



**NATIONAL SPECIALTY INSURANCE COMPANY  
COMMERCIAL CYBER  
NEW YORK  
RATE RULE MANUAL**

**Contents**

Section I – General Rating Rules	3
A. Coverage Parts	3
B. Policy Term	3
C. Rates	3
D. Interpolation	3
E. Rounding Procedures	3
F. Additional Premium Changes	3
G. Return Premium Changes	3
H. Policy Cancellations	3
I. Premium Calculation	3
J. Policy Fee	4
K. Installment Charge	4
L. File Maintenance	4
Section II –Premium Calculation	5
1. Base Rate	5
2. Size Relativity Factor	5
3. Increased Limit/Retention Factor	5
4. Waiting Period Factor	6
5. Average Revenue Per Employee Factor	6
6. Defense Outside Limit Factor	7
7. Schedule Rating	7
8. Minimum Premiums	8
Section III –Endorsements	10
1. Additional Insured	10
2. Computer Fund Transfer	10
3. Post Breach Remediation	10



4. Hardware Replacement	10
5. Telecommunication Fraud	10
6. Ransom Payment Additional Limit	10
7. Business Interruption Additional Sub Limit*	10
8. Social Engineering	11
9. Website Media Content Liability	11
10. Supplemental Extended Reporting Period	11



## Section I – General Rating Rules

This rating plan contains the rules, rates and rating procedures for the Commercial Cyber Liability policy.

### A. Coverage Parts

The policy is structured to respond to any claim arising from an insured event as defined in the policy.

### B. Policy Term

- a) Policies may be written for a specific term of up to 1 year.
- b) In the case of continuous renewal policies, substitute at each anniversary date, current editions of applicable forms if changed during the period of coverage.

### C. Rates

All rates in this rating plan are annual rates, if not specified. All factors or modifiers are multiplicative unless otherwise noted.

### D. Interpolation

For limits and deductibles not shown, use interpolation to determine the proper charge.

### E. Rounding Procedures

Round the final premium to the nearest dollar. Round a premium involving \$0.50 or more to the next higher whole dollar. Thus, \$1,000.50 = 1,001.00; \$1,000.49 = \$1,000.00.

### F. Additional Premium Changes

- Apply the rates and rules in effect on the effective date of the policy.
- Compute additional premium pro rata when any coverage or exposure is added or an amount of insurance is increased.

### G. Return Premium Changes

- Apply the rates and rules in effect on the effective date of the policy.
- Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.

### H. Policy Cancellations

#### a) Pro-Rata Calculations:

Compute return premium as the pro-rata unearned premium when:

- 1) A policy is cancelled by the Company; or
- 2) The Insured no longer has a financial or insurable interest.

If the above rule does not apply, compute return premium as follows:

#### b) Other Calculations:

For Prepaid policies:

If cancelled during the first year, compute the return premium by applying a factor of .90 to the pro-rata unearned premium for the first year.



### **I. Premium Calculation**

**a)** Compute the premium using the rates in effect on the policy effective date. Premiums are first calculated based on Section II Premium Calculation. The resulting premium is then modified by the Optional Endorsements.

**b)** A minimum premium is then applied if the calculated premium is less than the minimum premium. Minimum premium is the lowest amount of premium for which a policy may be written and such amount is not subject to adjustment for any reason. Use the minimum premium for the policy if the total amount developed using manual rates is less than the minimum premium for that coverage.

### **J. Policy Fee**

A policy fee of \$6 is charged at new business.

### **K. Installment Charge**

Instead of paying the annual premium at once, insureds can choose to pay the premium on a monthly installment plan. A charge of 3% on the annual premium would be added if the insureds selects the monthly payment plan. The fee is separate from the policy fee and used to cover the administration, interest and credit default cost.

### **L. File Maintenance**

Specific details to document the application of pricing factors will be retained in each applicant's underwriting file (whether electronic or paper).

