

ACTION ITEM

<p>CONTRACT ID:</p>	<p>Directors and Officers Liability Insurance</p> <p>STARR INSURANCE COMPANY ARGO INSURANCE COMPANY AIG</p>		
<p>BUDGETED ITEM</p>	<p>Directors and Officers Liability Insurance is budgeted for 2017 and it is anticipated that this coverage will be budgeted in the future.</p>		
<p>CONTRACT AMOUNT</p>	<p>Policy</p> <p>Directors & Officers Liability (10 million)</p> <p>Directors & Officers Liability (10-15 layer)</p> <p>Directors & Officers Liability (15-20 layer)</p>	<p>Insurance Carrier</p> <p>Starr Insurance Company</p> <p>Argo Insurance Company</p> <p>AIG</p>	<p>Premium</p> <p>\$156,498</p> <p>\$33,000</p> <p>\$26,400</p>
<p>PURPOSE / SCOPE</p>	<p>Purpose: To purchase \$10 million in Directors & Officers Liability insurance coverage with a \$250,000 deductible for the 2017/2018 policy term.</p> <p>Scope: Directors & Officers Liability Insurance is a 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 or 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 of the policy is October 1, 2017 to September 30, 2018 was purchased with the Starr Insurance Company.</p> <p>Insuring Company: Starr Insurance Company</p> <p>Financial Strength: A (Excellent) A.M. Best Rating</p> <p>Financial Size: XIV</p> <p>The term for the excess policies are October 1, 2017 to September 30, 2018, to be purchased with Argo and AIG.</p> <p>Citizens' agents of record solicited quotes from over fifteen carriers. Starr insurance company (an admitted carrier) is recommended as D&O carrier for the first \$10 million layer 2017/2018 policy term due to breadth of coverage, stability of carrier, and pricing.</p>		

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Board of Governors Meeting, December 13, 2017

PROCUREMENT METHOD	<p>On October 26, 2016, Citizens issued invitation to Negotiate (ITN) No. 16-0023 for Business Insurance Agent(s) of Record. On March 29, 2017, the Board of Governors approved Arthur J. Gallagher & Co. as its vendor from three vendors responding to Competitive Solicitation (ITN) No.16-0023.</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 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.</p>
RECOMMENDATION	<p>It is recommended that Citizens' Board of Governors:</p> <ul style="list-style-type: none">(a) Ratify the purchase of the 2017/2018 Directors & Officers Liability Insurance policy with Starr Insurance Company, Argo and AIG as provided above; and(b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Dan Sumner, General Counsel & Chief Legal Officer