

CITY COUNCIL MEETING
JULY 16, 1986

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REQUIRED MINIMUM
LIABILITY INSURANCE
LIMITS REDUCED FOR
LODI AMBULANCE
SERVICE

City Clerk Reimche presented the following telegram which had been received regarding the Lodi Ambulance Service:

RES. 86-110

"Dear Certificate Holder,

CC-22(a)
CC-21.1(a)
CC-6

The above named corporation has a contractual relationship with you which requires evidence of insurance. Due to reinsurance problems, we must at this time reduce the liability limits provided by Tri-star Insurance to \$300,000.00 to be effective as of this date. Every effort is being made to resolve what we consider to be a temporary problem.

Thank you,

Glenn E. Miller, President
Tri-star Insurance Company
Gregg-Miller and Associates"

Mr. Michael N. Nilssen, owner of the Lodi Ambulance Service was in the audience and addressed the Council advising that "Tri-Star is a newly developed insurance company, produced by private ambulance providers in California on June 30, 1986. A total of 3.6 million dollars was generated during the first stock release. With the California law of

capitol surplus, in relationship to insurance companies, Tri-Star could only provide a primary coverage of \$300,000.00 per company insurance, which is 10% of the total assets.

The reinsurance was to be provided by two separate companies, thus treaties were negotiated prior to the June 30, 1986 implementation date. Those insurance companies are: The Florida Exchange and General Reinsurance. The Florida Exchange was to reinsure for \$200,000.00 and General Reinsurance was to cover an excess reinsurance of \$500,000.00 to provide a total of \$1,000,000.00 of general liability, malpractice and auto insurance.

After the binders were written by Tri-Star Insurance Company, which is managed by Gregg/Miller Insurance Brokers, the Florida Exchange withdrew from the agreement and did not sign the treaty with Tri-Star for the \$200,000.00 reinsurance. From that point, General Reinsurance also withdrew from the treaty agreement because we did not have the primary layer of \$500,000.00. The \$500,000.00 primary layer was the agreement with General Reinsurance to obtain an excess of \$500,000.00 reinsurance to equal a total of \$1,000,000.00, thus we are back to square one with \$300,000.00 maximum insurance currently today.

Mr. Glen Miller, President of Tri-Star, has reasonable confidence that we will obtain \$1,000,000.00 insurance by August 1, 1986. Currently, he has four broker intermediaries searching for reinsurance. Those intermediaries are: Guy Carpenter, Inc., Intere, Inc., E. W. Blanc and Andrew Edwards. It is my understanding that these broker intermediary companies are very large companies with tremendous negotiating power.

I request the City Council to bear with Lodi Ambulance Service, during this crisis, and allow us to continue with Tri-Star until the beginning of the month of August, as I feel confident we will seek and obtain a maximum of \$1,000,000.00 medical liability, general liability and auto insurance. Should we not obtain this by August 15th, I will then proceed to obtain insurance through the assigned risk market to \$500,000.00, as was requested at our last Council meeting."

Following discussion with questions being directed to Mr. Nilssen and to Staff, Council, on motion of Council Member Pinkerton, Snider second, adopted Resolution No. 86-110 amending Resolution No. 86-87 and thereby reducing the minimum limits of the permittees liability insurance to \$300,000 until August 15, 1986. The motion carried by unanimous vote