



**City of East Peoria  
Accounts & Finance**

**MEMORANDUM**

**TO: Mayor John P. Kahl and Members of the City Council**

**FROM: Jeffery M. Becker, Finance Director/Treasurer**

**SUBJECT: Resolution No. 1920-097 - 2020 Cyber Security Insurance / Annual Renewal**

**DISCUSSION:** The City's insurance policy for cyber security coverage expires on January 1, 2020. The City has maintained a cyber security insurance policy from Lloyd's London, through Kuhl Insurance agency. This cyber insurance policy provides coverage for the City's information technology services, as listed out in the attached quote. The City administration seeks to renew and maintain this cyber security insurance coverage during the 2020 renewal term, as the threats to the City's IT systems and risk of loss seemingly increase on a daily basis.

For the upcoming policy year, the annual policy premium for this cyber security insurance coverage from Lloyd London, is \$16,500. (Last year's policy was \$16,711.)

**RECOMMENDATION:** Approve

**RESOLUTION NO. 1920-097**

**East Peoria, Illinois**

**\_\_\_\_\_ , 2020**

**RESOLUTION BY COMMISSIONER \_\_\_\_\_**

**RESOLUTION APPROVING RENEWAL OF  
CYBER SECURITY INSURANCE COVERAGE**

**WHEREAS**, the City maintains cyber security insurance for the protection of the City's computer intranet and internet network systems and electronic information and data maintained on the City's computer intranet and internet network systems (the "Cyber Security Insurance"); and

**WHEREAS**, the City's current annual policy term with Lloyd's London, as serviced through Tokio Marine HCC, for the City's Cyber Security Insurance coverage runs through January 1, 2020; and

**WHEREAS**, after reviewing the City's various exposures to risk and liability across the City's information technology services, including the City's computer intranet and internet network systems and operations, the City administration has obtained renewal prices for the City's Cyber Security Insurance coverage; and

**WHEREAS**, based upon the recommendation of the City administration, the City Council hereby finds that it is in the best interests of the City to accept the renewal proposal from the Kuhl Insurance Agency for renewing the City's Cyber Security Insurance policy with Lloyd's London, as serviced through Tokio Marine HCC, for the annual period beginning January 1, 2020, and ending January 1, 2021, at an annual premium of \$16,500.00, which coverage and quote are outlined in "Exhibit A" as attached hereto; and

**WHEREAS**, based upon the recommendation of the City administration, the City Council hereby further finds that it is in the best interests of the City to maintain this NetGuard Plus Policy with Lloyd's London, as serviced through Tokio Marine HCC, with a \$25,000 deductible for each claim made under this Policy as the City's Cyber Security Insurance coverage;

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF EAST PEORIA, TAZEWELL COUNTY, ILLINOIS, THAT:**

**Section 1.** The City hereby approves and accepts the proposal from Kuhl & Company to provide Cyber Security Insurance coverage (NetGuard Plus Policy), as

outlined in "Exhibit A" attached hereto, at an annual cost of \$16,500.00 from Lloyd's London, as serviced through Tokio Marine HCC, for the annual policy period that begins January 1, 2020, and runs through January 1, 2021, with a \$25,000 deductible per claim. The City's Director of Finance is hereby authorized and directed to execute an appropriate agreement and any other related documentation accepting the proposal from Kuhl & Company for the City's Cyber Security Insurance coverage, together with such changes therein as the Mayor may approve.

**Section 2.** Any previous actions of the City undertaken to ensure continuation of the City's Cyber Security Insurance coverage pursuant to the renewal of the NetGuard Plus Policy with Lloyd's London, as serviced through Tokio Marine HCC, effective on January 1, 2020, are hereby ratified and approved.

**APPROVED:**

\_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk



16501 Ventura Blvd. Suite 200 Encino, CA 91436  
tmhcc.com/pro

## NON-BINDING RENEWAL INDICATION

December 19, 2019  
Benjamin Erdmanis  
US Pro Insurance Services  
27475 Ferry Road, Suite 131  
Warrenville, Illinois 60555

We are pleased to offer the following non-binding NetGuard® Plus renewal indication for:

### City of East Peoria (Illinois)

This non-binding renewal indication is valid through January 1, 2020. Underwriters reserve the right to change the terms indicated or decline to quote the account.

