



710 17th St. SW, Faribault, MN 55021

Office: 507-333-6000 | Fax: 507-333-6050

## Faribault Public Schools Memo

Date: December 5, 2022  
From: Casey Rutherford, Director Educational Technology and Innovation  
To: Finance Committee

Subject: Quote Approval for Cyber Liability Insurance

In November the board approved a Request for Information process for cyber liability insurance. A Cybersecurity Proposal Committee composed of Casey Rutherford (Technology Director), Scott Gerdes (Finance Director), and Brian Klier (Network Administrator) met to review four proposals that were received in this process. Our current broker did not submit a proposal. The Committee determined that two insurance brokers met the criteria requested in the RFI. Those two brokers, Gallagher and Marsh McLennan Agency (MMA), then went out to a variety of insurance markets to solicit quotes, and they brought their best quotes for the committee to review. The quote totals are summarized below.

Insurer/Broker	Total Premium Cost	General Deductible
Tokio Marine, current policy/Heartman	\$27,151	\$100,000
CFC/Gallagher	\$29,000	\$20,000
Cowbell/MMA	\$23,222.12	\$25,000

As you can see above, the deductible improvements alone justify moving from our current policy to one of the quotes we received. Both Gallagher and MMA provided a positive experience in terms of responsiveness, expertise, and guidance on improving our current posture; the proposal committee agreed unanimously that either broker would be a good fit for Faribault moving forward. Given that the coverages of the CFC and Cowbell policies are comparable, and that a deductible difference of \$5000 is palatable, the committee recommends moving forward with



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the Cowbell policy through Marsh McLennan Agency. This will save the district almost \$4000 over our previous policy, significantly lowers our deductible, and gives access to a broker with cybersecurity expertise that includes ongoing support to improve our cybersecurity posture.

Attached is the winning quote from MMA/Cowbell.

Thank you,

Casey Rutherford  
Director of Educational Technology and Innovation  
Faribault Public Schools

Management Liability Insurance Proposal

# Faribault Public Schools ISD 656

710 17<sup>th</sup> Street SW  
Faribault, MN 55021

Presented By: Shalin Johnson

Presented On: December 1, 2022

Policy Term: January 1, 2023 to January 1, 2024

Proposal Expires On: January 1, 2023

# Marketing Results

Listed below are the insurance companies approached to obtain quotations on your insurance program:

Carrier	Best's Rating	Result
Coalition	A XV	Can quote, but would not be competitive due to: Minimum premium of \$100,000 Minimum retention of \$250,000
Cowbell	A XV	Quoted, shown on following pages

**Secure Best's Ratings Scale**

A++ and A+	Superior
A and A-	Excellent
B++ and B+	Very Good

**Vulnerable Best's Ratings**

B and B-	Fair
C++ and C+	Marginal
C and C-	Weak
D	Poor

**Financial Size Category**

FSC I	less than 1M	FSC V	10M to 25M	FSC IX	250M to 500M	FSC XIII	1,250M to 1,500M
FSC II	1M to 2M	FSC VI	25M to 50M	FSC X	500M to 750M	FSC XIV	1,500M to 2,000M
FSC III	2M to 5M	FSC VII	50M to 100M	FSC XI	750M to 1,000M	FSC XV	greater than 2,000M
FSC IV	5M to 10M	FSC VIII	100M to 250M	FSC XII	1,000M to 1,250M		

# Network Security & Privacy Liability

<b>INSURED:</b>	Faribault Public Schools, ISD 656
<b>INSURER:</b>	Palomar Excess and Surplus Insurance Company <i>(Non-Admitted)</i>
<b>AM BEST RATING:</b>	A XV <i>(Excellent)</i>
<b>POLICY FORM:</b>	Cowbell Cyber Risk Insurance Policy – Prime 250
<b>POLICY TERM:</b>	January 1, 2023 to January 1, 2024

<b>CLAIMS MADE COVERAGE</b>	<b>2023-2024 PROPOSAL FROM COWBELL</b>
<b>LIMITS OF LIABILITY: (PER CLAIM &amp; AGGREGATE)</b>	
<b>LIABILITY EXPENSE</b>	
Liability Costs	\$ 1,000,000
Regulatory Costs	\$ 1,000,000
PCI Costs	\$ 1,000,000
<b>FIRST PARTY EXPENSE</b>	
Cowbell Breach Fund	\$ 1,000,000
Data Restoration Costs	\$ 1,000,000
Extortion Costs	\$ 1,000,000
Business Impersonation Costs	\$ 1,000,000
Reputational Harm Expense	\$ 500,000
<b>FIRST PARTY LOSS</b>	
Business Interruption Loss	\$ 1,000,000
Contingent Business Interruption Loss	\$ 1,000,000
System Failure	\$ 1,000,000
Cyber Crime Loss	\$ 250,000
Bricking Costs	\$ 1,000,000
Criminal Reward Costs	\$ 100,000
<b>COVERAGE ENDORSEMENTS</b>	
California Consumer Privacy Act (CCPA)	\$ 1,000,000
General Data Protection Regulation (GDPR)	\$ 1,000,000
Utility Fraud Attack	\$ 100,000
Media Liability	\$ 1,000,000
Cryptojacking	\$ 100,000
<b>POLICY AGGREGATE</b>	\$ 1,000,000
<b>RETENTION: (PER CLAIM)</b>	
Business Interruption Waiting Period	12 Hours
Reputational Harm Waiting Period	12 Hours
All Other	\$ 25,000

