

CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY COMMITTEE
MEETING SUMMARY

CSAC Excess Insurance Authority
Web Conference/Telephonic Meeting

Thursday, May 10, 2018
2:00 p.m.
Second Meeting – 2018

Members Present

Lisa Hopkins, Amador County – Alternate
Kelly Barns, Humboldt IHSS
Jeffrey L. Hunter, Riverside IHSS
Paul Hight, Sacramento County
Sherri Adams, Solano County – Alternate
Ann Fremd, Tuolumne County

Members Absent

John Chaquica, CalMHSA

PGL Program Merger with GL1

The Committee ***approved dissolution of the PGL Program and merge into the GL1 Program Deductible Buy-Down Option.*** This will provide the PGL members with the same coverage and benefits, but at a more reasonable cost going forward. The ***PGL outstanding liabilities will be transferred to the GL1 Program*** along with a conservatively calculated premium, so that the PGL Program can be terminated at the end of the fiscal year. As a result of the dissolution, the Net Position of the PGL Program will be returned to the members. The Committee ***approved a dividend in the amount of \$980,419*** which will be ***distributed to members as of June 30, 2018*** based on their percentage of premium over the last ten years.

One issue raised through the dissolution and merge discussions has been the ***Duty to Defend provision*** currently provided to PGL members. The issue of defense costs has occasionally come into question when the claim involves both non-covered and potentially covered allegations. Coverage Counsel was asked to look at other options for the Committee to consider which would be easier to administer and potentially enhance coverage. At this meeting, the Committee discussed the three options posed by Counsel, approving option 2 which allows for an ***agreement at the early stages of the claim between the member and the program on how much of the defense costs will be covered by each party.*** Staff reported that the language to incorporate this provision, as well as a dispute process in the event the parties can't agree, will be drafted by Coverage Counsel and will be presented to the Underwriting Committee for approval.

Renewal Matters

The Committee approved renewal terms with Berkley. The renewal includes a 6% rate decrease, and an increase in the Corridor Retention to \$1,050,000 (was \$500k in 2017/18). The Corridor Retention risk was once again approved for transfer to the EIA's

captive insurance company, the Excess Insurance Organization, for a premium discount of 3%. Lastly, the Committee approved the premium allocation.

New Member Applications

The Committee approved two new member applications for participation as of July 1, 2018.

Next Meeting

There may be need for another WebEx meeting before the end of the fiscal year for consideration of more new member applications.