

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 15c

ATTACHMENT 15c-I

CONSENT CALENDAR: *Renewal of Expiring 3<sup>rd</sup> Quarter Insurance Policies*

PRESENTED BY: Jeanne Cain

July 9, 2010



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## **AGENDA ITEM 15c**

**TO: MEMBERS, BOARD OF DIRECTORS**

- I. SUBJECT:** Renewal of Expiring 3<sup>rd</sup> Quarter Insurance Policies
- II. PROGRAM:** Risk Management
- III. RECOMMENDATION:** It is recommended that the (Interim) President be authorized to secure renewal of the 3<sup>rd</sup> quarter 2010 expiring policies at terms most favorable to State Fund.

- IV. ANALYSIS:**  
The following insurance policy renewal items are the executive risk policies that are due for renewal during 3<sup>rd</sup> quarter 2010. Risk Management recommends that the (Interim) President be authorized to secure renewal of the expiring policies at terms most favorable to State Fund for the following coverages: Employment Practices Liability, Financial Institution Bond, Directors and Officers Liability, Errors and Omissions, Managed Care Liability: Utilization Review and Provider Selection, Enterprise Privacy and Network Security Liability and Network Asset Protection.

- V. RESULTS/COSTS:**  
The insurance policy renewals fulfill a prime Risk Management responsibility. The following details the current insurance carriers, the policy limits, deductibles, and premium for each type of coverage.

### **EMPLOYMENT PRACTICES LIABILITY**

Insurance for the above liability policy is underwritten by Axis Insurance Company. The policy provides limits of \$10,000,000 each claim with a \$10,000,000 aggregate, subject to a \$500,000 deductible, inclusive of defense costs. The premium for this policy is \$127,500. This policy expires on August 1, 2010.

### **FINANCIAL INSTITUTION BOND**

The Financial Institution Bond is underwritten by Axis Reinsurance Company. The bond expires on August 1, 2010. The current bond limit is \$5,000,000 subject to a \$150,000 deductible. Premium is \$20,957.

### **DIRECTORS AND OFFICERS AND PROFESSIONAL LIABILITY**

Insurance for the above liability is currently underwritten by XL Specialty Insurance Company, Axis Insurance Company and Lloyd's of London.

The policy limit for Directors and Officers is \$20,000,000. The first layer of \$10,000,000, excess of a \$500,000 company deductible, is underwritten by XL Specialty Insurance Company. The second layer of \$5,000,000 excess of \$10,000,000 is underwritten by Axis Insurance Company. The third layer of \$5,000,000 excess of \$15,000,000 is underwritten by Lloyds of London.

We have an additional \$5,000,000 excess \$20,000,000 for Side A (DIC) of the Directors and Officers policy. This coverage is with XL Specialty Insurance Company.

The policy limit for Errors and Omissions is \$10,000,000 subject to a \$1,000,000 retention. Coverage is provided by Indian Harbor Insurance Company (XL).

Total premium for all coverage is \$898,486. The policies expire August 1, 2010.

### **MANAGED CARE LIABILITY: UTILIZATION REVIEW AND PROVIDER SELECTION**

This policy is underwritten by Employers Fire Insurance Company. The policy provides limits of \$5,000,000 each claim and in the aggregate, subject to a \$50,000 deductible. Premium is \$61,656. This policy expires August 1, 2010.

### **ENTERPRISE PRIVACY AND NETWORK SECURITY LIABILITY**

The Enterprise Privacy policy is underwritten by Lloyds of London. It provides coverage for privacy liability, employee privacy liability, network security liability, privacy regulatory defense and penalties and crisis management expense. The policy limit is \$10,000,000 with a \$500,000

retention. The premium for this policy is \$98,087; it expires on August 1, 2010.

### **NETWORK ASSET PROTECTION**

The Network Asset Protection policy is underwritten by Lloyds of London and provides coverage of digital assets. The policy limit is \$2,000,000 with a deductible of \$100,000. The premium for this policy is \$33,115; it expires on August 1, 2010.

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MARYANN SLIVINSKI, Risk Manager