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Date: August 29, 2022

**TO: MEMBERS, INVESTMENT AND RISK COMMITTEE**

|                                    |   |
|------------------------------------|---|
| <b>I. AGENDA ITEM # AND TITLE:</b> | Open Agenda Item 3c – Consent Calendar: Authorization to Secure Renewal of the Expiring Insurance Programs at Terms Most Favorable to State Fund  |
| <b>II. NAME AND PROGRAM:</b>       | Ken Van Laar, Chief Risk Officer; and Randy Hogan, Sr. VP and Risk Manager  |
| <b>III. ACTIVITY:</b>              | <input type="checkbox"/> Informational<br><input type="checkbox"/> Request for Direction<br><input checked="" type="checkbox"/> Action Proposed<br><input type="checkbox"/> Exploratory |
| <b>IV. JUSTIFICATION:</b>          | <input checked="" type="checkbox"/> Standard/Required Item<br><input type="checkbox"/> Board Request – New Item<br><input type="checkbox"/> New Topic from Staff                        |

**V. EXECUTIVE SUMMARY:**

State Fund’s current management liability and property & casualty insurance programs are due for renewal.

The current levels of coverage provide an appropriate balance of risk acceptance and transfer and reflect State Fund’s capital position and appetite and tolerance for risk. The renewals are not expected to change materially with regard to coverage or premium from expiring levels for any line of coverage.

The following management liability insurance lines expire on September 30, 2022: Directors and Officers (D&O), Employment Practices Liability (EPL), Managed Care Errors and Omissions, and Cyber Liability.

The following property casualty lines expire on November 4, 2022: Commercial General Liability, Automobile Liability, Umbrella and Excess Liability, Terrorism, Property, Excess Earthquake & Flood, Fuel Tank Liability, Pollution, Video Production, and Foreign Liability.

The Excess Workers’ Compensation program expires on January 1, 2023.

**VI. ANALYSIS:**

The insurance policy renewals fulfill a prime Risk Management responsibility. The following table details the current lines and premiums of the expiring management liability and property & casualty programs:

| Property / Casualty          |                    | Management Liability  |                  |
|------------------------------|--------------------|-----------------------|------------------|
| Coverage Line                | Expiring Premium   | Coverage Line         | Expiring Premium |
| General Liability            | \$51,546           | Employment Practices  | \$94,233         |
| Auto Liability               | \$31,528           | Directors & Officers  | \$547,862        |
| Excess Workers' Compensation | \$289,136          | Managed Care E&O      | \$184,039        |
| Umbrella/ Excess Liability   | \$119,434          | Cyber Liability       | \$156,446        |
| Full Terrorism - Liability   | \$13,988           | Video Production      | \$8,482          |
| Full Terrorism - Property    | \$25,151           | Public Officials Bond | \$200            |
| Primary Property             | \$509,011          |                       |                  |
| Excess Earthquake & Flood    | \$253,303          |                       |                  |
| Flood - Federal              | \$16,855           |                       |                  |
| Fuel Tank Liability          | \$3264             |                       |                  |
| Pollution Liability          | \$30,876           |                       |                  |
| Foreign Package              | \$2,000            |                       |                  |
| <b>Total Premium</b>         | <b>\$1,346,092</b> | <b>Total Premium</b>  | <b>\$991,262</b> |

**VII. RECOMMENDATION:**

Risk Management recommends that the President/CEO be authorized to secure a renewal program for the expiring policies at terms most favorable to State Fund.