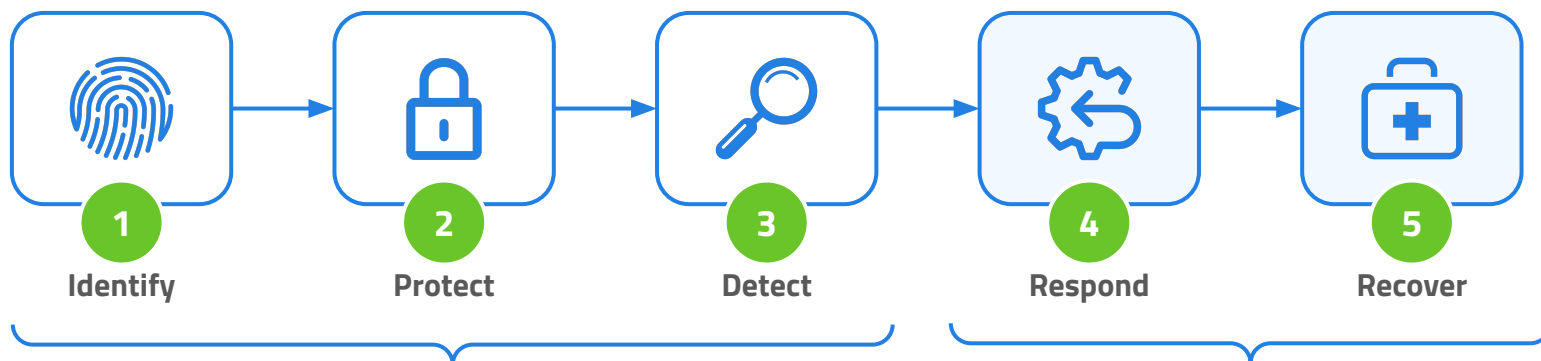


# Cyber Insurance 2.0

Delivering Relevant Coverage at Speed

# Cybersecurity and Cyber Insurance

## NIST Cybersecurity Framework



**Cowbell differentiator:**  
Reduce risk through greater visibility

**Cyber insurance**

- Accelerates response and recovery
- Reduces the financial burden of cyber incidents
- Brings expertise e.g. breach coach

# What is Cyber Insurance?

**Cyber insurance** is intended to protect businesses from **risks related to security and privacy**.

The provided financial protection can be classified into 3 categories:



**First Party  
Loss**



**First Party  
Expenses**



**Third Party  
Liability**

Digitization is accelerating, leading to increased cyber risk exposures.  
Insurers are building new coverages into their policy.

# First Party Loss



- **Cyber Crime**
  - Social Engineering
  - Uptick of ransomware
  - Invoice manipulation
  - Uptick in phishing attempts with hybrid work
    - Large strain on VPNs
    - Increase in use of personal devices
- **Business Interruption / Dependent Business Interruption**
  - Examples: companies suffer delays in getting product from suppliers or vendors post COVID-19
  - Cyber criminals are seeing this as an opportunity to get ransom paid more quickly

# First Party Expenses

- **Covers costs and expenses incurred to return to normal operations:**
  - Forensic investigation - establish scope of incident
  - Incident response team
  - Notification costs, identity monitoring services
  - Potential business interruption and reputational harm
- **Example: Magento Hack**
  - Sept 11 2020 - 2,000 online stores suffered from an incident; customer credit cards were targeted
  - Hackers used "Magecart" software to breach websites and plant malicious script. This ended in them stealing credit card/debit card information that can be sold on the dark web.
  - It affected stores for 3 days; Magento ended up paying a ransom to help with a system restoration



# Third Party Liabilities



- **Expenses related to damages to 3rd parties:**
  - Lawsuits from vendors or clients
  - Fines and penalties from Regulatory bodies (including CCPA and GDPR)
  - PCI Fines and Penalties triggered by a cyber event
- **Examples**
  - There have been 347 GDPR fines issued totaling the amount of €175M
  - Smallest fine was €90
  - Largest fine was €50M
  - IT Consulting Firm being hacked



Cowbell estimates that cyber insurance in-force premiums in the U.S. will total \$100 billion by 2030. The current global market size in 2021 was 7.60 billion. <sup>3</sup>

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Gallagher Re predicts the Cyber Insurance Market will outsize the entire Property or Casualty market by 2040. <sup>2</sup>

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Only 1 in 5 small businesses carry some form of cyber insurance coverage. Of those, the majority purchased cyber insurance after hearing about or being the victim of a cyberattack. <sup>1</sup>

