


FROM	NAME & TITLE	Shonkaye Stanley, Deputy Chief <i>Shonkaye S. Stanley</i>	CITY OF BALTIMORE MEMO <i>102</i>	
	AGENCY NAME & ADDRESS	Department of Finance, Bureau of Risk Management 401 E. Fayette Street, 7 th Floor		
	SUBJECT	Renewal of FY22 Cyber Liability Insurance coverage		

TO Honorable President and Members of the Board of Estimates

DATE:

November 2, 2021

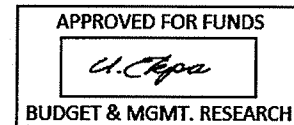
Dear Mr. President and Members:

ACTION REQUESTED OF THE BOARD OF ESTIMATES:

We respectfully request the Honorable Board of Estimates to approve the renewal of Cyber Insurance for the Mayor & City Council of Baltimore and other Related Operations. Coverage renewed effective 11/1/2021 to 11/1/2022 and will be provided by the incumbent carriers, Chub and AXA XL insurance companies.

AMOUNT AND SOURCE OF FUNDS:

\$1,039,253 Account #2043-000000-1450-162900-603014



By Unyime.Ekpa at 2:51:12 PM, 11/5/2021

BACKGROUND/EXPLANATION:

Following a competitive process that included 35 insurance carriers, The Bureau of Risk Management was only able to secure a renewal quote for \$10M in Cyber Liability Insurance coverage, through the incumbent insurance carriers. The first \$5M in coverage is being provided by Chubb Insurance at a premium of \$561,758. The second \$5M in excess coverage is being provided by AXA XL Insurance at a premium of \$477,495.

The renewal represents at a 50% reduction in coverage \$10M vs expiring coverage of \$20M, a 165% increase in premium and an increase in the deductible from \$1M to \$2.5M.

As a result of well publicized attacks and claim incurred, insurance markets no longer have an appetite for providing Cyber coverage. The City's Cyber Insurance renewal reflects this current trend in the market place experienced by many businesses particularly municipalities.

MBE/WBE PARTICIPATION:

There are no MBE/WBE goals for the purchase of this insurance policy.

LOCAL HIRING:

Local hiring does not apply as this only relates to the purchase of insurance coverage.

APPROVED BY THE BOARD OF ESTIMATES:

[Signature]
 Clerk

DEC 08 2021

Date

The Mayor and City Council of Baltimore and Other Related Operations

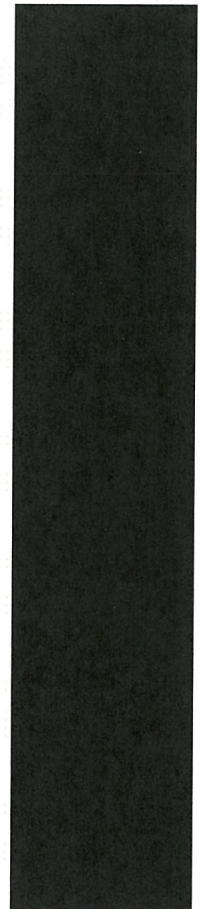
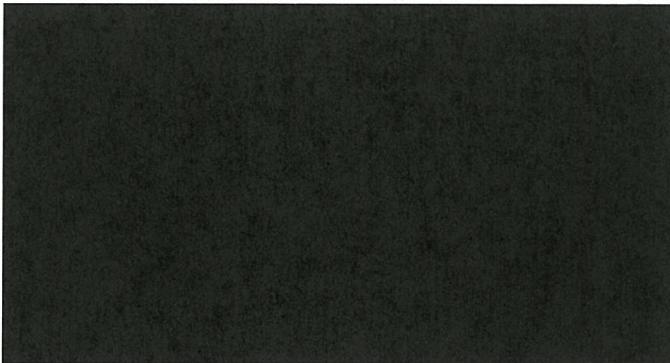
FINEX Insurance Proposal for November 1, 2021-2022

Contents

Executive Summary
Financial and Marketing Summary / Order to Bind

Attached:

- Carrier Quotations



EXECUTIVE SUMMARY

Thank you for the opportunity to market your insurance requirements. We are pleased to provide the results of those efforts in accordance with your instructions to provide you with quotes for your Cyber Liability.

