

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 17b

ATTACHMENT 17b-I

RENEWAL of EXPIRING OCTOBER/NOVEMBER 2009
INSURANCE COVERAGE

PRESENTED BY:

September 11, 2009



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

Date: August 31, 2009

AGENDA ITEM 17b

TO: MEMBERS OF THE BOARD OF DIRECTORS

- I. SUBJECT: Renewal of Expiring October/November 2009 Insurance Coverage**
- II. PROGRAM: Risk Management**
- III. RECOMMENDATION:** It is recommended that the President be authorized to secure renewal of the October/November 2009 expiring policies at terms most favorable to State Fund.

IV. ANALYSIS:

The Public Official Bond for President Janet Frank is due for renewal on October 7, 2009. Risk Management recommends that the President be authorized to secure renewal at terms most favorable to State Fund.

The following insurance policy renewal items include the property/casualty policies that are due for renewal on November 4, 2009. 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; Motor Vehicle 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.

PUBLIC OFFICIAL BOND

The expiring Public Official Bond of \$50,000 for Janet Frank is underwritten by Hartford Fire Insurance Company. Total premium for this bond is \$200.00.

PROPERTY, FIRST LAYER

The expiring primary layer of State Fund's property insurance is currently placed in a quota share program with Lexington Insurance Co, Lloyds of London, Axis and Liberty Mutual Fire. Total property value at risk is \$945,907,649. The primary layer provides \$25,000,000 of coverage for all risk perils, earthquake, flood and equipment breakdown excess of deductibles as follows: a \$100,000 deductible for all-risk Perils, 5% of losses within the limit for Earthquake and a \$100,000 to \$250,000 deductible for flood depending on flood zone.

EXCESS ALL RISK

A second layer of all risk coverage, \$150,000,000 excess of \$25,100,000 is underwritten by Arch, Axis, and Liberty Mutual. Total premium for this coverage and the primary coverage is \$2,276,386.

EARTHQUAKE/FLOOD

The first excess layer of Earthquake and Flood insurance providing \$15,000,000 coverage excess of the \$25,000,000 primary layer is underwritten by Mt. Hawley, Commonwealth, Arch, Essex and Integon. The premium for this coverage is \$348,459.

The second excess layer provides \$10 million excess of \$40 million and is underwritten by Princeton Excess & Surplus Lines for a premium of \$180,623.

COMMERCIAL GENERAL LIABILITY

State Fund's expiring General Liability coverage, underwritten by ACE Insurance Company, is \$850,000 per occurrence, \$2,850,000 annual aggregate excess of a \$150,000 self-insured retention. The annual premium is \$109,077.

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 \$539,572, subject to audit.

UMBRELLA /EXCESS LIABILITY

The expiring primary layer of Umbrella/Excess Liability Insurance provides an additional \$20,000,000 of coverage for Commercial General Liability and Motor Vehicle Liability excess of the primary coverage and retentions. This policy is underwritten by St Paul Fire and Marine Insurance for a premium of \$439,350.

A second expiring \$30,000,000 layer of Umbrella/Excess coverage is provided by Great American Insurance Company, excess of the underlying coverage for \$52,000.

A third expiring \$25,000,000 layer of Umbrella/Excess coverage is provided by Federal Insurance Company for a premium of \$ 31,250.

Total Umbrella/Excess Liability coverage is \$75,000,000 excess of underlying coverage and retentions; total premium for Umbrella/Excess coverage is \$522,600.

MARYANN SLIVINSKI, Risk Manager