

OVERSIGHT IN ACTION: 5 QUESTIONS DIRECTORS SHOULD BE ASKING ABOUT CYBER

Coverage is Changing. Is Your Risk Profile Keeping Pace?

Cyber insurance used to be a safety net. Now it's a business necessity, and a litmus test of organizational maturity. Directors should understand how coverage aligns with risk strategy.

WHY IT MATTERS

As threats evolve and insurers respond with exclusions and tighter terms, **coverage may be shrinking** when you need it most. Boards must ensure **insurance is not the only line of defence, but that it's an informed one.**

FIVE STRATEGIC QUESTIONS TO ASK

1. What events are excluded under our policy?

Don't assume coverage is comprehensive. Many policies now exclude **acts of war, nation-state attacks, and social engineering**. Ask for plain-language summaries of exclusions—and test them against your risk scenarios.

2. How are we demonstrating cyber readiness to the insurer?

Insurers increasingly require **evidence of controls** (MFA, EDR, patching cadence). Your **premiums, and insurability, depend on it**. Has management done a mock underwriting process to identify gaps?

3. Are we covered for ransomware, third-party breaches, and business interruption?

These are the **most common and costly incidents**. Coverage **limits and sub-limits vary**. Know the difference between **headline coverage** and what's **truly reimbursable**.

4. Who coordinates claims and response?

Timing is critical. Ask whether your incident response plan includes coordination with your **insurer's breach coach and forensic firms**. Delays or missteps can void coverage.

5. How do cyber policy terms align with our overall risk appetite?

If your deductible is \$2M but your residual risk tolerance is \$500K, there's a misalignment. Treat cyber insurance like any other hedging strategy: it needs to **match the enterprise risk profile**.

Strategic Coverage Starts with Strategic Oversight

Cyber insurance can't replace a resilient cyber program, but it can limit financial exposure and signal governance maturity. Boards play a key role in ensuring the organization treats insurance as both shield and mirror.

If the policy was tested tomorrow, would you be ready?
See how BACKSTOP helps teams prepare for real-world risk, not just checkboxes.

Contact us →

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