#### Submission:

**Product** NetGuard® Plus  
**Policy Form**  
**Carrier** Lloyd's, London - AM Best "A"  
**POLICY ISSUANCE FEE:** \$175  
**TERM:** One Year

	<u>Option 1</u>	<u>Option 2</u>
PREMIUM:	\$15,000	\$16,500
<b>Maximum Policy Aggregate Limit of Liability:</b>	\$1,000,000	\$1,000,000
<b>NetGuard® Plus Limits</b>		
<b>Third Party Liability Insuring Agreements</b>		
Multimedia Liability	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
Security and Privacy Liability	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
Privacy Regulatory Defense and Penalties	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
PCI DSS Liability	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
TCPA Defense	\$50,000 Each Claim \$50,000 in the aggregate	\$50,000 Each Claim \$50,000 in the aggregate
<b>First Party Liability Insuring Agreements</b>		
Breach Event Costs	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
Post Breach Remediation Costs	\$25,000 Each Claim \$25,000 in the aggregate	\$25,000 Each Claim \$25,000 in the aggregate
BrandGuard®	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate

System Failure	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
Dependent System Failure	\$1,000,000 Each Claim \$1,000,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
Cyber Extortion	\$100,000 Each Claim \$100,000 in the aggregate	\$1,000,000 Each Claim \$1,000,000 in the aggregate
Cyber Crime	\$275,000 Each Claim \$275,000 in the aggregate	\$275,000 Each Claim \$275,000 in the aggregate
Reward Expenses	\$50,000 Each Claim \$50,000 in the aggregate	\$50,000 Each Claim \$50,000 in the aggregate
Court Attendance Costs	\$25,000 Each Claim \$25,000 in the aggregate	\$25,000 Each Claim \$25,000 in the aggregate

Additional Defense Costs Limit (does not apply to TCPA Defense) \$1,000,000 in the aggregate \$1,000,000 in the aggregate

Breach Event Costs Outside Limit (Breach Event Costs will not reduce the Maximum Policy Aggregate Limit) N/A N/A

### NetGuard® Plus Retentions/Deductibles/Other Coverage Terms

Multimedia Liability	\$25,000 Each Claim	\$25,000 Each Claim
Security and Privacy Liability	\$25,000 Each Claim	\$25,000 Each Claim
Privacy Regulatory Defense and Penalties	\$25,000 Each Claim	\$25,000 Each Claim
PCI DSS Liability	\$25,000 Each Claim	\$25,000 Each Claim
TCPA Defense	\$25,000 Each Claim	\$25,000 Each Claim
Breach Event Costs	\$25,000 Each Claim	\$25,000 Each Claim
Post Breach Remediation Costs	\$25,000 Each Claim	\$25,000 Each Claim
BrandGuard®: Waiting Period	2 Weeks	2 Weeks
BrandGuard®: Period of Indemnity	6 Months	6 Months
System Failure: Data Recovery	\$25,000 Each Claim	\$25,000 Each Claim
System Failure: Non-Physical Business Interruption Waiting Period	8 Hours	8 Hours
System Failure: Period of Restoration	6 Months	6 Months
Dependent System Failure: Data Recovery	\$25,000 Each Claim	\$25,000 Each Claim
Dependent System Failure: Non-Physical Business Interruption Waiting Period	12 Hours	12 Hours
Dependent System Failure: Period of Indemnity	4 Months	4 Months
Cyber Extortion	\$25,000 Each Claim	\$25,000 Each Claim
Cyber Crime	\$25,000 Each Claim	\$25,000 Each Claim
Reward Expenses	\$25,000 Each Claim	\$25,000 Each Claim
Court Attendance Costs	None	None
Aggregate Retention	\$75000	\$75000

### Retroactive Dates

None. Unknown Prior Acts Are Covered None. Unknown Prior Acts Are Covered

### Endorsements

[E1856A-0710](#) Nuclear Incident Exclusion Clause

<a href="#">E1856NKP-0519</a>	War and Civil War Exclusion
<a href="#">E1856J-1117</a>	Policyholder Disclosure Notice of Terrorism Insurance Coverage
<a href="#">E1856US-0315</a>	U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Advisory Notice to Policyholders
<a href="#">E1856NGO-0118</a>	Bodily Injury Liability Sublimit Sublimit: \$250,000 Retention: To Match Option Selection
<a href="#">E1856NIO-0718</a>	Bricking Loss Sublimit with Betterment Coverage Sublimit: Up to the Limit Retention: To Match Option Selection
<a href="#">E1856NKY-0819</a>	Biometric Information Privacy Act Exclusion
<a href="#">E1856NHI-0419</a>	Cyber Crime Sublimits  <b>A. Financial Fraud</b> Limit: \$275,000.00/\$275,000.00  <b>B. Telecommunications Fraud</b> Limit: \$275,000.00/\$275,000.00  <b>C. Phishing Fraud</b> Limit  <b>1. Your Phishing Fraud Loss</b> Sublimit: \$275,000.00/\$275,000.00 <b>2. Client Phishing Fraud Loss</b> Sublimit: \$50,000/\$50,000 <b>3. Phishing Fraud</b> Aggregate Limit: \$275,000.00  Cyber Crime Aggregate Limit of Liability (A, B and C combined): \$275,000.00
<a href="#">E1856NKL-0519</a>	Phishing Liability Coverage
<a href="#">E1856NKW-0719</a>	Privacy Regulations Amendatory: California Consumer Privacy Act
<a href="#">E1856NKS-0819</a>	Security and Privacy Wrongful Act Amendatory

