

ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Cyber Liability Insurance
<p>Purpose/Scope</p>	<p>Citizens is requesting approval to purchase Cyber Liability Insurance for a one-year term beginning on October 1, 2021 and ending on September 30, 2022. Citizens has purchased this coverage through Beazley since 2015.</p> <p>This policy includes two primary components that are subject to separate aggregate limits totaling \$12.5 million, plus breach notifications, call center services, and credit monitoring for up to two million individuals.</p> <p>The main coverage component includes a \$10 million aggregate limit and a \$500,000 per incident retention for expenses, defense costs, and civil and regulatory damages relating to a breach of confidential information in Citizens' care, custody, or control. Sublimits apply to certain coverages such as a \$5 million limit for losses relating to a dependent business interruption loss.</p> <p>The other primary coverage component is for breach response services. This coverage has a separate \$2.5 million coverage limit and lower retention thresholds. Upon notification of a suspected breach, Beazley will assist with coordinating a response through its panel of breach related service providers. These breach response providers are subject to a \$40,000 per incident retention for legal services and a \$100,000 per incident retention for computer expert, public relations, and crisis management services, for up \$2.5 million in aggregate over the policy term. Coverage also includes costs for legally required notices, call center services, and credit monitoring for those notified, for any privacy incident requiring notice of at least 100 individuals, for up to two million individuals in aggregate over the policy term. These notices, call center services, and credit monitoring are provided at no additional cost and are not counted against the \$2.5 million aggregate limit. The coverage also includes access to educational tools including training modules and incident response templates.</p>

	The price of this policy has more than doubled from last year. The premium increase is one hundred and twenty-three percent (123%) from \$106,250 to \$236,910. The price increase also includes a higher retention threshold of \$500,000, as compared to \$100,000 for last year. This is due to an unprecedented hardening of the cyber insurance market as further addressed in the Executive Summary.								
Contract ID	Cyber Liability Insurance The Beazley Group Arthur J. Gallagher – Business Insurance Agent of Record Contract No. 21-21-0008-00								
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								
Procurement Method	Quotes for this coverage were obtained by our contracted Business Insurance Agent of Record, Arthur J. Gallagher. Gallagher is responsible for soliciting quotes from the market and presenting them to Citizens with a comparative analysis and recommendations. This contract with Gallagher was procured in 2021 pursuant to Request for Proposal No. 21-0008 for Business Insurance Agent of Record. The Board approved the contract on July 14, 2021. It includes a three (3) year base term and a two (2) year renewal term.								
Contract Amount	<table border="0"> <thead> <tr> <th><u>Policy:</u></th> <th><u>Insurance Carrier:</u></th> <th><u>Premium:</u></th> <th><u>Increase %:</u></th> </tr> </thead> <tbody> <tr> <td>Cyber Liability Insurance</td> <td>The Beazley Group</td> <td>\$236,910</td> <td>123%</td> </tr> </tbody> </table>	<u>Policy:</u>	<u>Insurance Carrier:</u>	<u>Premium:</u>	<u>Increase %:</u>	Cyber Liability Insurance	The Beazley Group	\$236,910	123%
<u>Policy:</u>	<u>Insurance Carrier:</u>	<u>Premium:</u>	<u>Increase %:</u>						
Cyber Liability Insurance	The Beazley Group	\$236,910	123%						
Contract Terms	The term for this policy is October 1, 2021 to September 30, 2022. Insuring Company: Beazley Group Financial Strength: A (Excellent) A.M. Best Rating Financial Size: XV								
Board Recommendation from Committee	Staff recommends that the Board of Governors: <ul style="list-style-type: none"> a) Authorize the purchase of Cyber Liability Insurance for a one-year term beginning on October 1, 2021 and ending on September 30, 2022, with the Beazley Group for a total annual premium of \$236,910, as set forth in this Action Item; and a) Authorize staff to take any appropriate or necessary action consistent with this Action Item. 								
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