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Date: August 2, 2023

TO: MEMBERS, INVESTMENT AND RISK COMMITTEE

I. AGENDA ITEM # AND TITLE:	Open Agenda Item 3d – Consent Calendar: Authorization to Secure Renewal of the Expiring Insurance Programs at Terms Most Favorable to State Fund
II. NAME AND PROGRAM:	Ken Van Laar, Chief Risk Officer; and Randy Hogan, Sr. VP and Risk Manager
III. ACTIVITY:	<input type="checkbox"/> Informational <input type="checkbox"/> Request for Direction <input checked="" type="checkbox"/> Action Proposed <input type="checkbox"/> Exploratory
IV. JUSTIFICATION:	<input checked="" type="checkbox"/> Standard/Required Item <input type="checkbox"/> Board Request – New Item <input type="checkbox"/> New Topic from Staff

V. EXECUTIVE SUMMARY:

State Fund’s current management liability and property & casualty insurance programs are due for renewal.

The current levels of coverage provide an appropriate balance of risk acceptance and transfer and reflect State Fund’s capital position and appetite and tolerance for risk. The renewals are not expected to change materially with regard to coverage or premium from expiring levels for any line of coverage.

Market surveillance indicates that conditions are generally improving and there is expected to be improvements in premium cost or terms of coverage for the coming year, especially in the lines of Directors and Officers (D&O) and Cyber Liability.

The following chart outlines the lines of coverage and their renewal dates.

VI. ANALYSIS:

The insurance policy renewals fulfill a prime Risk Management responsibility. The following table details the current lines and premiums of the expiring management liability and property & casualty programs:

Management Liability Renewal: 9/30/2023		Property / Casualty Renewal: 11/4/2023	
Coverage Line	Expiring Premium	Coverage Line	Expiring Premium
Directors & Officers	\$458,826	General Liability	\$49,821
Employment Practices	\$99,600	Auto Liability	\$24,333
Managed Care E&O	\$220,847	Excess Workers' Compensation	\$291,405
Cyber Liability	\$456,133	Umbrella/ Excess Liability	\$113,034
Public Officials Bond	\$200	Full Terrorism - Liability	\$15,201
		Full Terrorism - Property	\$28,555
		Primary Property	\$507,389
		Excess Earthquake & Flood	\$270,618
		Flood - Federal	\$11,771
		Fuel Tank Liability	\$3,492
		Pollution Liability	\$30,876
		Video Production	\$10,691
		Foreign Package	\$2,000
Total Premium	\$1,235,606	Total Premium	\$1,359,186

The Excess Workers' Compensation program expires on January 1, 2024.

VII. RECOMMENDATION:

Risk Management recommends that the President/CEO be authorized to secure a renewal program for the expiring policies at terms most favorable to State Fund.