



MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: June 2, 2021

TO: Members of the Operations Committee

FROM: Jeff Rieger, Chief Counsel 

SUBJECT: Review of *Fiduciary Insurance Policies* – Supplemental Information

As we were finalizing the packet for the Operations Committee's June 2, 2021 meeting, we received updated information from Alliant, which did not come to my attention until after the packet had been distributed and posted. Attached are the following three pages:

- A replacement page 19 for the Alliant presentation, which now includes actual quoted prices, rather than estimates. The quote for the primary insurance is slightly lower and the quote for the excess insurance is slightly higher than had been estimated. This updated information does not materially change (although nominally further supports) the analysis in the memorandum from the Chief Counsel and Fiscal Service Officer recommending that the Board consider not purchasing an excess liability policy.
- A replacement page 20 for the Alliant presentation, which inadvertently referenced Ullico as ACERA's excess carrier when, in fact, the excess carrier is RLI.
- A new page, which includes the sub-limits under the current and proposed primary policies.

I and an Alliant representative will be available to answer any questions the Committee may have on this subject at the June 2, 2021 meeting.

Program Options



	<i>Expiring</i>	Option 1	Option 2	Option 3	Option 4*
Aggregate Limit for each coverage					
Fiduciary Liability	\$25,000,000	\$25,000,000	\$15,000,000	\$30,000,000	\$25,000,000
Funding Claims (Defense only)	\$25,000,000	\$25,000,000	\$15,000,000	\$30,000,000	\$25,000,000
Legal Challenges	\$25,000,000	\$25,000,000	\$15,000,000	\$30,000,000	\$25,000,000
Retentions/ Deductible per claim					
Fiduciary Liability	\$50,000	\$250,000	\$250,000	\$250,000	\$500,000
Funding/ Legal Challenges Claims	\$50,000	\$250,000	\$250,000	\$250,000	\$500,000
Class-Action Claims	\$100,000	\$500,000	\$500,000	\$500,000	\$500,000
TOTAL PREMIUM	\$173,411	\$190,149	\$137,774	\$230,000	\$240,000
<i>Change</i>	<i>N/A</i>	9.6%	(20%)	33%	38%

*this option 4 has been indicated by RLI – we do not recommend moving as the retention and the pricing are higher.

Notes:

- i. Coverage provided by:
 - a. Hudson Insurance Company (Administered by Euclid) – Primary Layer
 - b. RLI Insurance Company – Excess Layer
- ii. Annual aggregate limit of liability for all trustees combined;
- iii. Retention/deductible applies to each claim;
- iv. Carrier *has* implemented a \$500K retention for all future class-action claims**
- v. Prior & Pending Litigation date: Fiduciary:
 - Primary Layer: None (Full Continuity)
 - Excess Layer: 7/1/2010
- vi. Please note, the open claim from 2017 is still accruing costs, and is well over \$700K of paid defense

The Following Information Required to Issue Policies:

- a. **Nothing else is required**

The premium, terms and conditions outlined in this document are strictly conditioned upon no material change in your risk as presented to underwriters occurring between the date of this document and the inception date of the proposed policy or policies. In the event of such change in your risk including, but not limited to, the submission of a notice of claim (or circumstance that could give rise to a claim) to your current insurance carrier(s), the Insurer(s) offering the terms herein may, in its/their sole discretion, whether or not these terms have been already accepted by you and your organization, modify and/or withdraw them, outright.

	Sub-Limit
Trustee Claim Expenses (Non-Fiduciary Defense)	\$2,000,000
Voluntary Compliance Program Expenditures Sublimit:	\$250,000
ERISA 502(c) Civil Penalties Sublimit	\$250,000
HIPAA and HITECH Fines and Penalties Sublimit	\$1,500,000
PPACA Fines and Penalties Sublimit:	\$250,000
Section 4975 Penalties Sublimit:	\$250,000

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