

# Executive Summary

Board of Governors Meeting, September 27, 2023

## Cyber Liability Insurance

### Topic

Citizens is requesting approval to contract for Cyber Liability Insurance for a one-year policy term. The primary policy is through the Beazley Group. Additional coverage is provided through an excess policy from Berkley Assurance Company.

### History

Citizens has purchased Cyber Liability Insurance from Beazley since Citizens began purchasing this coverage in 2015. Citizens is requesting approval to continue this coverage for an additional year at the policy limits and retention thresholds specified in Exhibit A. The coverages, policy limits and retention thresholds are provided separately in Exhibit A consistent with confidentiality protections provided under Section 119.0725, Florida Statutes.

Approval is also requested for excess coverage through Berkley Assurance Company. This coverage is triggered when the policy limit is exceeded under the Beazley policy. It is recommended given the increased cyber security risks presented to governmental entities and private companies in recent years, and given the increase in Citizens' policy count.

Quotes for 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. Citizens procured this contract with Gallagher 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.

Gallagher targeted five carriers for renewal quotation this year. Gallagher identified these companies as most competitive based on market knowledge and prior expansive marketing efforts for Citizens. One carrier declined due to inability to provide a competitive quote. Another declined due to Citizens' size. A third limited their offer to a higher retention threshold that was not recommended. The remaining two quoted were for the policies we are recommending.

The renewal premium for the primary policy with Beazley is 9 percent more than the premium for last year. This is viewed as favorable given Citizens' significant year-to-year revenue increase, which is a primary rating factor. It is also more favorable than the market average of close to 10 percent for 2023 as reported by Gallagher.

### Recommendation

Staff recommends that the Board of Governors:

- a) Authorize the purchase of Cyber Liability Insurance for a one-year term beginning on October 1, 2023 and ending on September 30, 2024, with primary coverage through the

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Beazley Group and excess coverage with Berkley Assurance Company, for a total annual premium of \$456,625, as set forth in this Action Item; and

- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

# Cyber Liability Insurance

## ☒ 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
<b>Purpose/Scope</b>	Citizens is requesting approval to purchase Cyber Liability Insurance for a one-year term beginning on October 1, 2023 and ending on September 30, 2024. The primary policy is through the Beazley Group. Additional coverage is provided through an excess policy with Berkley Assurance Company. The coverages, policy limits and retention thresholds are specified in Exhibit A consistent with confidentiality protections provided under Section 119.0725, Florida Statutes.
<b>Contract ID</b>	Cyber Liability Insurance The Beazley Group Berkley Assurance Company Arthur J. Gallagher – Business Insurance Agent of Record Contract No. 21-21-0008-00
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Procurement Method</b>	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. Citizens procured this contract with Gallagher 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.

## Cyber Liability Insurance

Contract Amount	<u>Policy:</u>	<u>Insurance Carrier:</u>	<u>Premium:</u>	<u>Increase %:</u>
	Cyber Liability Insurance	The Beazley Group	\$325,000	8.94%
	Excess Cyber Liability	Berkley Assurance Company	\$131,625	8.94%
Contract Terms	<p>The term for both policies is October 1, 2023 to September 30, 2024.</p> <p>Insuring Company: Beazley Group (Non-Admitted)</p> <p>Financial Strength: A (Excellent) A.M. Best Rating</p> <p>Excess Company: Berkley Assurance Company (Non-Admitted)</p> <p>Financial Strength: A+ (Superior) A.M. Best Rating</p>			
Board Recommendation from Committee	<p>Staff recommends that the Board of Governors:</p> <ul style="list-style-type: none"> <li>a) Authorize the purchase of Cyber Liability Insurance for a one-year term beginning on October 1, 2023 and ending on September 30, 2024, with primary coverage through the Beazley Group and excess coverage with Berkley Assurance Company, for a total annual premium of \$456,625, as set forth in this Action Item; and</li> <li>a) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li> </ul>			
Contacts	Ken Tinkham, Acting General Counsel			