

# CYBER INSURANCE



Presentation to the Joint Legislative Committee on Information Management and Technology  
May 21, 2025

# Cyber Insurance

- **Special Districts Insurance Services (SDIS)**
  - Self-Insured Trust with 960 participating Oregon special districts
  - Special Districts are single purpose local governments providing services such as fire, emergency medical, ports, water, sanitary, irrigation, transit and hospitals
  - Formed in 1985
  - Administered by the Special Districts Association of Oregon (SDAO)
- **Property and Casualty Coverage for Education Trust (PACE)**
  - Self-Insured Trust composed of school districts, education service districts, community colleges and public charter schools
  - Except for Portland Public, Salem-Keizer and Beaverton, all other Oregon school districts are members
  - Formed in 2006
  - Administered by the Oregon School Boards Association (OSBA) and SDAO

# SDIS Cyber Coverage

- **Plan A**
  - \$50K first party/\$100,000 third party
  - No underwriting requirements
  - 95% of nearly 1,000 members choose this option
- **Plan B**
  - \$100K first party/\$250 third party or \$250K first party/\$500K third party
  - MFA
  - Restricted Admin Rights
  - Daily Backups
  - Staff Training
  - End Point Protection
  - Incident Response Plan
- **100% self-insured by SDIS - \$2,000,000 Annual Aggregate Limit for All Members Combined**

# SDIS and PACE Crime Insurance

- **Social Engineering** : When someone is tricked into voluntarily transferring funds to another party it is not a cyber claim
- Crime Insurance covers Social Engineering
- Maximum per member limit of \$250,000

# PACE Cyber Coverage

- **Group insurance policy purchased from AIG**
- **Cyber Liability Insurance**
  - \$1,000,000 per member
  - \$5,000,000 total amount for all members combined in one policy year
  - \$100,000 PACE deductible
  - \$5,000 member deductible
- **Cyber Extortion Insurance**
  - \$200,000 per member
  - \$2,000,000 total amount for all members combined in one policy year
  - \$100,000 PACE deductible
  - \$25,000 member deductible

# PACE Underwriting Requirements

- **New requirements added each year with a one-year notice in advance**
- **July 2023 requirements**
  - ✓ Force email and domain passwords to expire annually
  - ✓ Restrict admin rights to select qualified individuals
  - ✓ Daily backups
  - ✓ Two annual staff trainings
  - ✓ Commit to implementing a cyber incidence response plan

# PACE Underwriting Requirements

- **July 2024 requirements**

- ✓ Implement MFA for VPN, Email, Application Suites.....
- ✓ Deploy endpoint protection software
- ✓ Staff to complete required online trainings offered by PACE
- ✓ Implement policy for regularly patching critical software updates

