Subject: CONSIDERATION OF DISTRICT INSURANCE PLACEMENTS

RECOMMENDED ACTION: [ ] Information Only  [X] Recommended Motion

Referral to the Board Meeting on March 7, 2002, for approval for placement of District insurance coverages.

Fiscal Impact: $1,500,000 currently budgeted

Background/Discussion: The District’s coverage for General and Automotive Liability Insurance expires on March 31, 2002 and the District’s coverage for Property Insurance expires on April 30, 2002. The existing Board schedule, coupled with the District’s coverage dates and the current insurance marketing conditions, requires the Risk Management Department to request the Board’s authorization to engage in the

( cont’d )

BOARD ACTION: Approved as Recommended [ ] Other [ ]
Approved with Modification(s) [ ]

"To be filled in by Board Secretary after Board/Committee meeting"

The above order was passed and adopted on

____________________, 2002.

Rose Martinez, District Secretary

By ____________________________
placement of insurance coverage, subject to the approval of the General Counsel and the General Manager. The resulting coverages and costs will then be presented to the Board. This is the same method that, with the approval of the Board, was used last year. The reasons for the requested insurance placement authorization are even more compelling this year.

The placement of the District's insurance is especially difficult this year. The marketing and placement of coverages, already difficult in a hard market, are even more problematic due to the recent chaotic market conditions following the World Trade Center tragedy. The District is facing restrictions and reductions, including possible loss of coverage limits, drastic pricing increases, decreased capacity, greater underwriting scrutiny and other potential limitations. The process of the placement of submissions and negotiations will be extremely difficult and involved and is expected to continue to within days, at the least, of policy expiration dates.

Prior Relevant Board Actions/Policies:

- GC Memo 01–363 Insurance Broker Negotiated Contract Extension
- GC Memo 01–090 Consideration of District Insurance Placements for Liability and Property Insurances Coverages
- Board Policy 350 Financial Matters

Attachments: N/A

Approved by: Kenneth C. Scheidig, General Counsel

Prepared by: William L. Livingston, Risk Manager

Date Prepared: February 4, 2002