

CONSENT ITEM

<p>CONTRACT ID:</p>	<p>Cyber Risk Insurance BEAZLEY GROUP</p>		
<p>BUDGETED</p>	<p>Cyber Risk Insurance is budgeted for 2016.</p>		
<p>CONTRACT AMOUNT</p>	<p><i>Policy</i> Beazley Breach Response</p>	<p><i>Insurance Carrier</i> Beazley Group</p>	<p><i>Premium</i> \$152,757</p>
<p>CONTRACT HISTORY</p>	<p>Citizens initially purchased Cyber Risk Insurance from the Beazley Group in 2015/2016 at an aggregate dollar amount (premium and taxes) of \$174,828. This is a renewal policy with slightly more favorable coverage provisions with a lower premium of \$152,757. Insurance Office of America is the agent of record for this policy.</p>		
<p>CONTRACT TERM(S)</p>	<p>The term for the policy is twelve months, to be purchased with the Beazley Group for the 2016/2017 policy period.</p> <p>Insuring Company: Beazley Group</p> <p>Financial Strength: A (Excellent) A.M. Best Rating</p> <p>Financial Size: XV</p> <p>The Beazley Group is recommended as carrier for the 2016/17 policy term due to pricing, stability of carrier, breadth and depth of coverage, and extensive breach response capabilities.</p> <p>The more favorable coverage includes:</p> <ol style="list-style-type: none"> 1) No retroactive date for prior acts coverage rather than a June 25, 2014 restriction. 2) Increased regulatory sublimit from 5 million to 10 million; and 3) Added electronic crime coverages (\$100,000 sublimit for fraudulent instruction and Telecommunications Fraud). 		
<p>PURPOSE/SCOPE</p>	<p>Purpose: To purchase Cyber Risk Insurance renewal coverage for a twelve month policy term.</p> <p>Scope: Cyber Risk Insurance provides coverage for expenses, defense costs, and civil and regulatory damages relating to a breach of confidential information in Citizens' care, custody, or control.</p> <p>In the event of a suspected breach, Vendor assists with coordinating a response through its panel of breach related service providers. Vendor will pay to provide legally required notices, call center services, and credit monitoring for those notified, for any privacy incident requiring notice of at least 250 individuals, for up to two million individuals in aggregate over the policy term. Vendor will pay the costs of</p>		

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	<p>computer expert services, legal services, and public relations and crisis management services, subject to a \$20,000 per incident retention, for up \$2.5 million in aggregate over the policy term. Electronic crime coverage is also included.</p> <p>The policy also includes coverage for privacy related civil claims, regulatory proceedings, and defense costs. These coverages are provided under a separate and independent \$10 million policy limit, subject to a \$1 million deductible.</p>
PROCUREMENT METHOD	<p>On August 10, 2011, Citizens issued Request for Proposal (RFP) No. 11-0036 for Business Insurance Agent(s) of Record. On October 12, 2011, the Board of Governors approved Rogers Gunter Vaughn Insurance, Inc. and Insurance Office of America, who received the highest overall scores of all vendors responding to Competitive Solicitation (RFP) No. 11-0036.</p> <p>The Agents of Record solicit and collect quotes and respective coverages from numerous carriers and submit to management for evaluation. The quotes are compared and analyzed for breadth of coverage, stability of underlying carrier, quality of service, and pricing. Recommendations are submitted by the General Counsel for selection.</p>
RECOMMENDATION	<p>It is recommended that the Board:</p> <ul style="list-style-type: none">(a) Approve the purchase of the 2016/17 Cyber Risk Insurance renewal policy; and(b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	<p>Dan Sumner, General Counsel and Chief Legal Officer</p>