



SHAKER HEIGHTS
Risk Management Task Force
Shaker Heights City Hall, Conference Room B
Thursday, September 5, 2019
7:30 a.m.

1. Review Action List

Documents:

[ACTION LIST020119.PDF](#)
[RISK MANAGEMENT TASK FORCE MEMO.PDF](#)
[PROPERTY APPRAISAL SUMMARY AND CERTIFICATE - 9-5-19.PDF](#)

2. Cyber Security Training

Documents:

[CYBER SECURITY HANDOUT 9-5-19.PDF](#)

3. Overview of City's Self-Insured Healthcare Program
Monica Hayes, Sr. Human Resources Analyst

Documents:

[SELF INSURED HEALTHCARE EXPERIENCE.PDF](#)

4. Schedule next meeting

To request an accommodation for a person with a disability, call the City's ADA Coordinator at 216-491-1440, or Ohio Relay Service at 711 for TTY users.

Risk Management Task Force Action List

ACTION	RESPONSIBLE	DUE DATE	COMMENT
Loss Run Spreadsheet to track Claims	Sandy M	1/1/19	Completed
Property Appraisal	Sandy M		Completed Appraisal – 5/1 Report- 7/19
15-Month Policy to eliminate 1/1 renewal date	Sandy M	By renewal	Argonaut will quote a 3 month extension
RFP Cycle every 3 to 5 Years	Sandy M	2023	Recommended 5 years to have more history on Dam repair
Accurate Schedule of Vehicles	Bob Baker/Sandy M	11/1/19 for 2020 renewal	Staff Accountant will prepare list of all licensed vehicles. This list will be compared to vehicle schedule in the insurance policy to identify discrepancies.
Tracking Process for potholes other Claims	Sandy M	1/1/19	Will be included in the Loss Run Spreadsheet
Confirm City is named as additional insured on contractors' and sub-contractors' policies; not certificate holder	Bill G / Jeff Jacko	On-going	Law Director Bill Gruber will ensure this language is included on insurance certificates related to contracts, where applicable. Jeff Jacko and Sandy Middleton will ensure language is included on certificates submitted with special event applications.



SHAKER HEIGHTS

Memorandum

To: Members of Risk Management Task Force
From: Sandra Middleton, Human Resources Manager
cc: Mayor David E. Weiss
Chief Administrative Officer Jeri E. Chaikin
Date: September 5, 2019
Re: Property Appraisal

As you recall, The City contracted with Compensation Analysis, Inc., Daniel O'Brien, Principal to provide insurance and risk management consulting services. As part of these services Mr. O'Brien recommended that the City conduct a formal real property appraisal.

Currently, the City has 125% margin clause. The margin clause limits a property loss to a specific, per location limit rather than having the entire property blanket limit available for loss. Mr. O'Brien stated that the insurance company, Argonaut, would remove the margin clause if a real property appraisal was completed.

The City acted on Mr. O'Brien's recommendation and contracted with Industrial Appraisal Company to perform a property appraisal. The appraisal took place May 1-2, 2019. Attached is a summary of the appraisal that serves as a certificate of completion.

The current Cost of Reproduction New in the 2019 insurance policy is \$56,055,504. The appraisal increased the Cost of Reproduction New to \$58,034,790. The removal of the margin clause will allow for the entire \$58,034,790 being available in the event of a loss for reproduction of one property. As it stands with the margin clause only 125% of the loss property value would be available for reproduction in the event of a loss.

The entire appraisal was reviewed by the City's insurance broker, McGowan. McGowan advised that the City has two options.

1. Submit the report to Argonaut now and the increase in property value will require an increase in the annual premium. The increase would be payable immediately. This would eliminate the margin clause.
2. Submit the report to Argonaut at renewal, December 31, 2019. This will increase the premium going forward. This would remove the margin clause. **Please note:** The City will be asking for a 3 month extension on the policy so the actual renewal date may be April 1, 2020.

The City is looking for a recommendation on which option to pursue.

