Approval to Pay Premium for Professional and Cyber Liability Insurance Policy

Committee of the Whole
May 25, 2021

James Duff
AVP, Risk Management
Recommendation

Approval of a resolution authorizing the Interim President & Chief Executive Officer or his designee to pay the amount of $235,998 in premium and $12,421 in surplus line fees for a total amount not to exceed $248,419 for the Professional and Cyber Liability Insurance Policy beginning May 26, 2021.
Cyber Liability Market

• Public entity market particularly challenging.
• Insurers have pulled out of the public entity market.
• No re-insurance available in the market.
• Criminal activity has increased in the digital climate and the public sector has been a frequent target.
• Numerous government agencies were targeted
  o Federal government
  o Cities of Atlanta & Baltimore
  o TxDOT, Trinity Metro & Other transit agencies
Current Cyber Liability Coverage

- DART has a current cyber liability policy through the Texas Municipal League (TML).
- The coverage is provided at no cost and has a $1,000,000 third-party limit, and a $100,000 first party limit with a sub-limit averaging $20,000. DART will maintain this primary coverage.
- The policy provides pre-breach and post-breach services including but not limited to supporting best industry practices, training, privacy breach response services, privacy breach response services and notification of affected individuals, and computer expert services.
- The TML policy does not cover exposures such as breach of contract, failure to perform, claims by or on behalf of contractors, claims for access to credit card information.
Insurer & Proposed Coverage

- Starr Insurance Company
  - $5 million limit with a $1 million self-insured retention
  - Required 25% coinsurance
- Reason for Purchasing Policy
  - Professional and Cyber Liability insurance covers the cost for a business to recover from a data breach, virus, or other cyberattack. It also covers legal claims resulting from the breach.
  - Covers exposures such as breach of contract, failure to perform, claims by or on behalf of contractors, claims for access to credit card information.
  - Provides coverage for the GoPass expansion contractual requirements, Kiosk project and agency operations cyber related exposures.
Premium Cost

- Annual premium is $235,998
- Surplus lines fees is $12,421
- Total cost is $248,419
- Effective date is May 26, 2021

**Note:** GoPass will partially offset this cost. and a portion of the annual premium is covered within the CATS contract fees received by DART. Additional contracts obtained by DART will cover an increasing proportion of the annual premium cost. The CATS contract accommodates for 10% of the annual premium, so, $25,000 every year, with $75,000 for the three-year contract term.
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