

CSAC EXCESS INSURANCE AUTHORITY

PROPERTY COMMITTEE

MEETING SUMMARY

CSAC Excess Insurance Authority
Web Conference/Telephonic Meeting

Wednesday, January 8, 2020
2:00 p.m.
First Meeting – 2020

Members Present

Karen Caoile, Alameda County
Matt Gutierrez, Kern County
Greg Elliott, City of Oakland
Cindy Pisarski, Orange County – Alternate
Jeffrey L. Hunter, Riverside County
Kristin Usery, Sacramento County – Alternate
Rafael Viteri, San Bernardino County
Claudia Castillo del Muro, City of San Diego
Janice Mazone, San Diego County
Lance Sposito, Santa Clara County
Jim Johnson, Shasta County
Erika Leahy, City of Vallejo
Chuck Pode, Ventura County

Members Absent

None

Selection of Chair and Vice Chair

Lance Sposito was reappointed as Chair and Claudia Castillo del Muro was reappointed as Vice Chair for 2020.

2020/21 Primary Renewal Terms

Last year, AIG notified the EIA that they would not be offering terms to continue the 3-year rolling program that we've enjoyed for more than 25 years. Their decision was to eliminate multi-year placements for all clients, not just EIA. However, after hard negotiations by Alliant, ***AIG submitted a proposal for a new 2-year placement (20/2021 and 21/2022)*** for the Committee's consideration.

Alliant reviewed the proposed terms compared to the existing placement, which were approved by the Property Committee after considerable discussion. Following is a summary of the renewal terms for the AIG primary layer:

	2020/21	2021/22
EIA Pool	\$5M per occurrence, subject to an annual aggregate of \$20M	\$5M per occurrence, subject to an annual aggregate of \$21.5M
All Risk Limits	\$25M per Tower	\$10M per Tower
EQ Limits	\$25M per Tower	\$10M per Tower
Flood Limits	\$25M per Tower	\$10M per Tower
Annual Premium	\$35M*	\$37M**

*Less the approximately \$28M pre-paid premium for 20/21

** For comparison to 2020/21, the total premium for the primary \$25M in 2021/22 is estimated at \$57M. This consists of \$10M primary from AIG for a premium of \$37M + estimated \$20M for a \$15M x/s \$10M layer, which would be placed with other markets.

Historically, premium has been provided to AIG on a pre-paid basis for the multi-year term. AIG is not offering a discount for pre-payment and premium will be billed annually.

While the Program will continue to provide board coverage to the members, it was noted that there will be modifications to coverage in the following areas:

- Amending Unscheduled Infrastructure wording
- Excluding Money & Securities except for Named Perils only and \$2.5M sublimit
- Excluding Error in Design, Faulty Workmanship and Faulty Materials (except exclusion will not apply to resulting damage)
- Amending Wildfire to become a Non-Specified Peril that flows through the Pool Aggregate
- Elimination of No Claims Bonus

Alliant provided a comprehensive comparison of continuing with the existing placement (with AIG through 20/2021 and other markets for 21/2022) to the 2-year proposed placement, comparing cost, structure and coverage. While the premiums will be quite a bit higher in 20/2021, the ***Committee unanimously supported renewal with AIG as proposed for the 2-year term.*** It is expected that the renewal premiums will be within the budget estimate range provided by staff to the members in Fall, 2019.

Approval of Marin County Transit District for membership

The Committee approved Marin County Transit District for membership in the Program, effective January 14, 2020. The District has one building valued at \$3.26M and is not requesting EQ coverage. The Committee approved the District’s request to join at a \$10k deductible.

Next Meeting

The next meeting will be at the call of the Chair.