STAFF REPORT

MEETING DATE:	**6/26/12**
SUBJECT:	**Approve SRTA Insurance**
AGENDA ITEM:	**5-2**
STAFF CONTACT:	**Dan Little**

STAFF RECOMMENDATION:

It is recommended that the board authorize the director to purchase SRTA insurance including liability, property, employee errors and omissions, property and fidelity insurance for an annual amount not to exceed $7,000, and Directors and Officers (D&O) insurance for an additional amount not to exceed $9,000, if determined necessary ($16,000 total).

DISCUSSION:

The board-approved transition of the SRTA to an independent agency requires that the agency obtain building, property and employee insurance coverage previously provided by the county. Four quotes have been received from different brokers. Basic insurance is not expected to exceed $7,000 annually. Staff and SRTA counsel are now working with the most responsive broker to determine the types of insurance needed and levels of coverage. Liability coverage will be in a range of $2 to $3 million.

In addition, there remains some question as to the need for D&O coverage of board members. Such a policy would cost the agency up to $9,000 annually and may be unnecessarily duplicative. The attached letter from the City of Redding's risk manager states that SRTA board members who also serve on the Redding City Council are already covered by Redding. Anderson and Shasta Lake SRTA members are likely covered as well. We are currently working with the county to determine Board of Supervisor's coverage. If certain SRTA board members are not covered, staff will explore the most efficient way to obtain the coverage, whether through SRTA or the member agency. The Independent SRTA board subcommittee reviewed this item and recommends this action.

ALTERNATIVES:

The board may provide alternative guidance; however, basic agency insurance coverage is needed by July 1, 2012.

FINANCING:

Annual premiums are expected to be around $7,000 without D&O coverage. An initial estimate of $7,500 was provided to the board in January in consideration of an independent agency. Adequate funds are budgeted in the 2012/13 Overall Work Program.

Daniel S. Little, AICP, Executive Director

Attachment: City of Redding Insurance Program Letter of June 20, 2012

CITY OF REDDING

OFFICE OF THE CITY ATTORNEY
LIABILITY RISK MANAGEMENT DIVISION
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Christian M. Carmona
Risk Manager - Liability

Wednesday, June 20, 2012

Dan Little, Executive Director
Shasta Regional Transportation Agency
1255 East Street, Suite 202
Redding, CA 96001

RE: City of Redding Insurance Program

Dear Mr. Little:

The City of Redding is self-insured for both liability and workers' compensation. Our self-insured retention (SIR) for liability is $500,000. Our excess program is through the California Joint Powers Risk Management Authority (CJPRMA) covers losses from $501,000 to $40 million. I am currently an acting member of the Board of Directors for CJPRMA.

Both liability and workers' compensation are extended to City Council members acting in the course and scope of their duties which include sitting on boards such as the Redding Area Bus Authority and the Shasta Regional Transportation Agency. The liability side has Directors and Officers (D&O) coverage embedded into the program. Furthermore, our excess liability program has coverage for these types of claims up to $40 million.

Although I cannot speak on the primary programs for the City of Anderson and City of Shasta Lake, I can speak for their excess programs as a Director for CJPRMA. The Council members for Anderson and Shasta Lake have excess coverage for D&O above their primary level up to $40 million. With that said, it is the City of Redding's position that the RTPA does not need to purchase insurance that would cover our council members.

You asked a question regarding automobile insurance for your board members. If a City of Redding Council member was involved in an automobile accident acting in the capacity for the RTPA, their primary automobile insurance would be primary. Anything above their primary coverage would be covered under our program up to $500,000 and covered under CJPRMA from $500,001 to $40 million.

I hope this information is useful and if you have any questions, please do not hesitate to give me a call.

Sincerely,

Christian M. Carmona

Christian M. Carmona
Risk Manager - Liability
(530) 225-4387

cc: David Clovis
CJPRMA

Roger M. Carroll
SCORE (City of Shasta Lake)

Paula Islas
NCCSIF (City of Anderson)