

CONSENT ITEM

Board of Governors Meeting, June 20, 2017

<p>CONTRACT ID:</p>	<p>Cyber Liability Insurance Policy Renewal (Beazley Group)</p>		
<p>BUDGETED</p>	<p>Cyber Risk Insurance is budgeted for 2017.</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> \$142,434</p>
<p>CONTRACT HISTORY</p>	<p>Citizens initially purchased Cyber Risk Insurance from the Beazley Group in 2015, which was renewed in 2016 with a premium of \$152,757. This year Citizens proposes to renew again with Beazley at a lower premium of \$142,434. This policy includes an extended 15 month policy term to align its future renewal date to October 1, 2018 which is consistent with many of our other corporate insurance coverages. Arthur J. Gallagher & Co. is the agent of record for this policy.</p>		
<p>CONTRACT TERM(S)</p>	<p>The term for the policy is fifteen months, to be purchased with the Beazley Group for the 2017/2018 policy period.</p> <p>Insuring Company: Beazley Group Financial Strength: A (Excellent) A.M. Best Rating Financial Size: XV</p> <p>The Beazley Group is recommended as carrier for the 2017/18 policy term due to pricing, stability of carrier, breadth and depth of coverage, and extensive breach response capabilities (including legal; forensics, public relations and crisis management services).</p>		
<p>PURPOSE/SCOPE</p>	<p>Purpose: To purchase Cyber Risk Insurance renewal coverage for a fifteen 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 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 \$10 million aggregate limit, subject to a \$500,000 retention/deductible.</p>		

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PROCUREMENT METHOD	<p>On October 26, 2016, Citizens issued Invitation to Negotiate (ITN) No. 16-0023 for Business Insurance Agent of Record. On March 29, 2017, the Board of Governors approved Arthur J. Gallagher & Co. as its vendor from the three vendors responding to Competitive Solicitation (ITN) No. 16-0023.</p> <p>The Agents of Record solicit and collect quotes and respective coverage 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 2017/18 Cyber Risk Insurance renewal policy; and(b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
CONTACTS	Dan Sumner, General Counsel and Chief Legal Officer