**City of Shaker Heights
Shaker Heights, Ohio**

Appraisal

Insurance Values

Valuation Date: May 1, 2019

IAC Reference Number: D9-1180
IAC Revaluation Number: 7279775



Two Gateway Center
603 Stanwix Street, Suite 1450
Pittsburgh, Pennsylvania 15222
800-245-2718 / 412-471-1758 FAX
www.indappr.com



June 6, 2019

City of Shaker Heights
Shaker Heights, Ohio

The Industrial Appraisal Company is pleased to submit the results of its appraisal and report of the buildings and property in the open of the City of Shaker Heights located in Shaker Heights, Ohio.

This report is based on an on-site inspection and analysis by Industrial Appraisal Company personnel in accordance with a formal agreement authorizing the appraisal. The effective date of this appraisal is deemed to be May 1, 2019.

The purpose of this study is to establish an independent, professional opinion of the insurable value of the property appraised and to provide proof of loss documentation should the need arise.

This report includes a summarized description of the buildings and property in the open. The appraisal does not include land, landscaping, fixed or movable contents, consumable supplies, valuable papers, licensed vehicles, intangible assets, or property of third parties.

It must be noted that should a partial loss occur, the amount of the loss may be estimated based on the repair costs which are proportionately higher than the cost of reproduction new as defined and estimated.

The valuation determinations reflected in this report are defined as follows:

Cost of Reproduction New is the "cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials allowing for contractor's overhead, profit, and architectural fees, but without provision for overtime, bonuses and premiums of any kind". The Replacement Insurable Value reflects the adjustment of "Exclusions" comprised of the following items: excavation and filling; portions of foundations which are below the under-surface of the lowest floor or are below the surface of the ground; and underground sewage, piping and wiring.

Sound Value – Value based upon the cost of reproduction new less an allowance for accrued depreciation resulting from age and condition. Sound Value is often referred to as Actual Cash Value within the insurance industry.

The valuation methodology utilized in this report for building assets involved the segregated cost method in the calculation of the Cost of Reproduction New, and in some instances the cost calculator and component part pricing methods, based upon proprietary indices available to and developed by the Industrial Appraisal Company. In estimating these replacement valuations, additional costs which could be associated with conforming to local building codes, municipal ordinances, federal standards, historical relevance, or other legal restrictions were not considered, nor was any value assigned to the cost of demolition or the removal of destroyed property should a loss occur.



The building account classification comprises (as applicable) general construction, plumbing, sewage, heating, ventilating, air conditioning, electrical lighting, sprinkler and fire alarm systems, and selected building fixtures.

The summary of values report also lists several different data elements of each building structures. Most of these are self-explanatory such as construction year, square footage, stories and occupancy. The construction class information is based on the ISO (Insurance Service Office) code, these are identified as follows:

- Class 1 Frame Construction
- Class 2 Joisted Masonry
- Class 3 Non Combustible
- Class 4 Masonry Non Combustible
- Class 5 Modified Fire Resistant
- Class 6 Fire Resistant

The fire alarm designations in your report are defined as follows:

- None No fire alarm exists
- Local Alarm sounds in captioned building only
- Central Alarm sounds in captioned building and at remote designated location also (fire station, residence, etc.)

This report is comprised of the following sections:

- This Introductory Explanation and **Certificate** which summarizes the appraisal procedure and valuation methodology;
- A valuation **Summary** reflecting the insurable values by building/location;
- A **Building Index** and **Asset Classification Coding Index**.
- **Detail** section by building of movable contents by room or area
- **Single Page Summary** for each building which includes a building photograph, plat, appraised values, and general pertinent building information.

Based upon the foregoing investigation, analysis and methodology employed, it is our opinion that the aggregate values for all assets under appraisal are as follows:

COST OF REPRODUCTION NEW	-	\$58,034,790
SOUND VALUE (ACV)	-	\$32,067,411



In interpreting the Summary of Values report, the figures shown in Column 3 of the Summary report reflect the Cost of Reproduction New less exclusions. If the property coverage is based upon Sound Value (Actual Cash Value), the values shown in Column 6 represent the depreciated value less exclusions. Exclusions comprise such items as excavation and filling, below surface foundations, underground piping and wiring, and are generally considered as non-insurable.