We confirm that your insurance coverages are due for renewal on November 1, 2021. The results of our negotiations with the carriers we approached are summarized below.

Carrier	Line(s) of Business	Response	Premium or Indication
Chubb	Cyber Liability	Quoted	Refer to Marketing Summary
AXA XL	Excess Cyber Liability	Quoted	Refer to Marketing Summary
AWAC	Excess Cyber Liability	Declined	Lack of Appetite
Zurich	Excess Cyber Liability	Awaiting Response	
Nationwide	Excess Cyber Liability	Declined	Lack of Appetite
Starr	Excess Cyber Liability	Declined	Lack of Appetite
Berkley	Excess Cyber Liability	Awaiting Response	
AIG	Cyber Liability	Declined	Lack of Controls
Allianz	Cyber Liability	Declined	Lack of Appetite
CAN	Cyber Liability	Declined	Lack of Controls
Markel	Cyber Liability	Declined	Lack of Controls
Arch	Cyber Liability	Declined	Lack of Appetite
Aspen	Cyber Liability	Declined	Lack of Appetite
Beazley	Cyber Liability	Declined	Lack of Appetite
Everest	Cyber Liability	Declined	Due to Business Class
Hartford	Cyber Liability	Declined	Due to Business Class
Great American	Cyber Liability	Declined	Lack of Controls
Swiss Re	Cyber Liability	Declined	Due to Business Class
AXIS	Cyber Liability	Declined	Lack of Controls
Ambridge	Cyber Liability	Declined	Lack of Appetite
Coalition	Cyber Liability	Declined	Lack of Controls
Corvus	Cyber Liability	Declined	Due to Business Class
Sompo	Cyber Liability	Declined	Lack of Controls
Resilience	Cyber Liability	Declined	Lack of Appetite
Ascot	Cyber Liability	Declined	Due to Business Class
Berkshire	Cyber Liability	Declined	Lack of Appetite
Ironshore	Cyber Liability	Declined	Lack of Controls
Hiscox	Cyber Liability	Declined	Due to Business Class

Carrier	Line(s) of Business	Response	Premium or Indication
Safety National	Cyber Liability	Declined	Lack of Appetite
QBE	Cyber Liability	Declined	Lack of Controls
Travelers	Cyber Liability	Declined	Lack of Appetite
Munich Re	Cyber Liability	Declined	Lack of Appetite
Amtrust	Cyber Liability	Declined	Lack of Controls
HCC	Cyber Liability	Declined	Due to Business Class

The results of our negotiations are outlined in the attached Quotations subject to the terms and conditions of the applicable policies. We believe the terms and conditions of the quote reflect the coverage you asked us to obtain except as otherwise noted.

We draw your attention to the exclusions, subjectivities and warranties set out in the Quotations / Marketing Summary. We recommend that you read and compare the terms and conditions of your current policy with the insurers' renewal terms and conditions.

FINMAR

A separate business unit within the Willis Towers Watson Group, FINMAR Market Services, provides a wide range of services direct to certain insurers that place business for FINEX Global clients. A separate fee is paid to FINMAR Market services by insurers for the delivery of these services to them. This fee is calculated within a range of 2.75% and 7.5% (plus VAT, if applicable) of the overall premiums placed depending on the scale of services provided. Unless otherwise stated, premiums paid by the clients of FINEX Global will not be increased as a result of these arrangements.

Change in Carrier

If there is a change in Insurer(s), then the policy form provisions of one or more of your insurance coverages (including, but not limited to, terms, conditions, definitions and exclusions) require that all known Claims under the definition of both the expiring and replacement policies must be noticed to the expiring policy Insurer(s) within the stated reporting window. If the Insured fails to provide notice of such Claim to the insurer(s) as required under the applicable policy provisions, the Insurer may deny coverage and there will be no coverage for these matters on the replacement policies. Please refer to the specific reporting requirements of the applicable policies.

Surplus Lines

The premium quoted for the Cyber Liability insurance is subject to Surplus Lines Tax which is in addition to the premium charged.

Brokerage Terms, Conditions and Disclosures Wording

An order to bind the coverage presented in this proposal shall be deemed an acceptance and agreement that this proposal is subject to Willis Towers Watson's Brokerage Terms, Conditions, and Disclosures "Brokerage Terms" that are incorporated as part of this proposal and available at: <https://www.willistowerswatson.com/-/media/WTW/Notices/Brokerage-Terms-Conditions-Disclosures.pdf>. If you would like a hard copy of the "Brokerage Terms," please contact any member of your Willis Towers Watson service team. If you have received a hard copy of this proposal, a hard copy of the "Brokerage Terms" is included for your convenience.

