

DECISION NOTE

Title: City of St. John's Cyber Insurance Policy Approval

Date Prepared: April 3, 2025

Report To: Regular Meeting of Council

Councilor and Role: Councillor Ron Ellsworth

Ward: N/A

Discussion – Background and Current Status:

In January of 2022, the City lost its Cyber Insurance coverage. Rapidly changing qualifications from insurers, coupled with our insurer identifying the need to enhance IT controls, lead to a lapse in coverage. Since that time, the City worked diligently to enhance employee training and cyber threat response processes.

During this year's insurance renewal, the City was advised that the market for obtaining cyber insurance had softened and that we may be able to obtain coverage once again. Cyber insurance protects against financial losses resulting from cyber-attacks, data breaches, and other cyber-related incidents, covering costs like legal fees, data recovery, and incident response. With training and threat response processes already in place, obtaining insurance would provide another layer of protection in our ongoing efforts to combat cyber risk.

Through consult with the City's IT Department, an application for coverage was completed. Quotes for coverage came back from three different underwriters: Beazley (\$115,000 plus HST); Coalition (\$110,134 plus HST); and AIG (\$85,000 plus HST).

The coverage offered by Coalition was deemed most suitable because it included (while the others did not) endorsements for cyber crime (eg: recovery of financial loss) and breach response (eg: recovery from breach response related costs). The coverage offered by Coalition also includes a \$5M policy limit, which is preferred based on the average breach response cost in Canada being around \$6.2M (as per our insurer AON).

To date, only the City of St. John's has been offered a quote for coverage. We are still working with AON (City Insurer) to secure cyber insurance coverage for St. John's Sports & Entertainment Ltd. and the St. John's Transportation Commission.

The proposed total premium from Coalition is **\$110,134 (plus HST)**. It is recommended that council approve this expenditure to secure adequate cyber insurance coverage.

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Key Considerations/Implications:

1. Budget/Financial Implications: The City to pay \$110,134 (plus HST) to obtain Cyber Insurance Coverage for the City of St. John's (policy term to be confirmed following approval; will be for a one-year term).
2. Partners or Other Stakeholders: AON, Coalition, Cisco, Residents of the City, General Public
3. Alignment with Strategic Directions/Adopted Plans: Fiscally Responsible, An Effective City
4. Legal or Policy Implications: Provides appropriate cyber insurance coverage for City assets and operations.
5. Privacy Implications: N/A
6. Engagement and Communications Considerations: N/A
7. Human Resource Implications: N/A
8. Procurement Implications: N/A
9. Information Technology Implications: N/A
10. Other Implications: N/A

Recommendation:

That Council approve the payment of \$115,000.00 to secure cyber insurance coverage.

Prepared by: Justin Crickard

Approved by: Cheryl Mullett