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Title: AUTHORIZE EXECUTIVE DIRECTOR TO APPROVE AND BIND COVERAGE ON A PUBLIC ENTITY LIABILITY POLICY FROM CHUBB COMPANIES USA, PROCURED THROUGH MARSH USA, INC. IN AN AGGREGATE LIMIT OF NO MORE \$10,000,000 AND A PREMIUM AMOUNT NOT TO EXCEED \$85,000 INCLUDING ANY APPLICABLE SURPLUS LINES TAXES

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Date	Ver.	Action By	Action	Result
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Report to Carson Reclamation Authority

Tuesday, June 02, 2020

Consent

SUBJECT:

AUTHORIZE EXECUTIVE DIRECTOR TO APPROVE AND BIND COVERAGE ON A PUBLIC ENTITY LIABILITY POLICY FROM CHUBB COMPANIES USA, PROCURED THROUGH MARSH USA, INC. IN AN AGGREGATE LIMIT OF NO MORE \$10,000,000 AND A PREMIUM AMOUNT NOT TO EXCEED \$85,000 INCLUDING ANY APPLICABLE SURPLUS LINES TAXES

I. SUMMARY

This action authorizes the Executive Director to approve and bind a renewal of a Public Entity Liability Policy on behalf of the Carson Reclamation Authority offered by Chubb Companies USA, underwritten by ACE American Insurance Company. As in previous years, the previous broker, JLT, recommended placing such a policy instead of a standard Directors and Officers Liability (D&O) policy to ensure that the public officials are adequately covered for their D&O exposure — personal liability as well as Errors and Omissions exposure (E&O) and Employment Practices Liability (EPL) exposure. JLT was acquired by Marsh last year and Marsh is the broker.

This policy is a much broader D&O type coverage and tailored to CRA in its capacity as a quasi-governmental agency making development decisions on environmentally

contaminated property, and includes both E&O and EPL in one policy form.

II. RECOMMENDATION

TAKE the following action:

AUTHORIZE the Executive Director to bind coverage under the ACE American Insurance Company Public Entity Liability Policy on behalf of the CRA, procured from Chubb Companies USA through Marsh USA, Inc., which has an aggregate limit of liability of no more than \$10,000,000 and a premium amount not to exceed \$85,000 including any applicable surplus lines taxes.

III. ALTERNATIVES

TAKE another action deemed acceptable by the Authority Board.

IV. BACKGROUND

This is the renewal for coverage for a Public Entity Liability Policy (instead of standard D&O), Errors & Omissions (E&O), and Employment Practices Liability (EPL). This policy is a much broader D&O type coverage and tailored to CRA in its capacity as a quasi-governmental agency making development decisions on environmentally contaminated property, and includes both E&O and EPL in one policy form.

This action would authorize the CRA Executive Director to approve and bind the renewal of the Public Entity Liability Policy on behalf of the Carson Reclamation Authority.

This policy is broad and covers not just directors and officers, but anyone employed or contracted to do work for CRA, if CRA indemnifies them. It is also retroactive and covers all of the officials who have served on the CRA Board since its formation in early 2015.

The aggregate limit is shared for all D&O, E&O and EPL losses that occur within a policy period. Because CRA uses contractors there is third party EPL exposure; however, since the CRA does not have any employees of its own the EPL risk is lower.

Marsh was able to receive a quote from Chubb, the current insurer, at an amount less than last year's premium, which is beneficial to the CRA from a cost and continuity perspective because CRA has made a claim against the current policy.

Chubb is the market leader, and is Marsh's recommendation for the primary \$10 million based on pricing and terms. Marsh used their D&O expertise to achieve best in class terms tailored specifically to CRA's unique exposures.

Marsh significantly broadened coverage particularly in areas that impact insured persons. They include:

- Full prior acts coverage
- Coverage for Public Officials Directors and Officers liability, Errors and Omissions, and Employment Practices defense and indemnity
- Covers personal liability and provides broad entity protection
- Only includes one E&O exclusion: Incidental medical malpractice
- Insurer's duty to defend (panel council requirements)
- Broad policy form and significantly enhanced coverage via negotiated manuscripted endorsements

V. FISCAL IMPACT

Funds for this service are included in the adopted FY 2019-20 budget of the Authority. The actual quoted premium is under \$80,000, which is less than last year's \$82,304; Marsh was able to negotiate a renewal quote from Chubb with a decrease in premium of about \$2,000, about 2.1%. Surplus lines taxes and stamping fees add another approximately \$3,000.

VI. EXHIBITS

1. Chubb USA \$10 Million Executive Risk Renewal Proposal (to be provided prior to the CRA meeting)

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