

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 19d

ATTACHMENT 19d-I

CONSENT CALENDAR: *Renewal of Expiring November 2010
Insurance Coverage*

PRESENTED BY: Jeanne Cain

September 10, 2010



1275 Market Street
San Francisco, CA 94103
(415) 565-1456
www.scif.com

Date: August 30, 2010

AGENDA ITEM 19d

TO: MEMBERS, BOARD OF DIRECTORS

- I. SUBJECT:** CONSENT CALENDAR: Renewal of Expiring November 2010 Insurance Coverage
- II. PROGRAM:** Risk Management
- III. RECOMMENDATION:** That the President be authorized to secure renewal of the November 2010 expiring policies at terms most favorable to State Fund.
- IV. ANALYSIS:**
The following insurance policy items include the property/casualty policies that are due for renewal on November 4, 2010. Risk Management recommends that the President be authorized to secure renewal of the expiring policies at terms most favorable to State Fund for the following coverage: Property (All Risk Perils, Earthquake/Flood); Commercial General Liability; Automobile Liability; and Umbrella/Excess.
- 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.

PROPERTY INSURANCE PROGRAM

The total premium for our Property Insurance Program is \$2,426,601 and includes the following policies:

ALL RISK PERILS INSURANCE

Our expiring Property Insurance is placed with Affiliated FM. This program provides \$200,000,000 coverage, subject to a \$100,000 deductible, for all risk perils including \$10M earthquake coverage, \$50M flood, earthquake sprinkler leakage and mechanical breakdown. This policy includes terrorism coverage. The total premium for this coverage is \$1,236,917.

EXCESS LAYERS EARTHQUAKE/FLOOD

The expiring first excess layer of Earthquake Insurance provides \$15,000,000 in excess of \$10,000,000 and is underwritten by Commonwealth Ins. Co (\$5M), Western Re-Lloyd's, AXIS Surplus Lines (\$7.5M), Max Specialty (\$2.5M) for a premium of \$513,038.

The expiring second excess layer of Earthquake Insurance provides \$25,000,000 in excess of \$25,000,000 and is underwritten by Empire (\$15M) and Princeton E&S (\$10M) for a premium of \$466,435.

The expiring third excess layer of Earthquake and Flood Insurance provides \$10,000,000 in excess of \$50,000,000 and is underwritten by Endurance Am. Specialty for a premium of \$116,686.

The expiring fourth and final layer of Earthquake and Flood Insurance provides \$10,000,000 in excess of \$60,000,000 and is underwritten by Lloyd's (\$2.5M), AXIS (\$2.5M) and Markel/Essex (\$5M) for a premium of \$93,225.

COMMERCIAL GENERAL LIABILITY

State Fund's expiring Commercial General Liability coverage, underwritten by ACE American Insurance Company, is \$850,000 per occurrence, \$2,850,000 annual aggregate excess of a \$150,000 self-insured retention. The annual premium is \$100,032.

MOTOR VEHICLE LIABILITY

State Fund's expiring automobile liability Insurance is underwritten by ACE Insurance Company. The policy limit is \$750,000 excess of a \$250,000 self-insured retention. The annual premium is \$429,557 subject to audit.

UMBRELLA /EXCESS LIABILITY

The expiring Umbrella/Excess Liability Insurance provides a total of \$75,000,000 in excess of primary coverage.

Our expiring Umbrella policy is with St Paul Fire and Marine Insurance Co and provides \$20,000,000 in excess of primary coverage for a premium of \$318,750. The first excess layer of \$30,000,000, excess of \$20,000,000 is underwritten by Great American Insurance Company for a premium of \$41,616. The second excess layer of \$25,000,000, in excess of \$50,000,000 is underwritten by Federal Insurance Co (Chubb) for a premium of \$26,563.

MARYANN SLIVINSKI, Risk Manager