

ACTION ITEM

Board of Governors Meeting, September 28, 2016

<p>CONTRACT ID:</p>	<p>DIRECTORS AND OFFICERS LIABILITY INSURANCE – INCREASED LIMITS</p>		
<p>BUDGETED ITEM</p>	<p>Directors and Officers Liability Insurance is budgeted for 2016 for a base amount of \$10 million in coverage. The proposed added layer of \$10 million in coverage above the base amount was not budgeted. It is anticipated that this added coverage will be budgeted for 2017.</p>		
<p>CONTRACT AMOUNT</p>	<p>POLICY Directors & Officers Liability</p>	<p>INSURANCE CARRIER AIG</p>	<p>PREMIUM \$81,000 Annually</p>
<p>PURPOSE / SCOPE</p>	<p>Purpose: To purchase an additional layer of \$10 million in Directors & Officers Liability insurance coverage over the \$10 million in coverage, approved by the Board at the June 22, 2016 Board meeting which has already been purchased at a premium of \$156,400. This would raise the total D&O coverage limits to \$20 million.</p> <p>Scope: Directors & Officers Liability Insurance is liability insurance payable to the directors and officers of a company, or to the organization itself, to cover damages or defense costs in the event they suffer such losses as a result of a lawsuit for alleged wrongful acts while acting in their capacity as directors and officers for the organization. The principal protections against liability for Citizens and its Board members, officers, and employees are statutory immunity and indemnification afforded under Citizens' Plan of Operation. Directors & Officer Liability Insurance reimburses losses and defense costs for covered claims when individuals are not indemnified.</p>		
<p>CONTRACT TERM(S)</p>	<p>The term for the additional \$ 10 million coverage layer is October 3, 2016 to August 16, 2017, to be purchased with AIG Insurance Company.</p> <p>Insurance Office of America who quoted the base \$10 million policy with Starr Insurance Company solicited quotes from various carriers for the added \$10 million layer of coverage. AIG Insurance Company (an admitted carrier) is recommended to write the additional \$10 million in D&O coverage for the 2016/2017 policy term.</p>		
<p>PROCUREMENT METHOD</p>	<p>On August 10, 2011, Citizens issued Request for Proposal (RFP) No. 11-0036 for Business Insurance Agent(s) of Record. On October 12, 2011, the Board of Governors approved Rogers Gunter Vaughn Insurance, Inc. and Insurance Office of America, who received the highest overall scores of all vendors responding to Competitive Solicitation (RFP) No. 11-0036.</p> <p>The Agents of Record solicit and collect quotes and respective coverages from numerous carriers and submit to management for evaluation. The quotes are</p>		

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	compared and analyzed for breadth of coverage, stability of underlying carrier, quality of service, and pricing. Recommendations are submitted by the General Counsel for selection.
RECOMMENDATION	It is recommended that Citizens' Board: (a) Approve the purchase of an additional layer of \$10 million in Directors & Officers Liability Insurance coverage from AIG Insurance Company raising the total D&O coverage to \$20 million; and (b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Dan Sumner, General Counsel & Chief Legal Officer