



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 8/23/2022

ALL

Item Creation Date: 8/12/2022

ARA - Cyber Security Insurance Renewal 2022

Agenda Item#: 15.

Summary:

ORDINANCE accepting the individual proposals from **AIG SPECIALTY INSURANCE COMPANY** and **HAMILTON (LLOYD'S OF LONDON)** which are participating in the Layered Cyber Insurance Program, and approving and authorizing the purchase of Cyber Insurance - \$843,813.00 - Property and Casualty Fund

Background:

The Administration & Regulatory Affairs (ARA) and Houston Information Technology Services (HITS) Departments recommend that City Council: (1) approve the proposed Cyber Insurance policies recommended by the City's Insurance Broker of Record, McGriff, Seibels & Williams, Inc. (McGriff); and (2) accept the individual proposals from the insurance carriers listed below that are participating in the layered Cyber Insurance program recommended by McGriff.

A Request for Proposals (RFP) for Cyber Insurance was issued and advertised on July 15, 2022 and July 22, 2022 for coverage effective September 1, 2022. Additionally, McGriff solicited proposals from 61 domestic and international insurance carriers of which two proposals were received. No individual insurance company proposed more than a \$5 Million limit. Therefore, McGriff structured a multi-layered program, consisting of a primary layer plus one excess layer. Terms of the proposed policy are:

- **Term:** September 1, 2022 to September 1, 2023
- **Insurance Carriers:** AIG Specialty Insurance Company and Hamilton (Lloyd's of London)
- **Total Premium Cost:** \$843,813
- **Insured Limit:** \$10,000,000
- **Retention:** \$2,500,000
- **Business Interruption Waiting Period:** Security Failure 24 Hours and for System Failure 48 Hours
- **Type of Coverage:** Cyber Insurance for (a) first party coverages including loss of business income, extra expenses and data recovery resulting from a cyber security breach, (b) cyber extortion and ransomware in response to a cyber extortion threat and (c) first party coverage for data breach response, crisis management expenses, including forensics

Fiscal Note:

Funding for this item is included in the FY23 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Estimated Spending Authority:

| Department | FY 2023 | Out Years | Total |
|-------------------------------------|--------------|-----------|--------------|
| Administration & Regulatory Affairs | \$843,813.00 | \$ - | \$843,813.00 |

Departmental Approval Authority:

DocuSigned by:

Tina Paez

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Tina Paez, Director
Administration & Regulatory
Affairs Department

DocuSigned by:

Lisa Kent

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Lisa Kent, Director
Houston Information Technology Services
Department

Prior Council Action:

8-11-21; Ordinance No. 2021-697

Amount and Source of Funding:

\$843,813.00

Property / Casualty Fund 1004

Fund 1004

Contact Information:

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ATTACHMENTS:

Description

8.15.2022 Cyber Security Ins. Renewal Cover Sheet
8.15.2022 Cyber Security Policy 2022 Sample
8.15.2022 Cyber Security Dec Pages
8.15.2022 Cyber Security Ins. Renewal 2022 Funding Info
Request

Type

Signed Cover sheet
Backup Material
Backup Material
Backup Material