

CITY COUNCIL MEETING

February 4, 1981

cc-6
cc-12(w)
353

AWARD - CARRIER
FOR EXCESS
COVERAGE

Following introduction of the matter by Assistant City Manager Glenn, Council, on motion of Councilman Pinkerton, Murphy second, accepted the offer received for the City's Excess Policy from Transcontinental through the City's Agent of Record, Max Elson Insurance, Inc., for excess liability insurance, which would increase the City's limits to \$30,000,000 at an annual premium of \$63,000.

COUNCIL COMMUNICATION

TO THE CITY COUNCIL FROM THE CITY MANAGER'S OFFICE	DATE January 30, 1981	NO.
SUBJECT EXCESS LIABILITY INSURANCE		

The City has received a quotation through Max Elson Insurance for \$5,000,000 limit over a \$100,000 deduction. At \$60,000 this is less than the \$65,250 for the same coverage last year.

Also offered is an additional \$25,000,000 coverage for \$3,000.

It is recommended that the City accept this offer of insurance and increase our limits to \$30,000,000 at an annual premium of \$63,000.



Jerry L. Glenn
Assistant City Manager

JG:dq

Max Elson Insurance, Inc.

January 29, 1981

Mr. Jerry L. Glenn
Assistant City Manager
City of Lodi
Lodi, CA 95240

Dear Jerry:

We have received the renewal quotation for the City's Excess Policy from the Transcontinental.

Their premium, with a \$5,000,000 limit over a \$100,000 Self Insured Retention, is \$60,000 flat annual with no provision for audit.

This compares to \$65,250 for the same coverage and limits last year.

We have also been offered a \$25,000,000 Excess Policy over and above Transcontinental's policy for an annual premium of \$3,000.

This would give the City a total limit of \$30,000,000 for \$63,000.

We also submitted an application to H&W Insurance Services who are the representatives of the Admiral Insurance Company. The Admiral, due to the reserves they have set on four losses incurred, declined to offer a quote.

H&W had another carrier that was interested, but when they learned of these losses, also declined to quote.

With regard to these four losses, the enclosed letter from H&W points out a potential problem from the standpoint of under-reserving by R. L. Kautz.

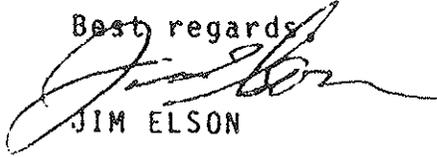
Should the Admiral be correct in their reserving, and considering our Self Insured Retention, we should set aside another \$91,300 to pay these potential claims.



As these losses are all in litigation, the loss reserves of R. L. Kautz and the Admiral should be kept in the strictest confidence so as not to prejudice our position in these matters.

Please let me know if you need anything further.

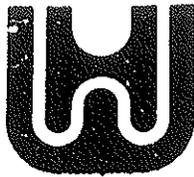
Best regards,



JIM ELSON

JE;bjd
Encl.





H & W INSURANCE SERVICES

OF SAN FRANCISCO

330 PINE STREET, 4th FLOOR, SAN FRANCISCO, CALIFORNIA 94104 (415) 391-3000 TELEX 34-0607

January 23, 1981

Max Elson Insurance, Inc.
P. O. Box 188
Lodi, Ca. 95241

Attention: Jim Elson

Re: City of Lodi

Dear Jim,

We have just been advised by Admiral that they have outstanding reserves excess of the City SIR on certain prior claims. They are:

<u>DOL</u>	<u>CLMT:</u>	<u>RESERVE</u>	<u>SIR</u>	<u>Kautz (R)</u>
1/28/79 R/R	Baumback & Spoor	\$150,000.00	40,000	32,551.50
6/5/78 RAN inc Port	Vernon Shelley	\$ 30,000.00	50,000	24,739.50
5/29/77	Selina Stratton	\$ 10,000.00	25,000	1,409.92
4/6/77 Hit by auto	Robert Queris	\$ 25,000.00	25,000	0
	Ried w jail		25,000	0
			150,000	58,700

I know the claims administrator, R. L. Kautz & Company has not raised reserves equaling the City retention on any of these claims, so there can be a legitimate question as to the evaluation of these losses.

Admiral's claim department however, is pretty well qualified to judge the potential value of public entity losses and these are their own evaluations.

If the City of Lodi has not planned to fund these losses to their full SIR amount, they should do so as a pre-cautionary measure.

If you have any questions, please call me.

Best regards,

Alan Cooper
Alan Cooper

RECEIVED

JAN 26 1981

MAX ELSON INS. INC.

AC/ld