# Fintech Insurance Readiness Checklist

Use this checklist before you talk to a broker. Fintechs that arrive prepared get quoted faster, negotiate better terms, and avoid gaps that surface only after a loss. Prepared for Payments Academy founders and operators.

## 1. Start early

Start the insurance process 60–90 days before you need coverage in force. Coverage typically must be bound before any of these:

- ☐ Signing a sponsor bank, processor or program manager agreement
- ☐ Closing a priced funding round or adding outside board members
- ☐ Hiring your first employees (workers' comp is state-mandated)
- ☐ Going live with real customer funds or data
- ☐ Filing for money transmitter or lending licenses (surety bonds)
- ☐ Signing an office lease or enterprise customer contract

## 2. Know the core coverages

Most fintechs need the first five; the rest depend on model and stage.

| Coverage | What it protects | Typically required by |
|---|---|---|
| Cyber / Privacy Liability | Data breach, ransomware, notification costs, regulatory fines, network outage | Sponsor banks, processors, enterprise clients |
| Technology E&O | Claims that your platform or service failed, erred or caused a client's financial loss | Banks, partners, B2B customers |
| Commercial Crime / Fidelity | Employee theft, funds transfer fraud, social engineering, computer fraud | Sponsor banks, card networks |
| Directors & Officers (D&O) | Personal liability of founders and board; investor and regulatory claims | Investors, board members |
| Employment Practices (EPL) | Wrongful termination, discrimination, harassment claims | Best practice once you hire |
| General Liability & Property | Bodily injury, property damage, office contents | Landlords, vendors |
| Workers' Compensation | Employee injury | State law |
| Surety Bonds | Guarantees compliance with licensing obligations (e.g., money transmitter bonds) | State regulators |

| Coverage | What it protects | Typically required by |
|---|---|---|
| Financial Institution Bond | Broader crime protection for regulated or bank-like entities | Regulators, larger bank partners |

## 3. Gather your submission package

- ☐ Business plan or pitch deck describing your model and revenue sources
- ☐ Current and projected revenue, transaction volume and funds flow
- ☐ Number of customers and records held (PII, card data, bank account data)
- ☐ Sponsor bank, processor and partner agreements, with insurance requirements highlighted
- ☐ Information security overview: MFA, encryption, backups, endpoint protection, incident response plan
- ☐ Compliance posture: SOC 2, PCI DSS, BSA/AML program, licenses held or pending
- ☐ Funds transfer controls: dual authorization, callback verification on payment changes
- ☐ Cap table, board composition and funding history (for D&O)
- ☐ Headcount by state and payroll (for workers' comp and EPL)
- ☐ Loss history and any prior claims or incidents

## 4. Set limits on your exposure, not just the contract minimum

A bank's required limit is a floor. Size each limit against what a realistic worst-case would cost you:

- ☐ **Records held:** breach costs scale with the number of customers and the sensitivity of the data
- ☐ **Funds in motion:** daily and peak transaction volume drive crime and E&O exposure
- ☐ **Contract indemnities:** what you've promised to cover for banks, processors and clients
- ☐ **Downtime cost:** revenue and client losses per day if your platform goes down
- ☐ **Balance sheet:** what you could absorb out of pocket above a deductible
- ☐ **Investor and board expectations:** D&O limits often rise with each funding round

## 5. Avoid common mistakes and gaps

- ☐ **Buying to the contract, not the risk:** meeting the bank's minimum and stopping there
- ☐ **Assuming cyber covers fraud:** social engineering and funds transfer fraud often sit under crime, with low sublimits
- ☐ **Customer funds exclusions:** many policies exclude loss of funds held for or owed to customers
- ☐ **Contractual liability exclusions:** indemnities you signed may not be insured
- ☐ **Regulatory fines:** coverage varies by policy and is not insurable in some states
- ☐ **Waiting until after a round to buy D&O:** prior acts may be excluded and pricing rises
- ☐ **Mismatched applications:** security controls you attest to must match reality, or claims can be denied
- ☐ **Using a generalist broker:** fintech exposures need a specialist who knows the bank and carrier market

## 6. Call your broker mid-term when you…

- ☐ Launch a new product, payment rail or customer segment (e.g., lending, crypto, cross-border)
- ☐ Add a new bank, processor or enterprise partner with insurance requirements
- ☐ See a major jump in transaction volume or records held
- ☐ Close a funding round, add board members or plan an acquisition
- ☐ Obtain or apply for a new license
- ☐ Expand into new states or countries, or hire remote employees there
- ☐ Experience a security incident, fraud loss or regulatory inquiry

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