



ORANGE COUNTY SANITATION DISTRICT Memorandum

June 26, 2019

TO: Board of Directors
Orange County Sanitation District

FROM: Kelly A. Lore
Clerk of the Board

RE: LATE COMMUNICATION

The Clerk of the Board received communication after the publication of the agenda regarding Item No. 12 presented to the OCSA Board of Directors. **Additional information provided by Human Resources and is attached.**

12. **2019-20 OPERATIONAL PROPERTY-LIABILITY INSURANCE RENEWALS**
(Celia Chandler)

RECOMMENDATION:

- A. Approve the Orange County Sanitation District FY 2019-20 Operational Property-Liability Insurance Renewals for the not-to-exceed amounts specified below:
- Excess General Liability Insurance – Not to Exceed \$515,371;
 - Property and Boiler & Machinery – Not to Exceed \$837,230;
 - Earthquake Insurance – Not to Exceed \$86,585; and
 - Excess Workers' Compensation Insurance - a rate of \$0.3120 per \$100 of payroll – Not to Exceed \$218,000; and
- B. Provide an analysis of pricing and different retentions within six months.

June 26, 2019

Board of Directors:

RE: Operational Property Liability Insurance Renewals (Board Agenda Item 12, page 81)

At the June Administration Committee meeting, staff presented the operational property-liability insurance renewals for FY 2019-20. The Committee requested information regarding the insurance carriers' admitted or non-admitted status.

During the annual insurance renewal process, OCSD, through its broker of record – Alliant, considers factors such as financial stability, coverage and overall cost and its Admitted/Non-Admitted status.

An admitted carrier is one that has applied and has been approved by California's Insurance Commissioner, has agreed to comply with the state's insurance requirements, and is required to pay a portion of its income into the state's insurance guaranty association. In turn, the carrier's liabilities are backed by the state's guaranty fund, which pays off claims if an admitted company becomes insolvent. Conversely, a non-admitted carrier is often referred to as an "excess and surplus line carrier," and is licensed by another state outside of California; therefore, is not covered by California's guaranty fund. An example of a non-admitted carrier is Lexington Insurance Company (AIG), which is the leading U.S.-based surplus lines insurer.

OCSD has traditionally utilized a mix of admitted and non-admitted carriers to achieve the desired limits and coverage features to protect OCSD's assets. OCSD will only work with non-admitted insurance carriers with a financial security rating of A.M. Best, AVIII. A.M. Best is considered one of the main barometers of the financial strength for insurance companies. An insurance carrier with a rating of AVIII is considered to be financially strong. Attached is a table showing the admitted/non-admitted status of the carriers recommended for approval.

Additionally, the Committee requested staff provide an analysis of pricing should different deductible levels be assigned, within the next six (6) months. Once the analysis is completed staff will return to the Administration Committee to discuss costs and retention levels.

Please contact me if you have any additional questions or concerns.

Celia Chandler
Director of Human Resources

**Alliant Property Insurance Program
2019-2020 Policy Year
Schedule of Insurers**

Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's	State of California
<u>General Liability</u>				
Great American Insurance Co.		A+, Superior; Financial Size Category 15; \$2,000,000,000 to greater (As of 10/11/18)		A+ Strong Financial Security
Berkley National Insurance		A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 03/01/19)		A+ Strong Financial Security
<u>Workers Compensation</u>				
CSAC Excess reinsured by Great American Ins.		A+ , Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 12/13/18)		A+
CSAC Excess reinsured by ACE American Insurance Company		A++, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 07/20/18)		AA
Liberty Insurance Corporation		A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/19/18)		A
<u>Difference In Conditions</u>				
<u>Earthquake</u>				
QBE Specialty Insurance Company –		A, Excellent, Financial Size Category 15; \$2,000,000,000 or greater (As of 03/08/19)		A+
Cumis Specialty Insurance Company		A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 08/30/18)		Not Rated
<u>Boiler & Machinery</u>				
Hartford Steam Boiler		A, Excellent; Financial Size Category 12; \$1,000,000,000 to \$1,250,000,000 (As of 10/24/18)		A- (As of 02/28/18)

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Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's	State of California
<u>Property</u>				
Arch Specialty Insurance Company	012523	A+, Superior; Financial Size Category 15; \$2,000,000,000 to greater (As of 10/11/18)	A+ (As of 06/25/18)	Non-Admitted
Aspen Insurance UK Limited	084806	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 03/01/19)	A (As of 06/26/18)	Non-Admitted
Chubb European Group Limited	086485	A++ , Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 12/13/18)	AA (As of 06/24/16)	Non-Admitted
Endurance Worldwide Insurance Limited	083234	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 07/20/18)	A+ (As of 04/26/18)	Non-Admitted
Evanston Insurance Co.	003759	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/19/18)	A (As of 07/27/17)	Non-Admitted
Hallmark Specialty Insurance Co.	010838	A-, Excellent; Financial Size Category 8; \$100,000,000 to \$250,000,000 (As of 08/23/18)	Not Rated (As of 04/22/19)	Non-Admitted
Homeland Insurance Company of New York	010604	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 03/08/19)	Not Rated (As of 04/22/19)	Non-Admitted
Interstate Fire and Casualty Ins. Co.	02267	A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 08/30/18)	AA (As of 03/17/16)	Non-Admitted
Ironshore Specialty Insurance Company	013866	A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 05/16/18)	A (As of 05/02/17)	Non-Admitted
Lancashire Insurance Company (UK) Ltd.	078390	A, Excellent; Financial Size Category 12; \$1,000,000,000 to \$1,250,000,000 (As of 10/24/18)	A- (As of 02/28/18)	Non-Admitted
Landmark American Insurance Co.	012619	A+, Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 11/02/18)	A+ (As of 04/18/18)	Non-Admitted

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Company	A.M. Best's I.D. #	A.M. Best's Guide Rating	Standard and Poor's	State of California
Lexington Insurance Company	002350	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 06/20/18)	A+ (As of 06/06/17)	Non-Admitted
Liberty Mutual Fire Insurance Company	002282	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 05/16/18)	A (As of 06/17/14)	Admitted
Lloyd's of London	085202	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/12/18)	A+ (As of 10/12/17)	Non-Admitted
Maxum Indemnity Company	012563	A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 08/02/18)	Not Rated (As of 04/22/19)	Non-Admitted
PartnerRe Ireland Insurance Ltd.	088621	A, Excellent Financial Size Category 15; \$2,000,000,000 or Greater (As of 06/15/18)	A+ (As of 09/07/16)	Non-Admitted
QBE Specialty Insurance Company	012562	A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 06/13/18)	A+ (As of 06/30/18)	Non-Admitted
Westchester Surplus Lines Insurance Company	004433	A++, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/13/18)	AA (As of 06/24/16)	Non-Admitted
Westport Insurance Corporation	000347	A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/13/18)	AA- (As of 10/28/11)	Admitted
XL Insurance America Inc.	002423	A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/06/18)	AA- (As of 11/19/18)	Admitted
United Specialty Insurance Company	013105	A, Excellent; Financial Size Category 9; \$250,000,000 to 500,000,000 (As of 12/19/18)	Not Rated (As of 04/30/19)	Non-Admitted