



STAFF REPORT

Board of Aldermen

AN ORDINANCE AMENDING THE ADOPTED 2022 BUDGET FOR THE CITY OF BRANSON TO ADJUST MONIES IN THE INSURANCE FUNDING FOR AN INCREASE IN \$93,166 FOR ADDITIONAL CYBER LIABILITY INSURANCE COVERAGES PREMIUM.

FIRST READING: AUGUST 9, 2022

FINAL READING: AUGUST 23, 2022

Initiated By: Human Resources

Approved By: *Lisa Westfall*

Financial Impact: Other (See additional explanation under Detailed Analysis)

Community Plan 2030: G-2: Governmental Agreements

FACTS:

Background: We began the property/liability/cyber liability renewal process last February through our broker, Connell Insurance. Last year there was a sudden rise in data breach litigation and skyrocketing costs tied to ransomware attacks on public entities as well as other cybercrimes. Our broker worked on our behalf to secure quotes for cyber liability and encountered the difficulty mentioned above. We provided our broker a timeline that we needed to obtain quotes for Workers' Compensation, Property, Liability, and Cyber Liability to be able to bring them to the Board of Aldermen for approval in time for the insurance to be in place by July 1, 2022. We were able to obtain quotes for everything except cyber liability. The difficulties encountered were due for the following reasons: • The exposure to cyber liability and specifically, ransomware attacks, was becoming so high, companies that wrote policies in the past were no longer writing for cyber. • The companies are still writing for cyber have increased the premiums as much as 150% • The company we had last year no longer writes for cyber. • Because of the higher risk, applications for cyber became much more extensive as carriers are demanding certain levels of controls in place before they would even consider writing a policy for a municipality. • Public entities that did not already have a policy in place might not be able obtain cyber liability at all. In our case, we waited on the quotes until the deadline needed to submit the quotes we had to the Board to be approved the last week of June. Our policies were set to expire at midnight, June 30th. In our submission we had the prior year's premium as an estimate for cyber liability while we waited on actual quotes for this year. We received two quotes for Cyber Liability too late for the Board meeting on June 12th for a first reading. They were as follows: Option 1: \$10 million cyber limit with \$3 million ransomware sublimit – Premium: \$138,064.70 Option 2: \$5 million cyber limit with \$5 million ransomware limit – Premium \$136,179.75 Our broker then needed to know which option we were going with in order to provide us necessary application documents to secure the insurance in time to be in place July 1st. As we entered the last week of June a decision needed to be made on which option we were choosing in order to secure the coverages and not leave the City exposed on July 1st. Through our research, input from our broker, underwriter and IT Director, it was determined that that for our needs, option 2 was the better of the two quotes because ransomware threats typically

target public entities. In other words, it would be better for us to have the higher amount of ransomware coverage verses the higher amount of liability. Conclusion: For the reasons stated above we would have recommended Option 2 if it were to have been able to go to the Board. In order to not leave the City exposed and without cyber coverage on July 1st, we informed our broker to go with option 2, however, that is amendable if the Board chooses otherwise.

DETAILED ANALYSIS:

The total premium is \$136,179.75. On June 28, 2022, the Board of Aldermen approved expenditure of \$43,014.00 (C2022-0129) for cyber coverage. However, we also have in an account an insurance refund of \$48,969.40 that could be applied to this premium resulting in a total budget impact of \$44,196.35

BACKUP DOCUMENTATION:

No Additional Information