### **M. Refer to Company**

Refer to company for:

- a)** Any applicable rating plan modification.
  
- b)** Rating or classifying any risk or exposure for which there is no manual rate or applicable classification. Rates shall not be inadequate, excessive or unfairly discriminatory. To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

The Company must maintain required documentation and comply with all State regulations.



## Section II –Premium Calculation

The commercial cyber program is rated in accordance with the following formula:

$$AP = BR \times SRF \times ILF \times WPF \times ARF \times DOL \times SR$$

- AP = Annual Premium
- BR = Base Rate
- SRF = Size Relativity Factor
- ILF = Increased Limit Factor
- WPF = Waiting Period Factor
- ARF = Average Revenue Factor
- DOL = Defense Outside Limit Factor
- SR = Schedule Rating

### 1. Base Rate

Base rates are the annual premium based on the hazard group, for a \$100,000 limit.

Hazard Group	Base Rate	Definition
1	\$65	Includes classes whose only retention of personal information is relative to their employees
2	\$97	Includes classes that retain financial or account number information on individual customers, but do not maintain Social Security numbers
3	\$110	Includes classes that maintain Social Security numbers or personal health information of individual customers.
4	\$177	Includes ambulance services, fire departments, juvenile correction facilities, libraries, senior citizens centers and municipalities with a population up to 25,000.
5	\$354	Includes educational institutions and municipalities with a population > 25,000.

### 2. Size Relativity Factor

Apply the factor based on revenue size group.

Revenue			Size Factor
\$0	to	\$1,000,000	1.000
\$1,000,001	to	\$2,000,000	1.550
\$2,000,001	to	\$5,000,000	2.099
\$5,000,001	to	\$10,000,000	2.649
\$10,000,001	to	\$20,000,000	3.199
\$20,000,001	and	Over	3.748

### 3. Increased Limit/Retention Factor



Apply the increased limit and retention factor based on applicable limit/retention. Final factor is equal to the applicable limit factor subtracted by applicable retention factor. The base premium contemplates \$100,000 aggregate limit for the policy period.

Aggregate Retention/limit	Selected ILF
1000	-0.058
1500	-0.046
2500	-0.029
5000	0.000
10000	0.050
25000	0.212
50000	0.519
100000	1.000
250000	2.200
500000	4.200
750000	5.875
1000000	6.700
2000000	11.130
3000000	14.802
4000000	18.474
5000000	22.147

#### 4. Waiting Period Factor

Based on selected waiting period (# of hours)

Hour	Factor
6	1.130
8	1.070
12	1.000
24	0.880

#### 5. Average Revenue Per Employee Factor

Based on average revenue per employee

Avg Revenue Per Employee	Factor	
0	10000	1.000
10001	15000	0.972
15001	20000	0.932
20001	25000	0.903
25001	30000	0.880
30001	40000	0.854
40001	50000	0.827
50001	75000	0.793



75001	100000	0.760
100001	150000	0.727
150001	200000	0.697
200001	250000	0.675
250001	300000	0.658
300001	400000	0.638
400001	500000	0.618
500001	750000	0.593
750001	1000000	0.568
1000001	1500000	0.543
1500001	2000000	0.521
2000001	2500000	0.504
2500001	3000000	0.492
3000001	4000000	0.477
4000001	5000000	0.462
5000001	7500000	0.443
7500001	above	0.425

**6. Defense Outside Limit Factor**

For the following policy limits, the Defense Outside Limit rate factor is 1.10.

- \$500,000
- \$750,000
- \$1,000,000
- \$2,000,000
- \$3,000,000
- \$4,000,000

For the following policy limits, the Defense Outside Limit rate factor is 1.20.

- \$100,000
- \$250,000

**7. Schedule Rating**

If the total premium for all coverages provided for the policy exceeds \$2,500, the risk **may** be eligible for Schedule Rating. **Range of modification is limited to a maximum credit of 15% and a maximum debit of 15%.** These modifications take into consideration unusual circumstances in the characteristics of the following schedule for the individual risk.

