

Cyber & Professional Liability Insurance Considerations During the COVID-19 Pandemic

As the global business community grapples with the myriad of challenges presented by the COVID-19 pandemic, the virtual workplace and remote connectivity have become necessary lifelines for business to continue in a pandemic environment. The heightened reliance upon technology escalates cyber security considerations and brings increased focus on the scope of cyber insurance and professional liability coverages in a dynamic global insurance market.

A careful review of both existing coverages and emerging market offerings can help insureds confidently assess their cyber and technology-based risk transfer strategies in a new remote-dependent business world.

Existing Insurance May Already Address Cyber Risks Amplified by the Remote Workplace

Although the need to work from a distance has transformed useful technological alternatives such as remote login, video connectivity and the ability to conduct business on personal devices to business necessities, many cyber and professional liability insurance policies already contemplate coverage for the risks attendant to these now critical technologies.

Both stand-alone professional liability policies and cyber policies with a technology errors and omissions (E&O) insuring agreement may insure against many of the types of third-party liabilities that may arise out of technology services that many businesses may be providing in greater volume during the pandemic. Insureds should review key policy definitions such as professional services or technology services to determine whether any new or augmented service offerings in the current environment are contemplated.

Increased technology reliance also brings increased opportunities for hackers and network security incidents which may trigger third-party and first-party losses. While the risks may have increased as the use of these technologies has scaled, the exposure is not necessarily new as many cyber insurance policies typically provide coverage for

these events including coverage for ransomware demands, incident response costs, network security liability, privacy liability and regulatory liabilities. Likewise, first-party costs may also be a part of many robust cyber insurance policies, including income loss and extra expense from network interruption or contingent business interruption, as well as data recovery and restoration costs and income loss from system failure.

Critically Assess New Exclusions and Policy Wording

Insureds should pay careful attention to new exclusions that insurance markets may offer both during and following the COVID-19 pandemic. For example, language seeking to exclude “any” losses or claims “arising out of” or “related to” COVID-19 should be avoided, or at a minimum, negotiated so that losses and claims intended to be covered are not excluded simply because they are occurring during the pandemic. Similarly, an exclusionary effect can accompany changes to definitions which attempt to narrow what is in-scope as a “professional service,” or what constitutes a “computer system.” As a result, insureds should work with their broking team to critically analyze the impact of any proposed wording changes given the new necessity of conducting business in a remote work environment.

We're here to empower results

Find out how our cyber security solutions can help you.

Visit aon.com/cyber-solutions or call +1 212.981.6540

Continued >

Companies should consider the following as they review coverage during the COVID-19 Pandemic:

- Assess changes to business activities and technology partners to determine whether such circumstances are contemplated by the scope of existing insurance policies.
- Work with your broking team in advance of a renewal to determine whether any desired language amendments would be appropriate to help meet evolving remote business activities.
- Critically analyze any proposed language changes or new exclusions from insurance carriers and seek to resist efforts by insurance carriers to use the COVID-19 pandemic to restrict or remove core coverages traditionally offered in many cyber and professional liability insurance policies.
- Seek to negotiate the narrowest wording possible on exclusions, avoiding broad terms that may lead to overly broad application of exclusionary wording.

This document has been provided as an informational resource for Aon clients and business partners. It is intended to provide general guidance on potential exposures, and is not intended to provide medical advice or address medical concerns or specific risk circumstances. Information given in this document is of a general nature, and Aon cannot be held liable for the guidance provided. We strongly encourage readers to seek additional safety, medical and epidemiologic information from credible sources such as the World Health Organization. As regards insurance coverage questions, whether coverage applies or a policy will respond to any risk or circumstance is subject to the specific terms and conditions of the insurance policies and contracts at issue and the relevant underwriter determinations.

Whilst care has been taken in the production of this document and the information contained within it has been obtained from sources that Aon believes to be reliable, Aon does not warrant, represent or guarantee the accuracy, adequacy, completeness or fitness for any purpose of the report or any part of it and can accept no liability for any loss incurred in any way by any person who may rely on it. Any recipient shall be responsible for the use to which it puts this document. This document has been compiled using information available to us up to its date of publication.

About Cyber Solutions: Aon's Cyber Solutions offers holistic cyber risk management, unsurpassed investigative skills, and proprietary technologies to help clients uncover and quantify cyber risks, protect critical assets, and recover from cyber incidents.

About Aon: Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

All descriptions, summaries or highlights of coverage are for general informational purposes only and do not amend, alter or modify the actual terms or conditions of any insurance policy. Coverage is governed only by the terms and conditions of the relevant policy.

Cyber security services offered by Stroz Friedberg Inc. and its affiliates. Insurance products and services offered by Aon Risk Insurance Services West, Inc., Aon Risk Services Central, Inc., Aon Risk Services Northeast, Inc., Aon Risk Services Southwest, Inc., and Aon Risk Services, Inc. of Florida and their licensed affiliates.

Stroz Friedberg, LLC, an Aon company, has provided the information contained in this paper in good faith and for general informational purposes only. The information provided does not replace the advice of legal counsel or a cyber security expert and should not be relied upon for any such purpose.