Industrial Appraisal Company anticipates updating the report of insurable values on an annual basis to include property changes that can be reported, or if warranted and authorized, to include new site inspections on a selected basis. Updating procedures and reporting requirements will be coordinated through separate communications.

In the event of a loss covered by insurance, provided immediate written notice is given to the Corporate Office and our Annual Revaluation Service is in effect, the Industrial Appraisal Company will provide updated values for the properties appraised to assist in the preparation of Proof of Loss. Documentation support will be limited to the existing file.

All significant work papers and documents relating to this assignment will be held for five years beyond the last updating of valuations.

This appraisal is provided solely for the benefit of the purchaser of service and is not to be used for purposes other than as disclosed in advance of this engagement.

We have made no investigation of and assume no responsibility for title to or liabilities against the properties appraised. We have no present or prospective interest in the property appraised nor is our compensation for this appraisal contingent in any way to the conclusions of value.

Our estimates of value should be viewed as independently established, reasonable, true and correct to the best of our knowledge. We have inspected all of the property that is the subject of this report except where otherwise stated.

In formulating our conclusions, we may rely on information provided by the client or others. Should new information become available after a draft or final report has been submitted, we reserve the right to amend or modify our report and the conclusions therein.



If there are inquiries concerning the inclusion or exclusion of items not covered by this study, or the valuations set forth in the report, such inquiries must be transmitted in writing to the Industrial Appraisal Company no later than 60 days after receipt of this analysis. If no written inquiries are transmitted within the stipulated period, the complete report and valuations set forth therein shall be deemed to have been accepted.

We appreciate the opportunity to be of service in these valuation requirements.

Respectfully submitted,

INDUSTRIAL APPRAISAL COMPANY

Site Appraiser: Shaun M. Lasich

*If you have any questions concerning this appraisal, contact Mr. Antonio Esposito at 1-800-245-2718, Ext. 1754 or aesposito@indappr.com

Security Awareness Training and Simulated Phishing Platform

Helps you manage the problem of **social engineering**

Kevin Mitnick Security Awareness Training

Old-school Security Awareness Training doesn't hack it anymore. Today, your employees are frequently exposed to sophisticated phishing and ransomware attacks.



Baseline Testing

We provide baseline testing to assess the Phish-prone™ percentage of your users through a free simulated phishing attack.



Train Your Users

The world's largest library of security awareness training content; including interactive modules, videos, games, posters and newsletters. Automated training campaigns with scheduled reminder emails.



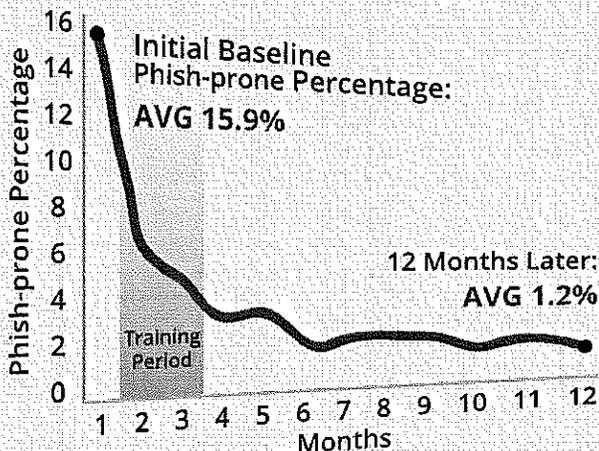
Phish Your Users

Best-in-class, fully automated simulated phishing attacks, hundreds of templates with unlimited usage, and community phishing templates.



See the Results

Enterprise-strength reporting, showing stats and graphs for both training and phishing, ready for management. Show the great ROI!



The System Really Works

After a year of helping our customers train their employees to better manage the urgent IT security problems of social engineering, spear phishing and ransomware attacks, we decided to go back, and look at the actual numbers over those 12 months.

We aggregated the numbers and the overall Phish-prone percentage drops from an average of 15.9% to an amazing 1.2% in just 12 months. The combination of web-based training and frequent simulated phishing attacks really works.

Kevin Mitnick Security Awareness Training Features

Security Awareness Training

We offer three Training Access Levels: I, II, and Unlimited, giving you access to our content library of 300+ items based on your subscription level. KnowBe4 training modules specialize in making sure employees understand the mechanisms of spam, phishing, spear phishing, malware and social engineering.