Risk Characteristics	Description	Max Credit	Max Debit
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Encryption	<p>The implementation of Encryption at an Enterprise level is a consideration. This will be considered relative to the Hazard Grade, Size of the Business, and the general Nature of Operations.</p> <p>An organization that implements a comprehensive encryption risk management program to reduce their exposure to data breaches of sensitive information. This may include encrypting sensitive information while in-transit through email or at-rest when being stored on computers &amp; devices.</p>	-10%	+10%
Leadership	<p>The appointment of an individual or group that is responsible for the oversight and implementation of cyber security risk management is a consideration for preferable underwriting.</p> <p>An organization that has appointed an individual or group to oversee the organization’s cyber security exposure. The identification of this individual or group demonstrates a proactive approach to cyber risk management.</p>	-10%	+10%
Cloud	<p>The user of Cloud Computing and Storage within an organization’s infrastructure can demonstrate a more efficient use of Cyber Security resources and separation of backups in the case of offsite cloud systems.</p> <p>This is to be used based on the level of Cloud usage relative to the nature of the risk and type of information expected to be handled by a risk in that Hazard Group.</p>	-10%	+10%
Training	<p>The quality of Cyber Security technology that is or is not implemented at that time has an impact on the risk however the efforts and resources put towards Employee Training will have an impact on the Underwriting. A comprehensive risk management platform incorporates a focus on the technology and the employee exposure within Enterprise infrastructure.</p> <p>Risks that are not providing or requiring Employee Cyber Security training do not demonstrate a comprehensive risk management platform when it comes to Cyber Security.</p>	-10%	+10%





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- The Insured's answers to specific Underwriting Questions associated with the Points above will generate a Debit or Credit based on the Response:
  - Any 'Yes' response will result in a 10% credit up to a maximum of 15%
  - Any 'No' responses will result in a 10% debit up to a maximum of 15%
- Please refer to Company for final Schedule Rating modifications.

### 8. Minimum Premiums

The minimum premium is based on the selected aggregate limit.

Aggregate Limit	Minimum Premium
\$50,000	77
\$100,000	149
\$250,000	328
\$500,000	627
\$750,000	877
\$1,000,000	1000
\$2,000,000	1661
\$3,000,000	2209
\$4,000,000	2757
\$5,000,000	3305



## Section III –Endorsements

### 1. Additional Insured

- Rate Impact is +10% per additional Insured

### 2. Computer Fund Transfer- Limit matches the Policy Limit

- Rate Impact is +32.8%

### 3. Post Breach Remediation – Limit is \$50,000

- Rate Impact is +5%

### 4. Hardware Replacement – Limit is \$50,000

- Rate Impact is +5%

### 5. Telecommunication Fraud- Limit is \$50,000

- Rate Impact is +5%

### 6. Ransom Payment Additional Limit

Ransom Payment Limits	Rate Impact
100k	4.0%
250k	5.0%
500k	7.5%
1M	10.0%

### 7. Business Interruption Additional Sub Limit\*

BI	Factor
0.10	1.000
0.15	1.019
0.20	1.034
0.25	1.049
0.30	1.061
0.33	1.068
0.35	1.073
0.40	1.084
0.45	1.095
0.50	1.105
0.55	1.114
0.60	1.123
0.65	1.132
0.70	1.141
0.75	1.149



0.80	1.157
0.85	1.164
0.90	1.172
0.95	1.179
1.00	1.187

\* The aggregate sublimit for business interruption is capped at 1 million.

#### 8. Social Engineering

Social Engineering Sublimit	Rate Impact
\$50,000	2.5%
\$100,000	5.0%
\$250,000	12.5%

#### 9. Website Media Content Liability

Media Sub Limit	Rate
50k	3.0%
100k	4.0%
250k	5.0%
500k	7.5%
1M	15.0%

#### 10. Supplemental Extended Reporting Period

1 Year = 90% of current policy premium