
FROM THE MEHRUTHERM BLOG · CYBERSECURITY

Cyber Insurance for Small Towns: What Your Provider Now Expects

Insurers are raising the bar on cybersecurity for local governments. Here is what small Washington towns are now expected to have, and why.

Himanshu Mehru · Founder, Mehrutherm

June 20, 2026

For years, a small town could carry insurance without thinking much about its computers.

That has changed.

Insurers and risk pools now expect local governments to meet a baseline of cybersecurity, and falling short can mean higher premiums, denied claims, or losing coverage altogether. If you run or serve a small Washington town, here is what that shift means in practical terms.

KEY TAKEAWAYS

- Insurers now expect a **security baseline** before they will fully cover a town.
- Expect to see it as a **questionnaire at renewal**, and the answers carry real weight.
- The basics are familiar: **multi-factor logins, tested backups, updates, staff awareness, controlled access**.
- Coming up short usually means **higher costs or a denied claim**, not just a polite letter.

Why Insurers Are Asking

Attacks on small governments have risen sharply, and towns make appealing targets: real public funds, sensitive resident data, and often very little protection. When claims go up, insurers respond by requiring better security before they will cover you. It is the same logic as requiring smoke detectors before insuring a building.

What They Typically Expect

Requirements vary, but most now look for a recognizable baseline:

- **Multi-factor logins** on email and key systems, so a stolen password is not enough to get in.
- **Reliable, tested backups**, kept separate, so the town can recover without paying a ransom.
- **Up-to-date systems**, with security fixes actually applied.
- **Staff awareness**, so employees can spot a suspicious email.
- **Controlled access**, where people have only the access they need and former employees lose it promptly.

If those sound familiar, they should: they are the same fundamentals every small organization should have. We walk through each one in plain language in [cybersecurity basics](#).

What Happens If You Fall Short

Coming up short does not always mean an outright denial. More often it means higher premiums, narrower coverage, or a claim that gets reduced or refused after an incident, exactly when the town can least afford it.

THE MOST EXPENSIVE BOX YOU'LL EVER CHECK

These requirements usually arrive as a renewal questionnaire, and it is tempting to check every box to keep the rate down. But if a control is not actually in place and you later file a claim, that gap can void the very coverage you were counting on. Make the boxes true before you check them.

The Practical Path for a Small Town

You do not need a big budget or an in-house IT department to meet the baseline. You need someone to put the pieces in place and keep them current. Often the cost of doing so is far less than a single jump in premiums, and grants may help cover the upgrade. (See [grants for town technology](#).)

We helped the Town of Creston meet exactly these kinds of requirements, from securing their network and backups to bringing their whole setup up to standard. We can do the same for your town.

MEHRUTHERM · CRESTON, WA

Facing a tougher insurance questionnaire this year? Get in touch and we will help you understand what is being asked and how to meet it.

mehrutherm.com/quote