#### Subjectivities Due Prior to Binding

- *Subject to* a signed NAS renewal application, dated within 45 days of the effective date.

#### Subjectivities Due within 7 Days of Binding

- NONE

**If this risk is subject to surplus line tax, you must arrange for the filing of the affidavit and payment of applicable state taxes and fees in addition to the premium.**

#### OPTIONAL ENHANCEMENTS

All Available Enhancements have been included.

#### *Additional Terms & Conditions:*

None.

Regards,

Adam Zweben  
Associate Underwriter



TOKIO MARINE  
HCC

# NetGuard<sup>®</sup> Plus - Cyber Liability

State-of-the-art Cyber Coverage and Support Services





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## Cyber Strong.

Our state-of-the-art NetGuard® Plus cyber insurance solution combines broad first- and third-party coverage with expert cyber security services and claims professionals.

Our cyber liability insurance solution is an effective combination of great coverage, state-of-the-art risk mitigation services, and unparalleled support from our in-house claims experts.

### Highlights of our cutting edge NetGuard® Plus cyber liability policy include:

- Cyber Risk Scan
- Free Pre-breach Expert Consultation
- \$0 Retention for initial legal advice regarding a security/privacy incident
- Additional Defense Costs Limit Built into the Policy
- Telephone Consumer Protection Act (TCPA) Defense Coverage
- Dependent System Failure Coverage Built into the Policy
- Reward Expenses for informants providing information about a cyber incident
- Separate Breach Event Costs Limit Enhancement Built into the Policy
- Post-breach Remediation Costs

NetGuard® Plus now includes an industry-leading System Failure coverage component, with expanded coverage for data recovery and a period of restoration of up to 6 months.

### Preventative Services

Being insured isn't always the same as being prepared. So, we now offer our cyber policyholders a range of discounted proactive services from leading cybersecurity experts. Services include:

- Network Security Assessments
- Table-top Incident Readiness Consulting
- Security Awareness Training
- Email Phishing Simulations
- PCI Compliance Reviews

### Online Support and Risk Management

As a TMHCC cyber liability insurance policyholder, your policy includes TMHCC CyberNET®, giving you access to expert cyber risk advisors when you need them, plus 24/7 online training courses, sample policies, vendor agreement templates and more.

TMHCC CyberNET® helps you and your organization mitigate the risk and impact of a cyber breach. Services include:

- Cyber Security Training
- Compliance Materials
- Risk Management

### Expert Cyber Claims Handling

Our cyber claims team provides rapid response support for your clients. We handle over 1,000 cyber claims each year, and with more than 20 in-house cyber claims team members, TMHCC provides expert service and support when it's




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Every NetGuard Plus quote includes a free cyber risk summary. Each bound NetGuard Plus policy includes a full cyber vulnerability report.

Working in close coordination with nationally-recognized privacy & security experts, the TMHCC claims team is at your side every step of the way. Our cyber claims team provides assistance with:

- Retaining a “Breach Coach” and legal counsel services, IT security and forensic experts, and public relations/ advertising support
- Breach notification
- Establishing a call center and breach notification website
- Providing credit monitoring and identity theft restoration services to affected individuals

### Industry Leading Expertise

#### Cyber Breach Response Network

Our team of incident response experts are leaders in the field and are here to help you. We have the experience and know-how to respond quickly and get your business back on track.

The following is a partial list of experts with whom we are proud to collaborate:

- Wilson Elser Moskowitz Edelman & Dicker LLP
- Lewis Brisbois Bisgaard & Smith

- Epiq
- Mullen Coughlin LLC
- McDonald Hopkins LLC
- Kroll
- Ankura Consulting Group, LLC
- Kivu Consulting
- Jackson Lewis P.C.
- Crypsis

### Description of Coverage

#### Multimedia Liability

Coverage for third party claims alleging liability resulting from the dissemination of online or offline media material, including claims alleging copyright/trademark infringement, libel, slander, plagiarism or personal injury

#### Security and Privacy Liability

Coverage for third party claims alleging liability resulting from a security breach or privacy breach, including failure to safeguard electronic or non-electronic confidential information or failure to prevent virus attacks, denial of service attacks or the transmission of malicious code from an insured computer system to the computer system of a third party.