1. <https://cowbellinsure/2022/03/15/cowbell-cyber-pays-100-million-in-series-b-funding-to-further-revolutionize-cyber-risk-underwriting/>  
2. <https://www.aig.com/gallagher/news-and-insights/2022/february/future-of-cyber-reinsurance/>  
3. <https://ivinsmitch.com/data/small-business-cyber-insurance-statistics/>

# Market opportunity

# Cybersecurity-Related Risk is a Business Related Risk.



**3X**

Small businesses are three times more likely to be targeted by cybercriminals than larger companies.<sup>1</sup>



**60%**

of small businesses will close their doors six months after a security breach.<sup>2</sup>



**350%**

Companies with less than 100 employees will experience 350% more social engineering attacks direct at employees than larger enterprise.<sup>3</sup>



**2,224**

Hacking attacks occur every day – that is once every 39 seconds.<sup>4</sup>

1-2. <https://assets.barracuda.com/assets/docs/dms/Spear-phishing-vol7.pdf>

3. <https://www.forbes.com/sites/edwardsegal/2022/03/30/cyber-criminals/?sh=718d39e752ae>

4. 4. University of Maryland; <https://eng.umd.edu/news/story/study-hackers-attack-every-39-seconds>



# Cowbell Prime 100 Coverage, Perfect for Small Business



SECURITY BREACH  
EXPENSE



EXTORTION  
THREATS



REPLACEMENT OR  
RESTORATION OF DATA



LOSS OF  
BUSINESS INCOME



PUBLIC RELATIONS  
EXPENSES



SECURITY BREACH  
LIABILITY



COMPUTER AND FUNDS  
TRANSFER FRAUD



SOCIAL  
ENGINEERING

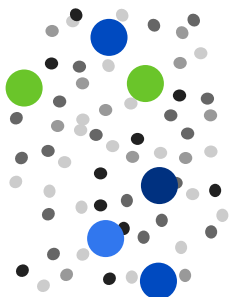
More than two in five (42%) SMBs have already experienced a **cybersecurity breach**. The top three most common threats come from **malware, phishing, and data breaches**.<sup>1</sup>

Cowbell's Prime 100 Product offers coverage for all three of these incidents.

1. <https://quickbooks.intuit.com/trends/insights-smb-2022/>

# Cowbell Factors

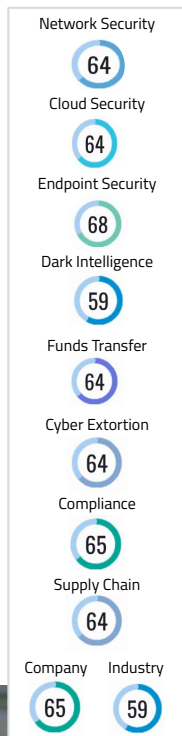
1,000  
RISK SIGNALS  
AND DATA POINTS



Risk assessment



Value, speed,  
automation



- ✓ Client gets peer benchmarking against risk pool of **23 million** accounts
- ✓ Real-time, continuous risk assessment
- ✓ Data-driven, immediate UW decisions
- ✓ Individual Insights to remediate risk exposures
- ✓ Even deeper insights when activating connectors



## Customer support always available from our risk engineering team

Questions on how to implement any cybersecurity measures, like MFA or back-ups? Insureds find answers by meeting with our risk engineering team.

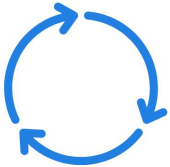
Insureds get tailored support to make their organization as robust as possible.



## Free Cyber Awareness Training

Employees are the first line of defense against many types of cyber incidents. Cowbell partners with Wizer for training. From our platform, insureds can enroll employees to educative 1-minute training videos.

95% of surveyed professionals are still not able to recognize a phishing email. (source: Infosecurity UK)



## Monitor Cyber Risk on a continuous basis through Cowbell Factors

'Is my business as secure as my industry peers?' 'Is my business exposed with account credentials posted on the dark web?' Cowbell Factors answer these questions every day. Cowbell scans the insured's risk by collecting over 1,000 data points and summarizing in a daily report.

Where is the insured most vulnerable to an attack?



## Cowbell Insights and Cowbell Connectors

Cowbell Insights and connectors provide guidance to and specific actions to reduce a specific cyber exposure. They offer next steps based on Cowbell Factor and Connector assessment results.

