



COUNTY OF SANTA CRUZ

0065

Personnel Department Risk Management

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June 9, 2000

AGENDA: June 27, 2000

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

VARIOUS INSURANCE POLICY RENEWALS

Dear Members of the Board:

Each June we present an item to your Board regarding the annual renewals of various insurance policies. Below are the premium renewal terms and costs for the 2000-01 policy year for your Board's consideration:

Property Insurance - The property insurance policy renewed in March 2000 and the renewal premium was anticipated to be \$152,000. Through additional negotiations with the Underwriter, the final renewal premium is actually \$151,486, a savings of \$514.

Non-Owned Aircraft Liability Insurance - The initial premium indication for the renewal of the Non-Owned Aircraft Liability Insurance policy was \$8,500. The actual renewal premium is \$6,270, a savings of \$2,230. The 1999-00 premium was \$6,270.

Excess Workers' Compensation Insurance - The excess Workers' Compensation insurance renewal premium is \$62,437. This is a savings of over \$7,000 from the 1999-00 premium.

Excess Liability Insurance - In 1996-97, the County purchased excess liability insurance for the first time since 1987 with a \$1 million Self-Insured Retention (deductible). In 1997-98, limits of liability were increased from \$10 million to \$20 million. In 1998-99 the Self-Insured Retention was lowered to \$500,000 and in 1999-00 the upper limits were increased to \$30 million.

The premium for the 2000-01 policy year is expected to renew at not more than \$150,000 for excess liability insurance with a Self-Insured Retention of \$500,000 and upper limits of \$30 million. The 1999-00 premium was \$107,659. The liability insurance market is experiencing many losses, and we will be seeing an increase in premiums over the next

few years. This program offers dividends which help keep our costs down. The Broker is continuing to negotiate with the Underwriter for a potential dividend rebate for this policy year.

Boiler and Machinery - The 2000-01 renewal premium of \$5,957 is approximately \$629 more than the 1999-00 premium. This coverage provides for earthquake damage unlike many other Boiler and Machinery policies.

Crime/Bond - This coverage is still being negotiated with Underwriters. It is anticipated that the policy will be written on a three year basis with the premium due in the first year of the policy. The CSAC-Excess Insurance Authority has offered to finance the premium for the second and third year of the policy for a small finance charge.

However, sufficient funds have been budgeted to allow for the entire payment from the 2000-01 Liability Fund budget. Indications are that the three year premium will be about \$22,000. The 1999-00 premium, for one year, was \$7,097.

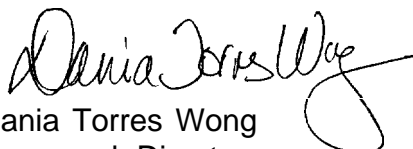
The deductible for this coverage is \$25,000. The deductible buy-down program would allow the current deductible to be lowered to \$5,000 for Crime/Bond losses for an additional \$2,520 in premium for the 2000-01 policy year.

Fine Arts - This policy covers the art work displayed in various County buildings. The renewal premium is \$600.

It is RECOMMENDED that your Board authorize the Personnel Director, subject to the approval of the 2000-01 Liability/Property Budget (Index Code 515200) and Workers' Compensation Budget (Index Code 515300) to renew:

- a) Property insurance at the premium of \$151,486;
- b) Non-owned aircraft liability insurance at the premium of \$6,270;
- c) Excess workers' compensation insurance at the premium of \$62,437;
- d) Excess liability insurance at a \$500,000 Self-Insured Retention with a limit of \$30 million of coverage at a premium not to exceed \$150,000.
- e) Boiler and Machinery insurance at the premium of \$5,957;
- f) Crime/Bond insurance at the premium not to exceed \$25,000 for a three year policy and a lowered deductible to \$5,000;
- g) Fine Arts insurance at the premium of \$600.

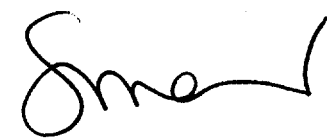
Very truly yours,


Dania Torres Wong
Personnel Director

DTW:JM/jm

cc: Auditor-Controller; County Counsel

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer