



MUNICIPALITY OF **West Elgin**

Staff Report

Report To: Council Meeting
From: Magda Badura, CAO/Treasurer
Date: 2020-11-12
Subject: 2020-2021 Cyber Insurance

Recommendation:

That West Elgin Council hereby receives the report from M. Badura, CAO/Treasurer re: 2020-2021 Cyber Insurance report for information; and

That West Elgin Council approves the purchase of Cyber Insurance from Ascent Underwriting for the remainder of 2020 and for 2021 as indicated in the attached quote for the liability insurance of:

- a. \$1 million enhanced, or
- b. \$2 million enhanced

Purpose:

To obtain a cyber insurance policy, also referred to as cyber risk insurance, designed to help mitigate risk exposure by offsetting costs involved with recovery after a cyber-related security breach.

Background:

Cyber insurance is generally designed to help businesses address any expense that might occur as the result of a data breach, including forensic investigations, business losses and notification expenses, as well as addressing lawsuits and extortion attempts.

Cyber insurance is a newer type of insurance. Municipalities store information on computer systems. In some cases, this information are scans from originals that still exist that may have taken a lot of time and money to digitize and in other cases the information was either created electronically or has been digitized from originals that have been destroyed. In addition, computer systems are the modern method of conducting the business of the municipality and impact all areas of the organization.

All types and sizes of municipalities and corporations experience attacks on their networks all the time. Ransomware has occurred recently in Simcoe County as criminals consider it a reliable method of gaining money. The risk with paying a ransom is that you have no assurance that you will get the decryption key after the payment has been made.

Cyber insurance generally covers business liability for a data breach involving sensitive customer information and associated legal liability. It will provide coverage for the costs of verifying or mitigating public relations damage following a network event as well as it provides coverage for loss of money or assets arising from phishing or other electronic scams.

The best line of defense for a computer network is at the user level. West Elgin initiated IT Audit that is in process of being scheduled for the month of December as well as Information Access and Privacy (MFIPPA) training for all its users and anticipates that the first level training will be completed by all users before the end of 2020. Additional training will be ongoing.

In addition, the insurance policy gives access to a highly skilled cybersecurity team that can evaluate a system at request. This service is included with the insurance policy.

The recommendation requests Council to determine how much insurance West Elgin should purchase. It is recommended that Council purchase the enhanced coverage, Option 2, which can be reviewed and changed for the next renewal. The cost would be included in the Administration budget as it affects the entire organization.

Estimated Annual Premiums:

Option 1 - \$1 million: basic coverage	\$2,020 plus tax
Option 2 - \$1 million: enhanced	\$2,415 plus tax
Option 3 - \$2 million: basic coverage	\$2,700 plus tax
Option 4 - \$2 million: enhanced coverage	\$3,290 plus tax

Financial Implications:

Premium for the remainder of 2020 is expected to be minor and can be absorbed into the current budget. The ongoing cost of the insurance will be included in future budgets.

Report Approval Details

Document Title:	2020-2021 Cyber Insurance - 2020-17-Administration Finance.docx
Attachments:	<ul style="list-style-type: none">- Quote Sheet for West Elgin 2021.docx- FCC Cyber Insurance Coverage Highlights - Final.docx
Final Approval Date:	Nov 9, 2020

This report and all of its attachments were approved and signed as outlined below:

Jana Nethercott