Commercial Insurance Proposal

Employees' Retirement Fund of the City of Dallas

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Executive Summary

It is our pleasure to present to you the Fiduciary renewal terms for the Employees' Retirement Fund of the City of Dallas. Hub was successful in securing attractive renewal options from the incumbent carriers Chubb and Euclid.

Chubb's renewal premium for a $10m limit is identical to the expiring at $98,901. Chubb is willing/able to honor their Renewal Guarantee Endorsement even though there was a claim submitted. The coverage terms and conditions are identical to the expiring with the lone exception of the Renewal Guarantee Endorsement can't remain on the policy once it has already been auto-renewed. All previously added enhancements will remain on the policy and there are no new restrictive exclusions being added this year.

Euclid is offering flat renewal options for the $10m x $10m limit at $49,397. The coverage terms and conditions remain per the expiring policy.

Based on the renewal terms provide by the incumbent carries Chubb and Euclid, coverage should be renewed with them.

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A.M. Best Carrier Ratings

A.M. Best Company is the leading provider of ratings, news and financial data for the insurance industry worldwide. Their Best Financial strength rating is an independent option of the insurer' financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive and qualitative evaluation of a company's balance sheet, strength, operating performance and business profile.

As professional agents it has long been our established policy to make every effort to deal only with companies having a Best's Rating of A++, A+, A or A-, which are the four highest ratings available, and a minimum of $50 million in Policyholders' Surplus. **It must be noted that neither HUB International nor any affiliated company guarantees the financial solvency of any insurance carrier**. The following list outlines the A. M. Best Company rating scale and associated descriptions.

Financial Strength Ratings: An A.M. Best's Financial Strength Rating is an opinion of an insurer's ability to meet its obligation to policyholders.

A.M. Best Rating			
A++, A+	Superior	C, C-	Weak
A, A-	Excellent	D	Poor
B++, B+	Very Good	E	Under Regulatory Supervision
B, B-	Good	F	In Liquidation
C++, C+	Marginal		

Financial Size Categories: A.M. Best assigns each letter rated insurance company a Financial Size Category. This is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Financial Size Categories (In millions of U.S. dollars)			
Class I	Up to 1	Class IX	250 to 500
Class II	1 to 2	Class X	500 to 750
Class III	2 to 5	Class XI	750 to 1,000
Class IV	5 to 10	Class XII	1,000 to 1,250
Class V	10 to 25	Class XIII	1,250 to 1,500
Class VI	25 to 50	Class XIV	1,500 to 2,000
Class VII	50 to 100	Class XV	Greater than 2,000
Class VIII	100 to 250		

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Current Coverage for the Employees' Retirement Fund

Coverage Type	Description Of Coverage	Carrier	AM Best Carrier Rating
Fiduciary Liability	Coverage for the organization and the employees acting as fiduciaries of your welfare, defined contribution and defined benefit plans for a breach of duty, negligent act, error or omission or any other matter claimed by reason of their service to the corporation as a Fiduciary.	Federal Insurance Company (Chubb)	A++XV
Excess Fiduciary Liability	Excess Insurance is activated when underwriter's liability does not arise until the loss exceeds a stated amount and then only on the excess above that amount.	Hudson Insurance Company	A XV
Commercial Package (Property & General Liability)	The Commercial Property policy covers your buildings, contents or specified other property against perils defined by the form, subject to the terms of the policy. Coverage for off-premises property is limited.	Federal Insurance Company (Chubb)	A++XV
Cyber Security (Newly Proposed)	*Cyber insurance* generally covers your business' *liability* for a data breach involving sensitive customer information, such as Social *Security* numbers, credit card numbers, account numbers, driver's license numbers and health records.	Ace American Insurance Company	A XV

Effective Date: 01-13-2019
Coverage Becomes Effective 12:01 A.M. Standard Time at your mailing address.

The ERF Board was provided a copy of all coverage policies as a handout at the November 13, 2018 Board Meeting.

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New Coverage Proposed:

Cyber Liability Information

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Cyber Liability - Coverage Comparison