- Interactive, web-based, on-demand, engaging training
- Create multiple training campaigns as ongoing or with a specified completion date
- Automated enrollment and follow-up emails to "nudge" users who are incomplete
- Auto-enroll new users added to a group or company
- Point-of-failure training auto-enrollment
- Dedicated Hosting Options, or run the course in your own LMS

Advanced Features

EZXploit™: Patent-pending functionality that allows an internal, fully automated "human pentest". Launch a simulated phishing attack - which if clicked on - comes up with a secondary ruse like a Java popup that the user is social engineered to click on. If the user clicks on the secondary action, their workstation can be scanned for several things like user name, IP address and other data related to that user's workstation and Active Directory as specified by the admin.

USB Drive Test™: Allows you to test your user's reactions to unknown USBs. You can download a special, "beaconized" Microsoft Office file from your KnowBe4 admin console onto any USB drive which you can drop at an on-site high traffic area. If an employee picks up the USB drive, plugs it in their workstation, and opens the file, it will "call home" and report the fail. Should a user also enable the macros in the file, then additional data is also tracked and made available in the admin console.

GEO-location: See where your simulated phishing attack failures are on a map, with drilldown capability and CSV-export options.

Vulnerable Browser Plugin Detection: Automatically detect what vulnerable plugins any clickers on your phishing tests have installed in their browsers.

Phishing

KnowBe4's highly effective scheduled Phishing Security Tests keep your employees on their toes with security top of mind. Within the Admin Console you are able to schedule regular Phishing Security Tests from our large library of known-to-work templates, or choose a template from the community templates section where you can also share phishing templates with your peers.

- Unlimited year-round simulated phishing attacks
- Full library of successful phishing templates
- Set-it-and-forget-it scheduling of attacks
- Easily create your own templates
- Customizable landing pages
- Customizable "hover-links" when a user "mouse-overs"
- Phishing Reply Tracking allows you to track if a user replies to a simulated phishing email and can capture the information sent in the reply
- Tests for opening MS Office attachments and secondary action of enabling macros
- "Anti-prairie dog" campaigns that send random templates at random times preventing users warning each other
- Phish Alert Button add-in button gives your users a way to report simulated and non-simulated phishing attacks
- Phishing Security Tests using IVR attacks over phone

Reporting and User Management

KnowBe4's robust reporting capabilities allow you to easily access user training completions, Phish-prone percentage, compliance reports and more.

- Advanced Phishing Reporting provides powerful features, for instance, a report of phishing failures by group or manager and many more reports
- Utilize at-a-glance Training Campaigns Dashboard to see campaign status, completion percentage and individual progress
- Filter campaigns by recipient, delivered, opened, clicked, attachment, data entered, bounced, export in CSV
- Top 50 Clickers report
- Specify user needs to "Read and Attest" Security Policy for compliance
- Phishing Security Test results emailed to admin upon completion
- KnowBe4's **NEW Active Directory Integration** allows you to easily upload user data and saves you time by eliminating the need to manually manage user changes



Information Systems

6055 West Snowville Road | Brecksville, OH 44141 | 440.717.4112

At our meeting today you asked about the cost of the Cyber Security training that we are researching for HR. I received the additional pricing information from the third vendor today after our meeting. I have not had a chance to present any of this to Sandi and Monica, but can provide you with costs.

Based on HR's request for a managed solution, where the vendor configures and runs the product, we will recommend the proposal from BPI Information Systems. They will provide the training software for 260 users, will configure and implement the solution and run the program for one year for total first year cost of \$7,682. This cost includes \$1,550 for the initial setup and \$1,140 for Security training management and \$4,992 for the Cyber Security software. The product is from the vendor KnowBe4.