#### Privacy Regulatory Defense and Penalties

Coverage for regulatory fines and penalties and/or regulatory compensatory awards incurred in privacy regulatory proceedings/ investigations brought by federal, state, local, or foreign governmental agencies, such as proceedings/investigations alleging HIPAA violations

#### PCI DSS Liability

Coverage for assessments, fines, or penalties imposed by banks or credit card companies due to non-compliance with the Payment Card Industry Data Security Standard (PCI DSS) or payment card company rules

#### TCPA Defense

Coverage for the defense of claims alleging violation of the Telephone Consumer Protection Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the CAN-Spam Act, or any similar federal, state, local or foreign law regulating the use of telephonic or electronic communications for solicitation purposes.



### **Breach Event Costs**

Coverage for reasonable and necessary mitigation costs and expenses incurred as a result of a privacy breach, security breach or adverse media report, such as legal expenses, proactive and reactive public relations expenses, IT forensic expenses, breach notification costs (including voluntary notification costs), and the cost to set up call centers and provide credit monitoring and identity theft assistance.

### **Post Breach Remediation Costs**

Coverage for post-breach remediation costs incurred to mitigate the potential of a future security breach or privacy breach. (\$25,000 Sublimit)

### **BrandGuard®**

Coverage for loss of net profit incurred as a direct result of an adverse media report or notification to affected individuals following a security breach or privacy breach.

### **System Failure**

Coverage for (1) reasonable and necessary amounts incurred to recover and/or replace electronic data that is compromised, damaged, lost, erased, corrupted or stolen and (2) business income loss and interruption expenses incurred due to an unplanned outage, interruption, failure, suspension, or degradation of service of an insured computer system, including any such incident caused by a hacking attack.

### **Dependent System Failure**

Coverage for (1) reasonable and necessary amounts incurred to recover and/or replace electronic data that is compromised, damaged, lost, erased, corrupted or stolen and (2) business income loss and extra expenses incurred due to an unplanned outage, interruption, failure, suspension, or degradation of service of a service provider computer system that is caused by specified cyber perils, including a denial of service attack, malicious code, and acts of cyber terrorism.

### **Cyber Extortion**

Coverage for extortion expenses incurred and extortion monies paid as a direct result of a credible cyber extortion threat.

### **Cyber Crime**

Coverage for (1) loss of money or securities incurred due to financial fraud, including wire transfer fraud; (2) charges incurred for unauthorized calls resulting from fraudulent use of an insured telephone system; and (3) your loss of money, securities, or other property due to phishing attacks, expenses incurred to notify customers of phishing attacks directed against you, and the cost of reimbursing customers or clients for their losses that result from phishing attacks against you.

### **Reward Expenses**

Coverage for reasonable amounts paid to an informant for information not otherwise available, which leads to the arrest and conviction of a person or group responsible for a privacy breach, security breach, system failure, cyber extortion threat, financial fraud, telecommunications fraud, or phishing attack. (\$50,000 Sublimit)

### **Court Attendance Costs**

Coverage for reasonable costs incurred to attend court, arbitration, mediation, or other legal proceedings or hearings as a witness in a claim covered under the policy. (Daily maximum limit of \$500.00, subject to overall aggregate limit of \$25,000)

## Because being insured isn't the same as being prepared.

Your purchase of Cyber Liability includes access to online tools and resources the help mitigate as well as respond to a data breach. Despite the best plans, breaches can occur. Being prepared is the best solution and Tokio Marine HCC has the resources you need to be ready.



### Cyber Security Training

Get 'cyber smart' with 16 online courses, including:

- Privacy Basics
- Social Engineering Attacks
- Ransomware



### Compliance Material

Keeping your organization up to date:

- State and Federal, Industry Specific Data Protection Guidelines
- Links to government sites



### Risk Management

Guidance to implement preventative measures:

- Best Practice Guidelines
- Risk Assessment & Fitness
- Checklist Incident Response



With access to expert cyber risk advisors when you need them, plus 24/7 online training courses, best practices, compliance and incident response guidelines, sample policies, vendor agreement templates and more, CyberNET® helps you and your organization mitigate the risk and impact of a cyber breach.

**Registration information will be provided along with your policy.**