Directions for Binding

This proposal is presented in conjunction with the Brokerage Terms, Conditions & Disclosures for US Property & Casualty Retail Accounts which are enclosed.

Please review this proposal and advise of any changes or questions you may have. To request the binding of coverage, please sign the order to bind request form included in this proposal and return or contact me by phone or e-mail.

This renewal proposal will remain open until November 1, 2021 after which insurers may withdraw or vary it.

If you have any questions, or if you would like to discuss your insurance program, please contact us. We sincerely appreciate your business.

Yours truly,

Sou Ford
FINEX North America

FINEX FINANCIAL AND MARKETING SUMMARY / ORDER TO BIND

Carrier / AM Best Rating	Coverage	Limit	Retention	2020-2021 Annual Premium	2021-2022 Annual Premium	Change	Commission	BIND
ACE American Insurance Company (Chubb) Admitted A++ g XV	Primary Cyber Liability	\$5,000,000	\$2,500,000	\$569,172 (\$10M Limit)	\$561,758	182.6% Increase	0%	Y
Greenwich Insurance Company (AXA XL) Admitted A+ XV	Excess Cyber Liability	\$5,000,000 Excess \$5,000,000	--		\$477,495		0%	Y

*Plus Applicable Taxes & Fees

Changes from Expiring

- Retention Increases from 1,000,000 to 2,500,000
- Primary Aggregate Limit Decreased from 10,000,00 to 5,000,000
- AXA XL Comes in as the 5M Excess of 5M for the first 10M
- Exclusions Added:
- Specified Incident: alleging, based upon, arising out of, or attributable to any government-mandated restriction of operations, closure, or shutdown, of (i) any entity or person operating a Computer System or (ii) any Computer System; provided, however, this exclusion shall not apply to a government-mandated restriction, closure, or shutdown of the Insured's Computer System, in response to an otherwise covered Malicious Computer Act solely against the Insured's Computer System.
- The presence or vulnerability of: **A.** any SolarWinds Orion Platform software with any version prior to v2020.2.1 HF 2 on an Insured's Computer System or Shared Computer System; or **B.** any Microsoft Exchange Server within an Insured's Computer System which runs any version of

software exposed to vulnerabilities documented within the National Institute of Standards and Technology's National Vulnerability

Database(nvd.nist.gov) under CVE-2021-26855.

- Coinsurance for Business Interruption: 50%
- Loss of Technical Support
- Material Changes in Exposure Amended - Acquisition or Creation of Another Entity (Total Revenues) Percentage revenues Threshold 10%
- Amendatory Endorsement
- Widespread Event endorsement Full Limit 2.5M SIR

The differences noted here may not be a complete list of all differences; please refer to the actual policy forms/endorsements.

Subjectivities – Subject to Insurer's receipt, review and acceptance of:

- No material change in the risk prior to policy inception
- Feedback regarding the SSL configurations findings, open ports and insecure systems and what steps have been made to remediate
- MFA for email access confirmation
- Sign and date the applications provided (confirm that the loss information is from prior to inception in 2019)

Willis Towers Watson negotiates commission rates with certain insurers on a corporate level. If the rate on your placement is lower than the negotiated rate, Willis Towers Watson will collect the difference directly from the insurer. These payments will not increase the cost of your insurance or otherwise impact your premium or rates. Details of these arrangements where there is compensation beyond the base compensation detailed in your Quote Proposal can be found at: http://www.willis.com/About_Willis/The_Willis_Way/Commission_Rates/.

Premiums are payable to Willis Towers Watson within 20 days of the policy effective date. You will receive an invoice for the insurance premiums separately once we have your binding instructions. We will not be responsible for any consequences that may arise from any delay or failure by you to pay the amount payable by the indicated date.

To request the binding of coverage, please complete and return.

Please bind the coverage as indicated above.

Mayor and City Council of Baltimore and Other Related Operations

Signature: Charmaine T. McDaniel

Title: Insurance & Risk Finance Manager

Date: 10/29/2021

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