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Date: July 9, 2021

To: Board of Acquisition and Contract

From: John M. Nonna
County Attorney

Re: Authority for the County of Westchester (“County”) to purchase Cyber Risk Protection from the Starr Indemnity & Liability Company through the brokerage firm of the Brown & Brown of New York. The cost of this package shall not exceed \$250,000.00 for the Period July 11, 2021 through July 11, 2022

In 2020, the Department of Law, Office of Risk Management (the “Department”), through the brokerage of Brown & Brown of New York, secured quotes for Cyber Risk Protection through the Starr Indemnity & Liability Company. On July 11, 2020, coverage was bound subsequent to your Honorable Board approving the purchase of the policy. That policy is due to expire on July 11, 2021.

Authority is now requested for the County to, again, enter into an agreement with Starr Indemnity & Liability Company, through Brown & Brown of New York Inc. (which previously did business as the Spain Agency, but is now known as Brown & Brown of New York, Inc.), to purchase Cyber Risk Protection for the period July 11, 2021 through July 11, 2022, for a cost not to exceed \$250,000.

It should be noted that the policy provides: \$5,000,000 of coverage subject to a \$1,000,000 deductible and a 25% co-insurance requirement – and is providing less insurance than the expiring policy. The reason coverage was significantly reduced from the expiring insurance limit of \$10,000,000 (subject to a \$250,000 deductible and a \$0 co-insurance requirement) is due to many factors, including reluctance on the part of carriers to insure cyber security risks, significant increases in domestic and global cyber risk exposures, a hardening in the insurance market, carriers exiting the cyber insurance market, carriers not willing to insure municipalities, and the fact that we are in the midst of a global pandemic. Carriers that are willing to remain in the cyber market are significantly reducing the insurance limits they are offering, significantly increasing premiums and deductibles and imposing co-insurance requirements.

Although the procurement of insurance agreements are exempt from the County Procurement Policy pursuant to Section 3(a) v thereof, the Department, through several insurance brokers, solicited quotes from over 30 carriers. However, only Starr Indemnity & Liability was willing to provide cyber risk insurance.

The goals and objectives of this agreement are to provide monetary protection for the County. The goals and objectives are in the best interest of the County in terms of fiscal responsibility because the County assets will be protected, thus insuring public service continuity and reducing risk for all parties.

The proposed agreement will serve a public purpose by protecting County assets thus ensuring public service continuity and reducing risk for all parties.

Accordingly, your favorable action on the annexed Resolution is recommended.

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APPROVED BOARD OF ACQUISITION & CONTRACT - 07/15/2021 - LISA MRIJAL SECRETARY

RESOLUTION

Upon a communication from the County Attorney, be it hereby

RESOLVED, that the County of Westchester (the "County") is hereby authorized to purchase Cyber Risk Protection from the Starr Indemnity & Liability Company through the brokerage firm of Brown and Brown; and be it further

RESOLVED, that under the terms, Starr Indemnity & Liability Company shall provide Cyber Risk Protection with \$5,000,000.00 limit subject to a \$1,000,000 deductible and a 25% co-insurance requirement and be it further

RESOLVED, that the cost of this package shall not exceed \$250,000 for the Period from July 11, 2021 through July 11, 2022; and be it further

RESOLVED, that this agreement is subject to County appropriations; and be it further

RESOLVED, that this agreement is also subject to further financial analysis of the impact of any New York State Budget (the "State Budget") proposed and adopted during the term of this agreement. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a reasonable period of time after such release(s) or adoption(s), to conduct an analysis of the impacts of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate this agreement or to renegotiate the amounts and rates approved herein. If the County subsequently offers to pay a reduced amount, then the Insurance companies shall have the right to terminate this agreement upon reasonable prior written notice; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized to execute all instruments and take all actions reasonably necessary to implement this Resolution.

Account to be Charged/credited	Fund	Agency	Capital Project Or Org	Object/ Sub Object	Trust Account	Activity	Dollars
	101	18	2000	4280			\$250,000

Budget Funding Year(s) 2021 **Start Date** 7/11/2021 **End Date** 7/11/2022

Funding Source

Tax Dollars	100%
State Aid	
Federal Aid	
Other	

\$250,000