Carrier	Chubb		
Paper	Ace American Insurance Company		
Policy Form	Chubb Cyber Enterprise Risk Management Policy		
A.M. Best Rating	A XV		
Admitted	Yes		
	Option 1	Option 2	**Option 3**
Aggregate Limit	$1,000,000	$3,000,000	**$5,000,000**
Retention	$25,000	$25,000	**25,000**
Premium	$9,989.00	$21,995.00	**$29,995**
Surplus Lines Taxes	n/a	n/a	**n/a**
Total Cost	$9,989.00	$21,995.00	**$29,995**
Security Liability	$1,000,000	$3,000,000	**$5,000,000**
Privacy Liability	$1,000,000	$3,000,000	**$5,000,000**
Media Liability	$1,000,000	$3,000,000	**$5,000,000**
Regulatory Proceedings	$1,000,000	$3,000,000	**$5,000,000**
PCI-DSS Fines and Penalties	$100,000*	$100,000*	**$100,000***
Cyber Extortion	$1,000,000	$3,000,000	**$5,000,000**
Privacy Event Expenses	$500,000 Non Approved $1,000,000 Approved Data Breach Team	$1,500,000 Non Approved $3,000,000 Approved -Data Breach Team	**$2,500,000 Non Approved** **$5,000,000 Approved Data Breach Team**
Business Interruption	$1,000,000 8 Hour Waiting Period	$3,000,000 8 Hour Waiting Period	**$5,000,000** **8 Hour Waiting Period**
Contingent Business Interruption	$1,000,000 8 Hour Waiting Period	$3,000,000 8 Hour Waiting Period	**$5,000,000** **8 Hour Waiting Period**
System Failure	$1,000,000 8 Hour Waiting Period	$3,000,000 8 Hour Waiting Period	**$5,000,000** **8 Hour Waiting Period**
Digital Asset Protection	$1,000,000	$3,000,000	**$5,000,000**
Retroactive Date		Full Prior Acts	

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Chubb Cyber

- **Chubb – Endorsements**
  1. General Enhancement Endorsement
  2. Contingent Business Interruption Loss and Extra Expenses - Scheduled Providers
  3. Non-Malicious Computer Act – System Failure – Business Interruption and Contingent Business Interruption – Sublimit (full limit)
  4. Preventative Shutdown Endorsement
  5. Extended Period of Attrition Endorsement (full limit, 90 days)
  6. Chubb Cyber Enterprise Risk Management Policy Declarations)
  7. Amendatory Endorsement – Texas
- **Subjectivities**
  - Signed & dated submitted application
  - System Failure questions
  - Confirmation PCI compliance and number of annual transactions

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Overview of Insuring Agreements

CYBER THIRD PARTY LIABILITY

Technology E&O – covers defense costs and damages resulting from a failure of technology services or products.
Miscellaneous Professional Liability – covers defense costs and damages in the event of a negligent act, error or omission in the performance of professional services for others.
Media Liability – covers defense costs and damages for any errors or omissions of media content that results in infringement of copyright, plagiarism, invasion of privacy, and defamation.
Employed Lawyers' Liability – covers defense costs and damages for legal malpractice in the execution corporate legal work.
Security Liability – covers defense costs and damages in the event there is a failure of the security of a computer system, or failure to comply with any statutes that require notice of unauthorized access by others of confidential information.
Privacy Liability – covers defense costs and damages in the event that there is a failure to protect confidential information, failure to disclose an event in accordance with applicable laws, failure to comply with a formal privacy policy, or violation of any statutes.
Regulatory Proceedings – covers defense costs in the event of an investigation by a governmental entity. Regulatory fines and penalties are covered by some carriers, but only where insurable by law.
Payment Card Industry – Data Security Standards (PCI-DSS) – covers fines or penalties from a Payment Card Association (e.g. MasterCard, Visa, American Express) or a bank processing payment card transactions in connection with an Insured's lack of compliance with PCI standards.

CYBER FIRST PARTY COVERAGES

Privacy Event Expenses – an insured's first line of defense that provides event response services to investigate and remediate a breach. Covered costs include:

- Legal Consultations
- Forensic Expenses
- Notification Expenses
- Credit Monitoring and Remediation
- Public Relations
- Consumer Call Centers

Cyber Extortion – covers investigative expenses in the event of a threat and extortion payments are made to remedy the threat. Most carriers' forms are "consent to settle," meaning the insured and the insurer must agree to make an extortion payment.
Business Interruption – reimburses for income lost and extra expenses incurred in the event of a breach. This coverage part is triggered by a breach, and is subject to a 6-24 hour waiting period. Some policies include broader coverage for contingent business interruption and system failure, but are often heavily sub-limited.
Digital Asset Protection – reimburses for costs to restore or repair lost data in the event of a breach and to determine what data cannot be restored, recollected or recreated.
Criminal Reward – provides a reward payment to a whistleblower that reveals criminal activity leading to a breach (available after final adjudication).
Social Engineering – coverage for a direct financial loss resulting from a fraud instruction from a vendor, client, or employee.

This is a brief overview of coverages that are typically available on a modular form. Not all coverages apply to every risk. Please review your quote and/or policy for exact terms, conditions, exclusions and endorsements.

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Premium Summary

Description Of Coverage	Current Premium	Proposed 2019/20 Premium
Fiduciary Liability	$ 98,901	$ 98,901
Excess Fiduciary Liability	$ 49,397	$ 49,397
Commercial Package (Property & General Liability)	$ 9,030	$ 8,508
Total Estimated Annual Premium*	$ 157,328	$ 156,806
Cyber Security Coverage (Newly Proposed)	N/A	$ 29,995
Grand Total	**$ 157,328**	**$ 186,801**

**All quoted premiums are annual estimates and may change due to year end audits or mid-term policy changes.*

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Thank you.

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