

National Council of Insurance Legislators
Attn: NCOIL Officers and Members
Property & Casualty Insurance Committee
Date: March 26, 2026

Subject: NCIGF Recommendation to Incorporate Cyber Insurance Clarifications into the NCOIL Model Act

Dear Members of the National Conference of Insurance Legislators:

On behalf of the National Conference of Insurance Guaranty Funds (NCIGF), we write to respectfully recommend that the National Conference of Insurance Legislators (NCOIL) incorporate into its model act the cyber insurance clarification adopted by both NCIGF and the National Association of Insurance Commissioners (NAIC). Clear statutory recognition of cyber insurance as property and casualty coverage is necessary to ensure consistent treatment of claims, protect policyholders during insurer insolvencies, and support the continued delivery of critical cyber response services.

Cyber Insurance as Property and Casualty Coverage

Cyber insurance functions as property and casualty coverage. It provides first- and third-party protection for losses arising from data breaches, network intrusions, ransomware, business interruption, and related events, and premiums are generally reported within assessable property and casualty lines. These are precisely the types of policyholders and claims the guaranty fund system was designed to protect, and they are increasingly likely to arise in insolvencies.

Absent clear statutory direction, receivers and guaranty funds may face uncertainty regarding the treatment, prioritization, and scope of cyber-related claims. Existing insolvency and guaranty fund frameworks were not designed to address the service and time-intensive components of cyber insurance. This uncertainty creates material risk for policyholders at their most vulnerable, including inconsistent coverage determinations, delayed claims handling, and disruption of critical incident response services.

To date, twelve states¹ have adopted statutory language based on the model addressing cyber insurance coverage, demonstrating a growing regulatory consensus.

The Recommendation

NCIGF respectfully recommends that NCOIL amend its Model Act to:

- Expressly include “cybersecurity insurance” within Section 3 (Definitions);

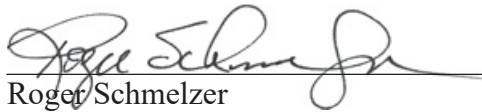
¹ California, Illinois, Kansas, Kentucky, Maine, Massachusetts, Mississippi, Nebraska, North Carolina, Oklahoma, Oregon, and Rhode Island

- Clarify in Section 2 (Scope) that cybersecurity insurance policies are not excluded as warranty or service contract coverage;
- Establish a specific per-event claim limitation for cybersecurity insurance in Section 6 (Powers and Duties of the Association); and
- Clarify in Section 9 (Effect of Paid Claims) that guaranty associations retain authority to pay cybersecurity insurance obligations on behalf of high-net-worth insureds when appropriate, while preserving recovery rights.

These targeted amendments provide needed statutory clarity, ensure consistent coverage determinations, support timely continuation of critical cyber response services, and promote uniform insolvency administration across jurisdictions.

We welcome the opportunity to work collaboratively with NCOIL to advance these important updates.

Respectfully submitted,



Roger Schmelzer
National Conference of Insurance Guaranty Funds
President & CEO