



**House Committee on Insurance**  
**Blake Flanders, President and CEO, Kansas Board of Regents**  
**February 18, 2019**

**Testimony in Support**  
**House Bill 2209**

Good afternoon Chairman Vickrey and members of the Committee. I am Blake Flanders, President and CEO at the Kansas Board of Regents, and I am here to request passage of HB 2209.

HB 2209 would authorize the Kansas Board of Regents to purchase cybersecurity insurance coverage. Institutions of higher education possess a wide array of personal information on students, including health center data and financial information. For this reason, the state universities are collaborating on a system purchase of cybersecurity insurance. Except for health insurance for employees, state universities are exempted from the statute governing insurance procurement by state agencies. Our office must adhere to those provisions, which brings us before you today.

In accordance with state law and our mission, our office aggregates extensive data from the public institutions of higher education and although we have an IT security plan, we have implemented training for our employees, and we have IT staff who work to maintain security of our servers and data, the possibility of an inadvertent release or malicious access of this data remains a possibility. The Board of Regents, therefore, seeks to purchase insurance coverage to mitigate this risk.

K.S.A. 2018 Supp. 75-4101, *et seq.* generally prohibits state agencies from purchasing insurance of any kind except as provided in state law. While supportive of the concept, the Surety Bonds and Insurance Committee considered our procurement request in December 2018 and January 2019 and determined that they do not have statutory authorization to either purchase the insurance on our behalf or to grant us an exemption to make the purchase on our own. The legislation before you today would grant the Board office an exception for purposes of purchasing cybersecurity insurance.

We seek to participate in the collaborative purchase of cyber security insurance with the state universities to maximize the system's purchasing power or to access the product available to us as a member of the Midwestern Higher Education Compact. Within either option, the Board Office will have individualized premiums, according to our specific risk assessment. The higher

education market for cyber insurance has now matured to address common threats related to phishing, ransomware and malware, data breaches, human error, lost and stolen devices, denial of service attacks and other network outages. Each university has its own IT security plan, as does the Board of Regents, to mitigate the risks of a data breach or network outage.

The universities and the Board Office consider this insurance policy to be an important element to address the risks facing our organizations. Self-insurance for this type of incident could pose a substantial financial risk. The Board Office (the State) would have to assume the financial risk for the inadvertent or malicious release of students' personal information absent this coverage.

Thank you for the time to come before you today, I am happy to stand for questions.