## Network Security & Privacy Liability (Continued)

<b>ANNUAL PREMIUM:</b>	\$ 21,868.32
TRIA Premium	\$ 218.68
Underwriting Fees	\$ 450.00
Surplus Lines Tax	\$ 676.11
Stamping Fee	\$ 9.01
<b>TOTAL ANNUAL PREMIUM:</b>	\$ 23,222.12

**RETROACTIVE DATE:** Full Prior Acts

**TERMS AND CONDITIONS IN ADDITION TO THE POLICY FORM:**

1. Notice to Policyholders – OFAC
2. Customer Notice of Privacy Policy & producer Compensation Practices Disclosure
3. Service of Process
4. California consumer Privacy Act
5. General Data Protection Regulation
6. Utility Fraud Attack
7. Media Liability
8. Cryptjacking
9. BIPA Exclusion Endorsement
10. Cyber Terrorism Amendatory Endorsement
11. Disclosure Pursuant to Terrorism Risk Insurance Act
12. Cap on Losses from Certified Acts of Terrorism
13. Trade or Economic Sanctions Exclusion Endorsement

**SUBJECT TO:**

- Completed Acknowledgment Form
- Completed Non Admitted Carrier Form
- Policyholder's contact information
- Currently Valued Loss runs, dated within the last 60 days
- Cowbell Application, signed and dated
- Within 30 days post-binding, Insured will set up a meeting with Cowbell Risk Engineering to review the Cowbell platform, complementary cybersecurity awareness training and its connectors for insights and recommendations

# Payment Terms

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## **PAYMENT TERMS:**

- Direct Bill: Premium paid directly to the carrier; Installment options may be available; or
- Agency Bill: Annual premium due at policy inception to MMA; Premium financing available upon request
  - MMA provides the option to pay via credit card or echeck (ACH). The endorsed partner is SecurFee. A payment up to \$50,000 via echeck is also available with a \$4.00 flat fee.

### Benefits to you:

- The convenience of paying with credit card online
- The ability to earn loyalty points from the credit card of your choosing
- Payment access 24/7/365
- Easy payment process
- AmEx, Discover, MasterCard, and VISA accepted with NO LIMIT
- <https://serviceapi.securfee.com/marshmma>

### Security & Privacy Ensured:

- Information needed to process transactions is sent over a secure, encrypted internet connection
- SecurFee complies with all PCI security and privacy rules (no cardholder data is stored)
- SecurFee implements the latest data security measures, including CAPTCHA

### About SecurFee

- SecurFee is an independent payment service provider, specializing in online payments with no processing fee to the merchant. They are MMA's endorsed partner for credit card payments and have built a payment portal designed specifically for our agency partners.
- [www.securfee.com](http://www.securfee.com)

## Compensation Disclosure & Limitation of Liability

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Marsh & McLennan Agency LLC (“MMA”) prides itself on being an industry leader in the area of transparency and compensation disclosure. We believe you should understand how we are paid for the services we are providing to you. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance producer, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. As an independent insurance agent, MMA may have authority to obligate an insurance company on behalf of our clients and as a result, we may be required to act within the scope of the authority granted to us under our contract with the insurer. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA engages with clients on behalf of itself and in some cases as agent on behalf of its non-US affiliates with respect to the services we may provide. For a list of our non-US affiliates, please visit: <https://mma.marshmma.com/non-us-affiliates>. In those instances, MMA will bill and collect on behalf of the non-US Affiliates amounts payable to them for placements made by them on your behalf and remit to them any such amounts collected on their behalf;

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client.
- **Client Fees** – Some clients may negotiate a fee for MMA’s services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA’s engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client’s placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to insurance producers who meet set goals for all or some of the policies the insurance producers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.



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- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Medallion Program and Sponsorships** – Pursuant to MMA's Medallion Program, participating carriers sponsor educational programs, MMA events and other initiatives. Depending on their sponsorship levels, participating carriers are invited to attend meetings and events with MMA executives, have the opportunity to provide education and training to MMA colleagues and receive data reports from MMA. Insurers may also sponsor other national and regional programs and events.
- **Other Compensation & Sponsorships** – From time to time, MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, insurers may sponsor MMA training programs and events.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at <https://www.marshmma.com/us/compensation-guide.html>.

MMA's aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

Rev September 8, 2022

## Credit Policy

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Marsh & McLennan Agency strives to offer the highest quality of service at the most competitive price possible. Accordingly, we have the following credit policy in place to assure that your coverage is not interrupted during the policy term.

