and potential liability.

**The following Table is utilized to determine the Regulatory/Compliance Environment Factor:**

<b>Degree of Concern/Confidence in the Regulatory/Compliance Environment for Hazard Group industries</b>	<b>Factor</b>
Very Confident	0.75 – 0.84
Confident	0.85 – 0.99
Comfortable/Not Applicable	1.00
Low Concern	1.01 – 1.09
Material Concern	1.10 – 1.19
High Concern	1.20 – 1.40

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With regard to the **Regulatory/Compliance Environment Factor** Table above, Underwriters should seek to assign the degree of confidence/concern that *best* describes the risk. Reasons for assigning a different degree of confidence/concern should be documented.

	<b>Definition:</b>
<b>Very Confident</b>	Generally characterized as a risk that is in full compliance of all applicable regulatory bodies; body of regulation which applies to the risk is well known and not changing appreciably; the risk has appropriate controls in place to monitor and evaluate regulatory changes that may apply including industry regulation payment card industry requirements and foreign laws in locales it may also operate.
<b>Confident</b>	Generally characterized as a risk that is either in compliance or overwhelmingly compliant with applicable regulatory bodies; risk is in the process of responding to any pending issues and will implement needed changes within the next three months; regulation which applies to the risk is evolving, but well understood.
<b>Comfortable</b>	Generally characterized as a risk that is compliant with the majority of applicable regulations, and is working towards complete compliance; timeline in excess of three months to complete compliance but exposure to non-compliance is limited to non-sensitive data only.
<b>Low Concern</b>	Generally characterized as a risk that is in the process of evaluating their compliance with applicable regulations; body of regulation which applies to the risk may be changing significantly; *sensitive data handling may be outsourced to vendors without scheduled audits.
<b>Material Concern</b>	Generally characterized as a risk where past audits have identified more than several gaps in compliance with regulations for the handling of *sensitive data.
<b>High Concern</b>	Generally characterized as a risk that is not in compliance with major regulatory bodies such as Payment Card Industry (PCI) and the Federal Trade Commission (FTC), risk has no plans to remediate any issues.

\*Sensitive data means personally identifiable information (PII), personal health information (PHI), credit card numbers or other financial information, confidential corporate information, or any other information which has inherent value.

### CLAIMS & LITIGATION ENVIRONMENT FACTOR

The **Claims & Litigation Environment Factor** is assigned based on the defined considerations listed below which reflect the degree of underwriting concern/confidence in the likelihood of future claims based upon the account's prior claim history (frequency and severity).

The following Table is utilized to determine the **Claims & Litigation Environment Factor**:

Degree of Concern/Confidence in the <b>Claims &amp; Litigation Environment</b> for Hazard Group industries	<b>Factor</b>
Very Confident	0.75 – 0.84
Confident	0.85 – 0.99
Comfortable/Not Applicable	1.00
Low Concern	1.01 – 1.09
Material Concern	1.10 – 1.19
High Concern	1.20 – 1.39
Very High Concern	1.40 - 1.70

## CyberEdge Coverage Rate Plan

### Considerations:

How many claims are made annually on average? What is the nature of the claims that have been encountered? Do claims normally result in insurance payments? Are there any signs of trends in the accounts claims history? Have corrective measures been implemented to limit the same breach of confidential information from occurring again?

What is the largest claim payment experienced by the insured? What is the average claim payment amount? Has the account ever experienced a severely high claim payment?

	<b>Definition:</b>
<b>Very Confident</b>	Generally characterized as a risk that has not had any claims within the last five (5) years; no foreseeable trends that would increase loss frequency; acceptable loss control measures in place.
<b>Confident</b>	Generally characterized as a risk that has not had any claims within the last three (3) years; no foreseeable trends which would increase loss frequency; acceptable loss control measures in place.
<b>Comfortable</b>	Generally characterized as a risk that has under three (3) years of loss history during which no claims - or circumstances likely to have resulted in a claim - have occurred; or a risk that has had a claim in the last three (3) years but for which resulting insurance payments are less than \$25,000; no foreseeable trends that would increase loss frequency or severity.
<b>Low Concern</b>	Generally characterized as a risk that has had one or more reported claims filed within the last three (3) years and which have resulted in or are likely to result in insurance payments in aggregate in excess of \$25,000, but less than \$100,000; risks where foreseeable trends indicate there is a small but measurable possibility of increased loss frequency or severity with respect to this coverage.
<b>Material Concern</b>	Generally characterized as a risk that has had one or more reported claims filed within the last three (3) years and which have resulted in or are likely to result in insurance payments in aggregate in excess of \$100,000, but less than \$1,000,000; risks where foreseeable trends indicate there is a significant possibility of increased loss frequency or severity with respect to this coverage.
<b>High Concern</b>	Generally characterized as a risk that has had one or more reported claims filed within the last three (3) years and which have resulted in or are likely to result in insurance payments in aggregate in excess of \$1,000,000 but less than \$2,000,000; risks where the trend is an increased loss frequency or severity with respect to this coverage.
<b>Very High Concern</b>	Generally characterized as a risk that has had one or more reported claims filed within the last three (3) years and which have resulted in or are likely to result in insurance payments in aggregate in excess of \$2,000,000; risks where the trend is a substantially increased loss frequency or severity with respect to this coverage.