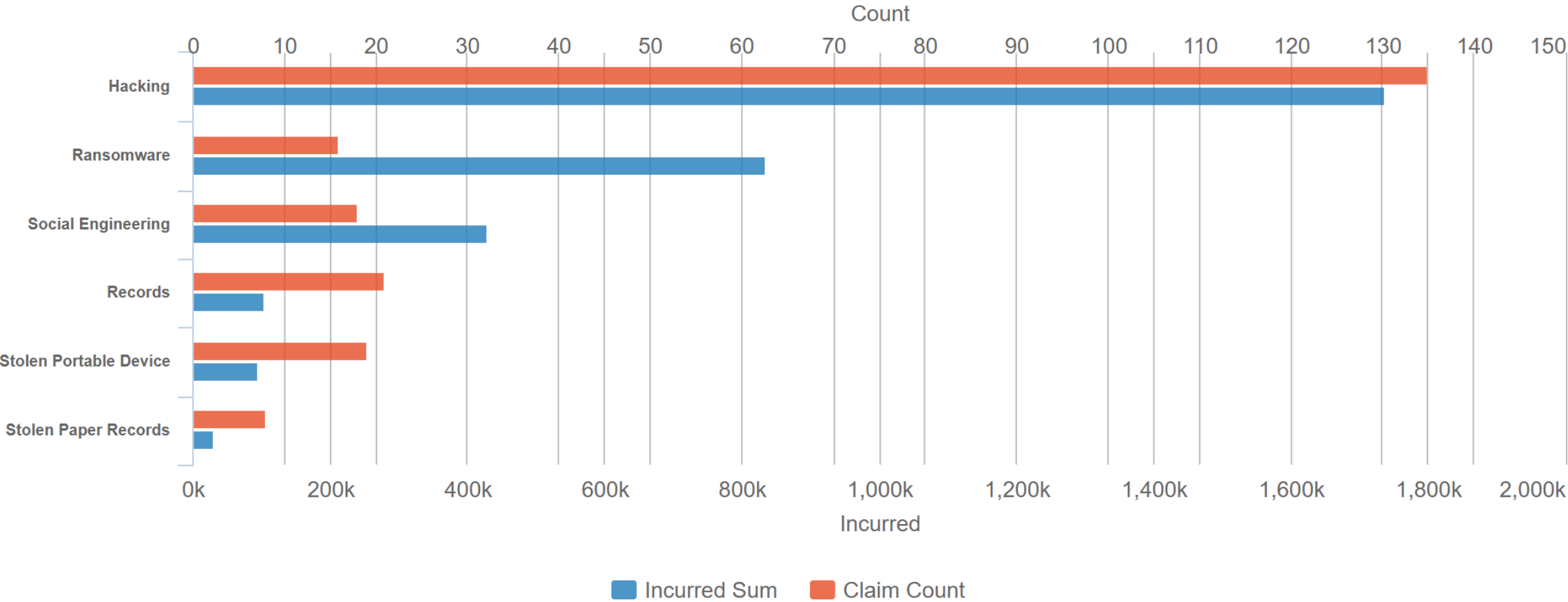
## **July 2025 requirements**

- ✓ External Vulnerability Scan
- ✓ At least one cyber training for all staff
- ✓ Implement schedule for backup recovery testing

**Approximately 265 out of 300 members report they have complied with all requirements**

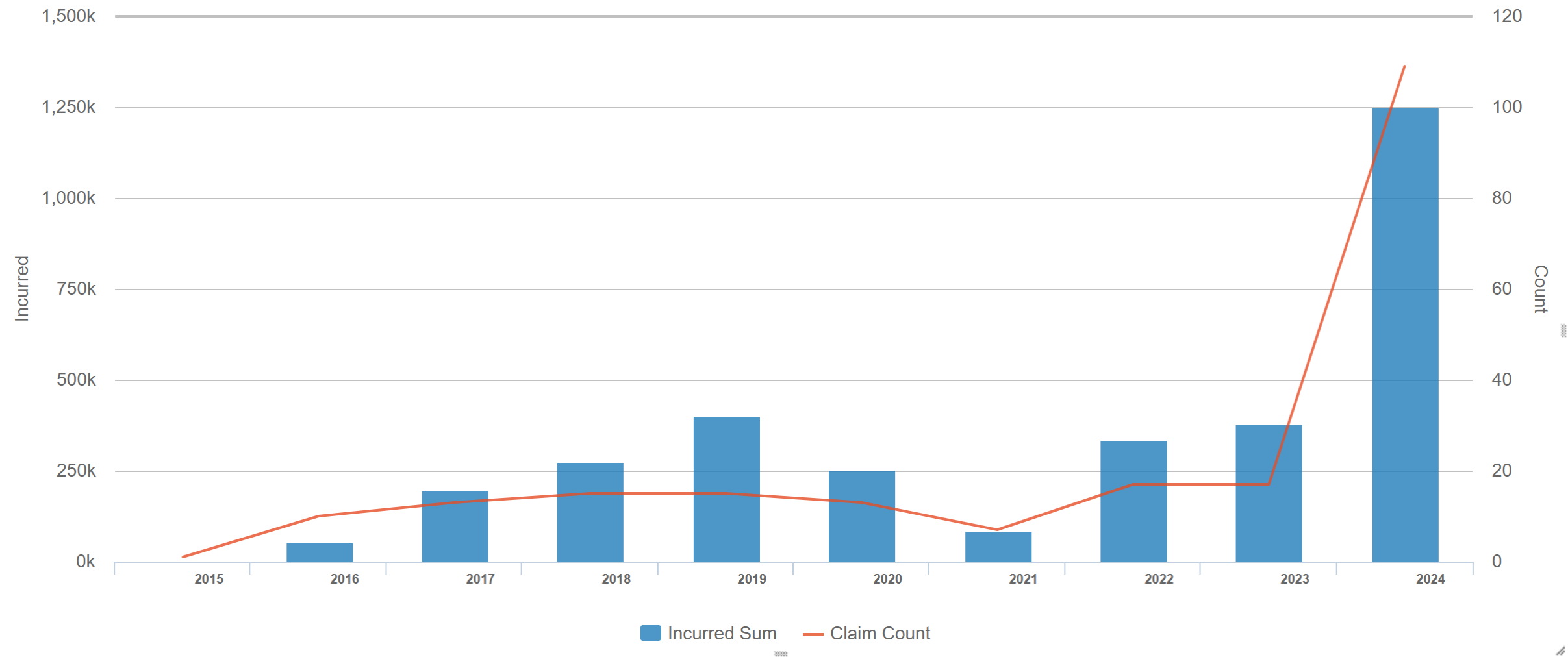
# PACE Cyber Claims History

Top PACE Cyber Claims By Type, Policy Years 2015 through 2025.





# PACE Cyber Claims History



# Availability vs. Qualification

- Availability of Cyber Insurance is no longer the problem for now
- The problem is qualifying for coverage
- At least 70% of Special Districts do not qualify to purchase limits other than the basic limits offered with no underwriting requirements
- Many school districts can't afford or can't meet the underwriting requirements to purchase insurance limits beyond what PACE provides
- Local governments need assistance with assessments to help them implement a plan to meet their basic cyber security needs
- The Oregon Cybersecurity Center of Excellence could have a role in helping local governments meet requirements.