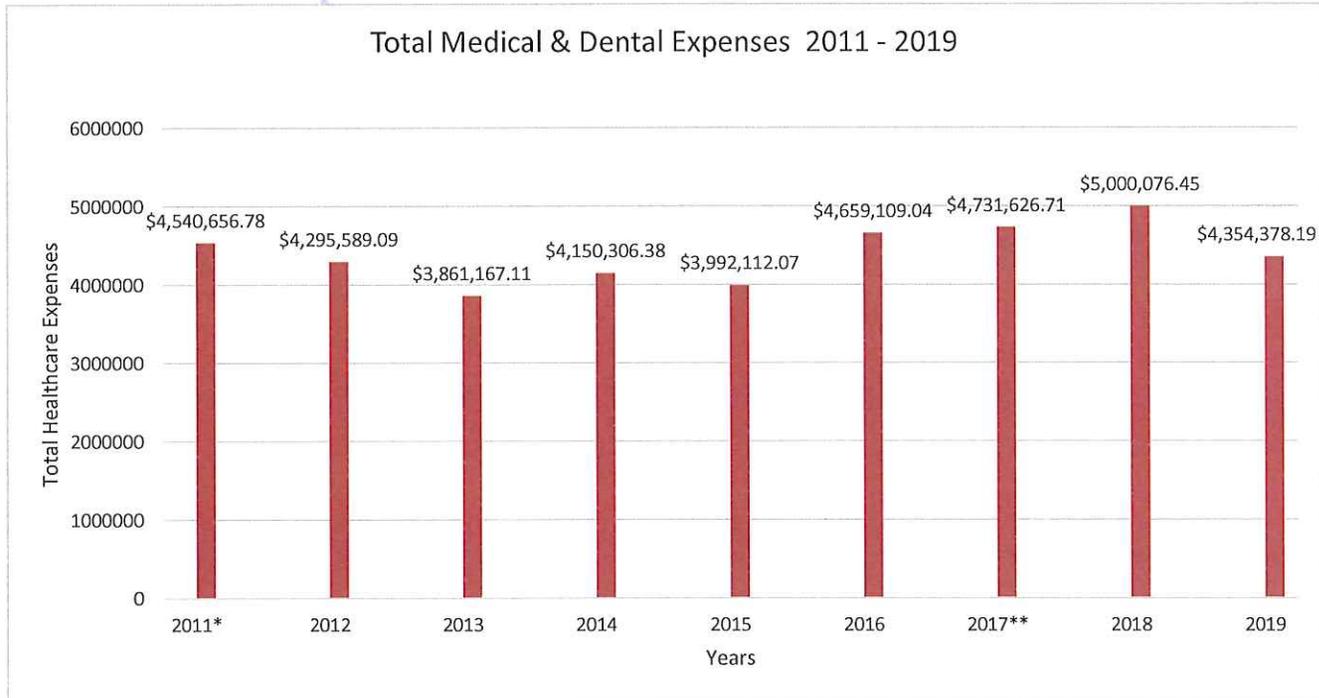
We solicited alternative proposals and received three others. Two of the other vendors also provide the KnowBe4 solution while the fourth proposal was for a product called Phisline from Barracuda networks. The software pricing for all of the vendors was close with quotes ranging from \$4,712.40 to \$5,460. However, the proposals for managed services varied greatly. BPI represents the lowest cost for a managed solution with services adding just \$2,690. The next three quotes were \$4,725; \$8,085 & \$16,800.

	<u>BPI</u>	<u>KnowBe4</u>	<u>Centrecom</u>	<u>RPro</u>
Software	\$4,992	\$4,712	\$4,712	\$5,460
Services	<u>\$2,690</u>	<u>\$4,725</u>	<u>\$8,085</u>	<u>\$16,800</u>
Total	\$7,682	\$9,437	\$12,797	\$22,260

Frank J. Miozzi
Information Technology Director
City of Shaker Heights
3400 Lee Road
Shaker Heights, Ohio 44120
P. 216.491.1377

Self Insured Healthcare Experience

Year	Total Expenses
2011*	\$4,540,656.78
2012	\$4,295,589.09
2013	\$3,861,167.11
2014	\$4,150,306.38
2015	\$3,992,112.07
2016	\$4,659,109.04
2017**	\$4,731,626.71
2018	\$5,000,076.45
2019	\$4,354,378.19 Estimate



*2011 - fully Insured

**2017 - 1st full year without HMO (9/1/16)