

Gen-AI Startup Insurance Readiness Audit

D&O | Tech E&O | Cyber | Media Liability | IP Coverage | EPL | Fiduciary

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Disclaimer: This checklist is educational only. Coverage availability, terms, conditions, and eligibility depend on underwriting review.

Phase 1: AI Product & Technical Risk Profile

Traditional software quotes evaluate uptime; specialty underwriters now need to understand your architecture of trust. Moving from silent or ambiguous AI exposure to affirmative AI coverage requires technical transparency.

What to Gather Before Requesting a Quote

- **Core Mechanics:** Prepare a description of your AI product, model use, training data, human review, and content controls.
- **Data Provenance Audit:** Detail your data sources, licensed versus scraped data, PII handling, and unlearning or deletion protocols.
- **Grounding & Accuracy Protocol:** Document your use of RAG, human-in-the-loop review frequency, and guardrail software used to mitigate hallucination or inaccurate output risk.
- **Agentic Boundary Mapping:** Detail workflow autonomy, API interactions, operational limits, escalation paths, and kill switches for AI agents.

Why This Matters: Underwriters may treat the lack of a human-in-command gate as a risk multiplier for severe E&O claims. Clear documentation of grounding strategy and data provenance can help underwriters evaluate the risk more clearly and may help avoid overly broad AI exclusions.

Phase 2: Corporate Governance & D&O Exposures

Protecting the board means actively managing the intersection of fiduciary duty, employment exposure, investor expectations, and AI regulatory compliance.

Financial & Structural Data

- **Company Overview:** Provide revenue, funding stage, customers, indemnity obligations, and prior claims.
- **Stakeholder Mandates:** Detail D&O, EPL, fiduciary, or other management liability requirements from investors, board members, or financing documents.
- **Board-Level AI Risk Policy:** Supply evidence of oversight, such as internal AI acceptable use policies, bias audits, compliance reviews, or board materials discussing AI regulation.

- **Marketing-to-Technical Alignment:** Confirm that pitch decks and marketing materials have been vetted against actual model capabilities to avoid AI-washing concerns.

Why This Matters: Regulators and investors are paying close attention to exaggerated AI claims. If the board cannot demonstrate active monitoring of AI corporate risk, directors and officers may face liability questions that should be reviewed before coverage is placed.

Phase 3: Contractual Alignment & Cyber Risk

Your insurance limits should align with your enterprise promises. Uncapped liabilities in MSAs can create dangerous coverage gaps.

Required Agreements & Provisions

- **Client Agreements:** Gather Tech E&O, cyber, media liability, IP, or management liability requirements from customer contracts.
- **Lender/Partner Contracts:** Provide any contracts, lender requirements, vendor requirements, or certificate requirements.
- **MSA & SOW Review:** Provide sample Master Service Agreements and Statements of Work so performance guarantees, IP indemnification, privacy obligations, and limitation-of-liability caps can be reviewed.

Why This Matters: Startups sometimes accept unlimited liability for IP infringement, algorithmic errors, or data breaches while their policy has a hard cap. Aligning MSAs with actual coverage helps prevent uninsured contractual liabilities.

Phase 4: Core Underwriting Documents & Timeline

The baseline documentation below helps specialty markets and Lloyd's syndicates evaluate terms more efficiently.

Helpful Documents

- **Prior Coverage:** Current declarations pages, renewal offers, non-renewal notices, or quote indications, if available.
- **Loss History:** Recent loss runs or claim history when applicable.
- **Applications:** Technology E&O, cyber, media liability, IP coverage, D&O, EPL, and fiduciary applications where applicable.
- **Logistics:** Target effective date, contract deadlines, board deadlines, financing deadlines, and other timing constraints.

Phase 5: Strategic Preparation

Specialty underwriters look for maturity. Be ready to answer these contextual questions.

Questions to Be Ready For

- **Triggers:** What changed that triggered the insurance review?
- **Timing:** Are there deadlines, contracts, lender requirements, board requirements, investor requirements, or renewal dates?
- **History:** Has there been any prior claim, cancellation, non-renewal, regulatory inquiry, threatened claim, or coverage restriction?
- **Holistic Review:** Are related coverage lines being reviewed together, including Tech E&O, cyber, media, IP, D&O, EPL, fiduciary, crime, and employment-related exposures?

Ready for Your AI Insurance Readiness Review?

Send this checklist and your current documents to joel@whins.com, or start the intake process at www.whins.com/teoapp.

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