

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
FEBRUARY 7, 2023 AGENDA**

<p>Subject:</p> <p>A resolution to amend the Cyber Liability Insurance Contract to provide additional coverage and add an additional provider for the period December 10, 2022, to December 10, 2023.</p> <p>Submitted By:</p> <p>Human Resources Department</p>	<p>Action Required:</p> <p style="text-align: center;">Ordinance √ Resolution</p>	<p>Approved By:</p> <p style="text-align: center;">Bruce T. Moore City Manager</p>
--	---	---

<p style="text-align: center;">SYNOPSIS</p> <p style="text-align: center;">FISCAL IMPACT</p> <p style="text-align: center;">RECOMMENDATION</p> <p style="text-align: center;">BACKGROUND</p>	<p>A resolution to authorize the City Manager to amend the Cyber Liability Insurance Contract to provide additional coverage and add an additional provider for the period December 10, 2022, to December 10, 2023.</p> <p>The premium for all cyber liability coverage is not to exceed \$200,000.00, and funding for the coverage is included in the 2023 Budget Line item for Cyber Liability Insurance.</p> <p>Approval of the resolution.</p> <p>On December 6, 2022, the Board of Directors approved Resolution No. 15,840, which authorized the City Manager to enter into a contract with Crum & Forster to provide Cyber Liability Insurance for \$2,000,000.00 for the term of December 10, 2022, to December 10, 2023. In addition, on January 17, 2023, the Board passed Resolution No. 15,858, which amended Resolution No. 15,840, to authorize the City Manager to amend the contract with Crum & Forster to increase the insured limit of liability from \$2,000,000 to \$5,000,000.</p>
--	--

**BACKGROUND
CONTINUED**

The additional \$3,000,000 limit is being provided by two (2) insurance carriers broken down as follows: \$1,000,000 excess of \$2,000,000, provided by Crum and Forster; and, \$2,000,000 million excess of \$3,000,000, provided by US Sampo Pro; for a total limit for cyber liability at \$5,000,000.

It is staff's option that the primary Cyber Liability Policy for \$2,000,000.00 was insufficient due to the City's complex information technology structures; therefore, additional coverage was solicited. The additional \$3,000,000.00 limit is in the best of the City in the event of cyber-attacks which are becoming regular occurrences around the nation and the world.

The City's current Insurance Broker, Cadence Insurance, took City's Cyber Liability Insurance Program to market and was able to secure a primary \$2,000,000.00 limit cyber liability quote from Crum & Forster. The broker continued to solicit quotes in order to reach a \$5,000,000.00 total limit. Cadence Insurance procured quotes for the additional \$3,000,000.00 limit from two (2) insurance carriers: Crum and Forster; and US Sampo PRO.

The City does not directly solicit quotes from insurance carriers for any of its insurance coverages. The City's Insurance Broker, Cadence Insurance, solicits the quotes from numerous insurance carriers on the City's behalf. Cadence then negotiates terms and conditions and evaluates the quotes based on coverage, price and other metrics. Once reviewed, Cadence makes a recommendation to the City on which carrier's quote meets the coverage requirements and is the best value for the money.

Once the coverage is bound, invoices for premiums are issued by Cadence to the City. The City in return submits premium payments to Cadence for the benefit of the underlying insurance carrier. While the underlying insurance contract is with the insurance carrier, the City's conduit to reach the carrier is our insurance broker who is responsible for collecting premiums from and submitting premiums to the insurance carrier per the terms of the agreement between the City and Cadence Insurance.