



City of Houston Cyber Insurance

Presentation for:

Transportation, Technology & Infrastructure
Committee

August 13, 2018



City of Houston Cyber Insurance Process

Broker of Record: McGriff, Seibels & Williams of Texas, Inc.

- ❑ Contract with City of Houston since September 1, 2014

- ❑ Markets the City's Commercial Insurance via RFP prepared by the COH:
 - Request for Cyber Insurance coverage
 - Proposals solicited from national and international carriers

- ❑ Executive Staff
 - Johnny Fontenot, Executive Vice President
 - Mark Knepshield, Senior Vice President – Financial Services
 - Robert Waggoner, Senior Vice President – Public Entity



What is Cyber Insurance?

- ❑ Protection from risks relating to information technology infrastructure and activities
- ❑ The scope of coverage is not limited to liability
- ❑ Policy provides:
 - first party coverage for the City's operations
 - third party liability for the City's legal liability to others
 - Data Breach Response



Why Purchase Cyber Insurance?

- Cyber Insurance is a financial tool to mitigate the City's cyber risk exposures
- Data breaches are increasing in frequency, including attacks on governmental entities
- Cyber risk control is a priority to the City. Other large cities in the U.S. are beginning to address this risk through insurance



Cyber Insurance Policy Limit/Retention Survey

Public Entity	Coverage	Policy Limit	Retention
City of Austin	No	N/A	N/A
City of Baltimore	No	N/A	N/A
City of Boston	No	N/A	N/A
City of Chicago	No	N/A	N/A
City of Los Angeles	No	N/A	N/A
City of New York	No	N/A	N/A
City of San Antonio	No	N/A	N/A
City of Atlanta	Yes	\$20M	\$500,000
City of Dallas	Yes	\$10M	\$500,000
City of Phoenix	Yes	\$10M	\$250,000
City of San Diego	Yes	\$5M	\$50,000
City of Philadelphia	Aviation Division Only	\$5M	\$50,000
City of San Francisco	Department of Public Health Only	\$50M	\$500,000



Proposed Carrier Participation

\$30M Policy Limit Layered Structure	
Primary Layer	\$10M
1 st Excess Layer	\$10M in excess of \$10M
2 nd Excess Layer	\$10M in excess of \$20M



Cyber Insurance Proposal

Policy Loss Limit	\$30M*
Retention/Deductible	\$250,000

Layer	Loss Limit	Premium
Primary Layer	\$10M	\$215,250
1 st Excess Layer	\$10M in excess of \$10M	\$150,150
2 nd Excess Layer	\$10M in excess of \$20M	\$106,000
TOTALS	\$30M	\$471,400

**McGriff recommendation based upon assessment of the City's risks.*



Policy Coverage - Key Components

First Party Costs

- **Business Interruption/Extra Expense** - Loss of income &/or extra expense resulting from an interruption or suspension of computer systems due to a network security breach.
- **Data Asset Protection** - Expenses to restore, recreate or recollect data and other intangible assets that are corrupted or destroyed by a computer attack.
- **Cyber Extortion & Ransomware** - Expenses incurred in the investigation of threats and extortion monies for threats related to interrupting systems and releasing private information.

Third Party Costs

- **Privacy Liability** - For failure to prevent unauthorized access, disclosure or collection of confidential information or the failure of others to whom you have entrusted such information. Includes liability for improper notification of a privacy breach and disclosure of corporate proprietary information.
- **Network Security Liability** - For the failure of system security to prevent or mitigate a computer attack, including malicious virus or a denial of service attack.
- **Regulatory Defense** - Costs to defend an action or investigation by regulator due to a privacy breach, including indemnification for any fines or assessed penalties.

Data Breach Response

- Crisis management expenses include computer forensics, notification, credit monitoring, public relations and call center services.



Questions?