



LEGAL ALERT

March 1, 2022

War & Cyber Insurance Check Your Cyber Terrorism Coverage

So, you've purchased cyber insurance, gotten through the quote, completed the application, possibly endured an audit as part of the application and you've included limits that work for your company's potential exposure. You even heeded advice that cyber insurance policies are not standard, so you glanced through the long pages of policy language. It's all good, right? Well, maybe not. What is known as a "war exclusion" is standard in many insurance policies. This means that if damages are due to war, coverage is not provided. Sounds fair but what about coverage for cyber terrorism?

The issue is whether there is a carveout from the war exclusion for cyber terrorist actions by nations (not individual terrorist groups unrelated to a nation state) like the cyberattacks primarily targeting Ukraine a few years ago and apparently targeting them now. Disputes arose under property policies regarding policy exclusions for war under the theory that a cyber attack by a nation was excluded as war and not covered by cyber insurance. In 2020, at least one insurer was providing a carve back to their war exclusion so that acts of cyber terrorism were covered, regardless of whether a nation perpetrated the action. But this year, as cyber insurance has evolved, we're seeing war exclusions with no coverage for cyber terrorist acts.

The big questions are:

- Does your policy provide cyber terrorism coverage?
- Is there a sufficient cyber terrorism carve back in the policy preventing a standard war & civil war exclusion from excluding coverage for terrorist acts?

Your broker may be equipped to answer these questions, but you may also have to press the issue with the insurer. And even though examples of carve back language were circulated by Lloyd's last fall, they are far from standard. Insurers continue to include standard war exclusions with no cyber terrorism carveout or with very limited carveouts. With Ukraine, Russia and alleged cyber terrorism happening as we write, these are not academic questions. Read these provisions carefully, they matter in the real world.

Need More Information?

For additional information or assistance, please contact any of the attorneys listed below at 717.731.1700 or by email at the addresses listed below.

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