- All premiums are due on the invoice date or effective date of the insurance, whichever is later. Always submit the remittance copy with your payment. If a remittance copy is not submitted, we will apply the cash to the oldest item on the account. Also, credit memos that cannot be applied against the original invoice will be applied to the oldest items on the account unless you direct us otherwise.
- If installment payments are available and provided under insurance policy terms, you will receive an invoice for each installment. Installments are due on the effective date of the invoice. Marsh & McLennan Agency does not finance annual or installment premiums. However, should you wish to finance your premium, we can place your financing with an approved insurance premium finance company.

Your Service Team maintains the on-line access to all of your coverage, premium and accounting detail and will be able to answer most billing questions. Any other questions will be referred directly to our accounting department for immediate response. We thank you for your support and business.

# Non-Admitted Carriers Disclosure

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“Non-admitted Carriers” were developed for high-risk or unique exposures which conventional companies refuse to supply. A “Non-admitted Carrier” is not supported by state guarantee funds, meaning that if they fail, your premium and your insurance is probably lost. “Non-admitted Carriers” are generally not subject to regulation by your individual state insurance department therefore, the financial rating for a “Non-admitted Carrier” is of importance.

This proposed insurance coverage is being quoted to you under your State’s Surplus Lines Insurance Act. The insurer is an eligible Surplus Lines Insurer, but is not otherwise licensed by your State.

In case of insolvency of the insurer after you purchase the proposed insurance coverage, payment of claims is not guaranteed.

This policy is not included for coverage under your State’s Insurance Guaranty Association.

Name of Insurer: Cowbell/Palomar Excess and Surplus Insurance Company

I have read the foregoing notice and received a copy for my records this \_\_\_\_\_ day of \_\_\_\_\_.

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_

## Disclaimer

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No coverage is provided by this summary, nor can it be construed to replace any provision of the policy. Refer to the actual policy for complete information on the coverages provided. If there is a conflict between the policy and this summary, the provisions of the policy shall govern.

This proposal contains a brief outline of coverages and not a complete explanation of insurance being presented. It is intended to provide a summary of coverage for your review. Only the policy itself can provide a detailed description of the terms conditions, exclusions and endorsements of coverage. A complete specimen policy form will be made available upon your request. For details of coverage refer to the policy itself when issued. This document is neither a binder nor a legal interpretation of the insurance coverage.

In evaluating your exposures to loss, we are dependent upon information provided by you. You ultimately choose the values elected. If there are any areas that need to be evaluated prior to binding coverage, or should any of your exposures change after coverage is bound, please let us know so coverage can be discussed. While we will strive to place your insurance with reputable, highly rated companies, we cannot guarantee the financial stability of an insurance company.

In order to ensure that your important changes are properly communicated, please contact us as questions arise and or exposure changes occur. We must discuss how they affect your insurance program.

The changes in exposure that have an impact on your insurance program include, but are not limited to, those listed below:

- Changes to any operation such as expansion to another state, new products, etc.
- Mergers and/or acquisitions or creations of new companies or subsidiaries, or if you are considering an offer to be acquired.
- New funding, offerings, divestitures, etc.
- Any changes in ownership.
- Circumstances which may require an increase in liability insurance limits
- In the event you receive any lawsuit, written demand for monetary damages or injunctive relief, a threat (verbal or otherwise) of legal action or if circumstances exists that you feel may give rise to a claim under this policy.
- In the event that you receive Notice from a city, state or federal agency, including an administrative charge notice or notice of investigation.
- If you are making any other material business decisions, or anticipate a situation where this insurance may be activated and have questions on how it may respond.

Your insurance program will only be as good as the communication between your organization and Marsh & McLennan Agency.

# Acknowledgment Form

As part of the proposal we have included optional quotations for your review, to make certain we are placing the coverage correctly on your behalf, please specify (check) the option you want us to bind.

<input type="checkbox"/>	Option 1:	Cowbell - \$1m limit with \$25k retention for \$23,222.12 total premium
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Please note the subjectivities section of the attached proposal. Binding is subject to completion and acceptance of these subjectivities.

On behalf of Faribault School District and all other persons or entities insured under the insurance policy applied for, I acknowledge and understand that by the purchase of the Network Security & Privacy Liability insurance policy applied for it imposes upon the Insureds various obligations, including those stated in the conditions section of the insurance policy. These conditions include, but are not limited to, giving the Insurer required notice and cooperation as stated in the policy, and that failure to comply with these policy terms and conditions could have the effect of limiting or precluding coverage under the insurance policy. It is further acknowledged that the obligations required to be fulfilled in the insurance policy apply to the Insured, and not Marsh & McLennan Agency or its employees or representatives, and thus Marsh & McLennan Agency, is not responsible for any liability or damages that might result from failure to comply with the terms and conditions of the insurance contract.

I understand coverage is ONLY bound when written confirmation is received from the carrier(s).

By: \_\_\_\_\_

Title: \_\_\_\_\_

On behalf of the Named Insured and all other Insureds covered by the insurance contract.

Date: \_\_\_\_\_



Marsh & McLennan Agency  
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