Recommended actions to reduce a specific cyber exposure

# Quote to Issue in 3 Minutes

Short application  
asking minimum  
questions. Third  
party data drives  
speed and accuracy

**SECURITY ASSESSMENT**

Have you ever had any cyber insurance claim(s)? \*

NEVER	WITHIN LAST 12 MONTHS	WITHIN LAST 2 YEARS	WITHIN LAST 3 YEARS	WITHIN LAST 4 YEARS
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Does your organization have a Designated Information Security Contact? \*

<input type="checkbox"/> YES	<input type="checkbox"/> NO
------------------------------	-----------------------------

Does your organization provide mandatory information security training to all employees at least annually? If not, are you willing to implement it during the policy period? \*

<input type="checkbox"/> YES	<input type="checkbox"/> NO
------------------------------	-----------------------------

Does your organization encrypt emails, mobile and computing devices containing sensitive information (e.g., PHI, PCI) sent to external parties? \*

<input type="checkbox"/> YES	<input type="checkbox"/> NO
------------------------------	-----------------------------

Does your organization have sensitive information stored on the cloud? \*

<input type="checkbox"/> YES	<input type="checkbox"/> NO
------------------------------	-----------------------------

Instant decision,  
always. Zero  
underwriting  
referrals.

**COWBELL™  
CYBER**

Cowbell Cyber Insurance Quote - Prime 100

NAMED INSURED: **Paracade Inc.** AGENCY NAME: **Shay's Agency**

REVENUE: **\$20,000,000.00** QUOTE NUMBER: **QCB-100-29ENCF1P**

# OF EMPLOYEES: **50**

YEAR ESTABLISHED: **2015** EXPIRES ON: **2021-11-08 (12:01 AM)  
Renewal Date**

INSURED STATE: **MI**

Thank you for requesting Cowbell for your cyber coverage. Below is the final of your quoted cyber policy based on the truthfulness and accuracy of the information provided to Cowbell in response to the questions on the insurance application entered into our underwriting system. Other underwriting information is automatically generated, however the right to reject the offered quote. All quotes are subject to final underwriting approval and confirmation of risk history.

**PROPOSED POLICY DETAILS**

AGGREGATE LIMIT	\$5,000,000	POLICY PERIOD	10/01/2021 to 10/01/2022
DEDUCTIBLE	\$5,000	ESTIMATED ANNUAL PREMIUM	\$5,900.00
WAITING PERIOD	12 Hrs	BROKER FEES	\$100.00
RETROACTIVE PERIOD	Final Prior Acts	TOTAL AMOUNT	\$6,000.00

**COVERAGES**

	(\$)	(\$)
<input checked="" type="checkbox"/> Security Breach Expense		100
<input checked="" type="checkbox"/> Security Breach Liability		100
<input checked="" type="checkbox"/> Restoration of Electronic Data		100
<input checked="" type="checkbox"/> Extortion Threats		100
<input checked="" type="checkbox"/> Public Relations Expense		100
<input checked="" type="checkbox"/> Business Income & Extra Expense		100
Sublimit: <b>\$5M</b>		
<input checked="" type="checkbox"/> Computer & Funds Transfer Fraud		100
<input checked="" type="checkbox"/> Ransom Payment		100
Sublimit: <b>\$5M</b>		
<input checked="" type="checkbox"/> Social Engineering		100
Sublimit: <b>\$50K</b>		
<input checked="" type="checkbox"/> Executive ERISK		100
<input checked="" type="checkbox"/> Hardware Replacement Costs		100
<input checked="" type="checkbox"/> Telecommunications Fraud		100
<input checked="" type="checkbox"/> Post Breach Remediation Coverage		100

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Cowbell Insurance Agency LLC, State License: C001000000000000000000000000000000  
Please refer to the Cowbell Insurance Agency website for National Specialty Insurance Company (NAIC # 2208) in MI Best "A" Rating.

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96% of all NAICS  
codes eligible for  
coverage

**COWBELL™  
CYBER**

**CYBER COVERAGE WITH  
CLOSED LOOP RISK MANAGEMENT**

Get peace of mind with a Cowbell Cyber insurance policy. Cowbell Prime is Cowbell's standards-admitted cyber insurance program. Our policies are written on AM Best "A" or "A+" rated papers and backed by top global reinsurers.

**CYBER INSURANCE  
MADE EASY**

A pioneer in cyber insurance, Cowbell innovates to meet your insurance needs and deliver the best cyber coverage for organizations like yours.

- Get limits and coverages dedicated solely to cyber events
- Get coverage for multiple categories of cyber threats — not just data breaches
- Cowbell cyber policies are not one size fits all — they are tailored to your needs and unique risk exposure

**THE UNIQUE  
COWBELL APPROACH**

Get complete insight into your organization's risk exposure using Cowbell Cyber's early warning system. Proactive discovery & remediation, our AI-powered risk insights help you improve your risk profile.