

CAPISTRANO BAY DISTRICT
AGENDA REPORT
December 7, 2010

Financial Reports

ITEM G.6

Increase of District Liability Insurance to \$20Million

At the September Board meeting, Director Schwartz opened a conversation regarding the current limits of the District's General Liability Insurance and expressed concern that it should be much higher, in the range of \$20 - \$25Million.

Staff was given direction to have the SDRMA agent provide a quote for such an increase. At the October Board meeting it was reported that SDRMA will only provide coverage to special districts up to a limit of \$10Million and that the District would have to seek an *excess coverage policy* outside of that provided by SDRMA. The agent did offer to look for this excess insurance if the District was interested.

Staff was directed to immediately increase the District policy to \$10Million, to authorize SDRMA to seek a quote for excess coverage and to find out what the premium range is if we increase the deductible to \$5000 and to \$10,000.

The increase to \$10Million was completed on October 29 and SDRMA provided the promised quote to the District on November 4 and was immediately forwarded to Dir. Schwartz. Regarding the deductible, they cannot adjust the deductible mid-year – it has to be changed at the beginning of the coverage year so the District will have to wait until the following July 1 for any proposed deductible adjustments.

In late October Director Schwartz indicated that as soon as he was in receipt of the quote for excess coverage he would have someone from his underwriting staff get a quote for comparison purposes.

The excess coverage quote generated by SDRMA is as follows:

- Evanston Insurance Co. (Non-admitted)
- \$10Million per occurrence
- \$10Million aggregate
- Premium including Terrorism = \$11,420

As of December 4 there is no back up report from Dir. Schwartz for comparison although it is expected to be presented at the Board meeting. And, as a final comment, staff would like to acknowledge Director Schwartz for offering his obvious expertise in this area of insurance.