

San Joaquin Valley Insurance Authority

BOARD OF DIRECTORS

SUSAN B. ANDERSON

JUDITH CASE

MIKE ENNIS

ALLEN ISHIDA

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

Meeting Locations:
(Joined by Conference Call)

**County of Fresno Board Chambers
Room 301, Hall of Records
2281 Tulare St
Fresno, CA 93721-2198**

**County of Tulare Board Chambers
Administration Building
2800 West Burrel Avenue
Visalia, CA 93291**

AGENDA DATE: February 15, 2011

ITEM NUMBER: 2

SUBJECT: Approve Recommended SJVIA Insurance Policies & Authorize Staff To Execute Appropriate Documents

REQUEST(S):

1. Accept and approve recommended SJVIA insurance policies as described in this item and exhibits A through E.
2. Authorize the SJVIA Manager or designee, to execute related SJVIA insurance documents, agreements, amendments, thereto, subject to review and approval by SJVIA Counsel as to legal form and the Auditor-Treasurer as to accounting form and authorize payment of required premiums.
3. Approve and authorize SJVIA Board President to execute Agreement between CSAC-EIA and SJVIA to participate in miscellaneous programs.

DESCRIPTION: The SJVIA, as an independent entity, must carry certain insurance protections. As discussed at the last SJVIA Board meeting, staff has worked with Robyn Henry, Risk Manager at the County of Tulare in recommending appropriate insurance policies to protect the business of the SJVIA. Group purchase insurance programs currently offered by CSAC-EIA and designed for public entities are a logical fit for the requirements of the SJVIA. The program is designed for small public-sector entities and offers the advantage of group purchasing power.

Recommended coverage falls into four categories and are summarized in Exhibit A:

1. Master Crime Policy - Coverage is provided for incidents such as public employee dishonesty, forgery or alteration, theft, computer fraud and embezzlement. The attached quote is for coverage up to \$10 Million per occurrence with a deductible of \$25,000 per occurrence. The cost of the recommended policy is an annual premium of \$15,000. The proposal is attached as Exhibit B.

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2. Trustees Errors & Omissions Policy – Coverage is provided for primary claims made regarding errors and omissions. The attached quote is for coverage up to \$10 Million per claim including expenses with a deductible of \$25,000 per occurrence. The maximum payable coverage is also \$10 Million including expenses. The cost of the recommended policy is an annual premium of \$25,812.50. This coverage is not for individual Directors but rather to protect the Board acting on behalf of the SJVIA. The proposal is attached as Exhibit C.

3. Special Liability Insurance Program (SLIP) - This program provides coverage for claims from third parties alleging damages due to negligence arising out of personal injury, property damage. The attached quote is for coverage up to \$10 Million per claim including expenses with a deductible of \$1,000 per occurrence. The maximum payable coverage is also \$10 Million including expenses. The cost of the recommended policy is an annual premium of \$3,704.14. The proposal is attached as Exhibit D.

4. Fiduciary Liability Insurance Program (FLIP) – This program pays the legal liability arising from claims for alleged failure to act prudently and protects the assets of a plan fiduciary due to allegations of breach of fiduciary duties. The attached quote includes three options of maximum coverage ranging from \$1 Million, \$3 Million or \$5 Million. Staff is recommending the option of \$5 Million as the aggregate limit of liability based on the size of the SJVIA insurance program and budget (Approximately \$66 Million as approved in the SJVIA FY 2010-2011 Budget). This option requires an annual premium of \$16,000. The proposal is attached as Exhibit E.

CSAC-EIA requires the SJVIA to execute the attached “Premium Payment Agreement – Miscellaneous Programs” which stipulates that the SJVIA does not obtain membership rights in CSAC-EIA and that the SJVIA is bound by any terms and/or conditions of the insurance policies in which the SJVIA may participate. The agreement also includes stipulates the CSAC-EIA policy on making timely payments.

Pending approval of the recommended actions, staff will move to expedite placing coverage as soon as possible. The alternative to approving the recommended actions would include securing more or less coverage, obtaining additional quotes for consideration or not securing all of the coverage recommended. However, staff strongly recommends approving the recommended actions as the SJVIA does not currently have coverage in place. Delaying action may place the SJVIA at risk in areas where coverage has not been secured.

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FISCAL IMPACT/FINANCING:

The cost for recommended programs amount to an annual premium of approximately \$60,516 which would be paid out of funds collected for SJVIA Administration. The amount approved on November 5, 2010 in the SJVIA 2010-2011 budget for all administrative cost is \$214,968. Based on known expenses to date, the recommended action is within the budgeted amount for administrative expenses.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
Interim SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF Approving Recommended SJVIA Insurance Policies & Authorizing Staff
to Execute Appropriate Documents

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF DIRECTOR _____, SECONDED BY DIRECTOR _____
_____, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT
AN OFFICIAL MEETING HELD _____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That the Board of Directors approved recommended SJVIA Insurance Policies and
authorized staff to execute appropriate documents.