



San Bernardino County

Legislation Text

File #: 2303, Agenda Item #: 51

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

June 9, 2020

FROM

LEANNA WILLIAMS, Director, Department of Risk Management

SUBJECT

Renewal of Cyber Liability Insurance Program

RECOMMENDATION(S)

1. Approve the renewal of the County's Cyber Liability Insurance Program, as recommended by Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., with a total program coverage limit of \$30 million in excess of \$50,000 self-insurance retention, and a total premium cost not to exceed \$318,898, for the period of July 1, 2020 through July 1, 2021 as follows:
 - a. A primary layer of \$10 million in excess of \$50,000 self-insurance retention, for a premium of \$139,054 with Indian Harbor Insurance Company.
 - b. A secondary layer of \$20 million in excess of \$10 million primary layer, for a premium of \$179,844 with Lloyd's Syndicate.
 2. Authorize the Director of the Department of Risk Management to execute the binding order on behalf of the County.
- (Presenter: LeAnna Williams, Director, 386-8621)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The total premium not to exceed \$318,898, will be paid from the Department of Risk Management's (DRM) liability funds, and will be recovered through Board approved rates charged to County departments and Special Districts. Sufficient appropriation will be included in the DRM's 2020-21 recommended budget.

BACKGROUND INFORMATION

The DRM administers the County's self-insurance program for public liability and workers' compensation claims, as well as procures excess insurance policies to provide additional protection for the County by transferring risk at the upper limits of the programs.

In the current business environment, most County operations and communications are performed online, and the exposure to computer systems hackings, data breaches, and risk for theft of personal identifiable information, personal credit information, or personal health information increases on a daily basis. This program provides coverage to mitigate the losses from the extremely costly containment and response to

these types of incidents. Managing these exposures will contribute to the County's goals of operating in a fiscally-responsible and business- like manner. The recommended renewal of the cyber liability insurance program will maintain the current coverage limit of \$30 million in excess of \$50,000 self-insurance retention. The total premium cost not to exceed \$318,898, represents an increase of \$26,522 or approximately 9.07% over last year's final premium of \$292,376. The increased rate is a result of perceived higher cyber risks and hardening of the insurance market.

On May 21, 2019 (Item No. 104), the Board approved the renewal of a countywide cyber liability insurance program for a total premium not to exceed \$292,376 for the period of July 1, 2019 through July 1, 2020.

The DRM recommends the renewal of this countywide cyber liability insurance program that provides coverage for the following risks: third party liability, media, privacy and cyber security, privacy regulatory defense, awards and fines, first-party business interruption and extra expense, data recovery, cyber extortion and ransomware, and data breach response and crisis management.

PROCUREMENT

On December 5, 2017 (Item No. 55), the Board approved contracts with insurance brokers, including Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., for the period of December 11, 2017 through December 10, 2020.

Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., approached new and existing markets for quotes, successfully obtaining a proposal for the cyber liability program with the same coverage limits as the current year and a slight premium increase.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Teresa McGowan, Principal Assistant County Counsel, 387-5283) on May 08, 2020; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on May 11, 2020; Finance (Joon Cho, Administrative Analyst, 387-5402) on May 18, 2020; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on May 20, 2020.