

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 25, 2009

REGULAR MEETING

TO: Francesca Loftis, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #4: **CONSIDERATION AND APPROVAL OF THE CONTRACT
WITH SDRMA FOR GENERAL LIABILITY INSURANCE**

RECOMMENDATION

Staff recommends that the Commission:

1. Consider contracting with the Special District Risk Management Association as LAFCO's general liability insurance carrier;
2. Open the public hearing on this matter;
3. Approve Resolution L-2009-03 to contract SDRMA for general liability insurance; and
4. Direct staff to adjust the final budget numbers and complete the application with SDRMA.

REASON FOR RECOMMENDED ACTION

The Budget Ad Hoc Committee recommends contracting with the Special District Risk Management Association as LAFCO's new general liability insurance carrier.

BACKGROUND

The Commission currently contracts with the County of El Dorado for general liability insurance (GLI). Over the past four fiscal years, LAFCO's premium has fluctuated annually. In the current fiscal year, the County's Risk Management group notified this agency that its premium would increase by \$22,000 from the quoted premium due to a change in the County's GLI formula. Next year's premium was quoted at \$30,000. Due to these developments, at the February 25, 2009 meeting the Commission directed the Budget Ad Hoc Committee to review the various general liability insurance policies and recommend a new GLI carrier.

In addition to the County's GLI proposal, staff had also requested proposals from three other carriers. On March 10, 2009 the Budget Ad Hoc Committee met to review the GLI proposals from Alliant Insurance and the Special District Risk Management Authority (SDRMA). The third carrier, Atwood Insurance, did not have a quote ready for Committee review. The committee's recommendation is to contract with SDRMA's due to its breadth of coverage and low cost. An overview of SDRMA's GLI program is included as Attachment A. This attachment contains brief descriptions of the coverage as well as their respective deductibles, if any.

At the February meeting, staff used a quoted premium of \$3,680 as descriptive of the SDRMA GLI premium. This amount would purchase insurance at the \$2.5 million insurance limit level. In addition, SDRMA had notified staff that the quotation was the premium for Fiscal Year 2008-09 since SDRMA had not set its rates at the time the quote was provided. As of this writing, SDRMA has confirmed that the new rates are at the same level as this year's rates, so the allocated amount for GL insurance in the Final Budget should be adjusted from the \$4,000 allocated in the Proposed Budget to \$3,700. This amount will be reflected in the Final Budget when it is presented in April.

The Commission will have to adopt Resolution L-2009-03 and direct staff to complete other forms in order to apply and enroll into SDRMA's program. Please note that it is a requirement for LAFCO to contract with SDRMA for at least three years. However, experience with SDRMA indicates that the risk of fluctuating premiums during this time is low. LAFCO currently contracts with SDRMA for Workers' Compensation Insurance and its premiums have been stable for the past four years. In addition, there may be some slight savings in the long term because LAFCO is enrolled in both insurance programs.

Attachments

- Attachment A: SDRMA Property and Liability Program Description
- Attachment B: Draft LAFCO Resolution L-2009-03
- Attachment C: Crime Policy Application for SDRMA
- Attachment D: SDRMA Insurance Quote, dated January 26, 2009