

BOARD OF COMMISSIONERS

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GENERAL MANAGER
HARBORMASTER
Linda G. McIntyre, Esq.

STAFF REPORT

ITEM NUMBER 23 - CONSIDER INSURANCE RENEWAL PACKAGE REGULAR BOARD MEETING OF MAY 24, 2017

The District's marine liability and other insurance coverage renewal quote for the FY 2017-2018 from Lockton is \$108,770.50, a 1.1% or \$1,163.00 increase above last year's premium. This includes commercial general liability, the marine package (commercial, business and real property), auto, vessel pollution and excess liability from Great American Underwriters.

Unfortunately, the premium quote for Director and Officers' liability coverage from ACE-Chubb increased from \$14,232 to a whopping \$50,033, an increase of more than 250%. This is due to the "claims history" involving a lawsuit filed against the District. If this quote were accepted and a claim is filed against the District, with a \$35,000 deductible, the District will be out-of-pocket \$85,000 (\$50K premium, \$35K deductible) before the insurance coverage kicks in.

Our Broker, Lockton, obtained another quote for Director and Officers' liability coverage from Indian Harbor Insurance Company, which is a US based excess and surplus lines carrier with an "A" rating by A.M. Best (whereas ACE-Chubb is A++). This premium quote is much more reasonable at \$16,211.69, only 14% higher than last year's premium with almost identical coverage. Lockton recommends we accept this carrier's proposal.

As can readily be seen, claims and litigation filed against the District negatively affected our rates and deductibles. The mere filing of a claim prompts an increase in future premiums. The combined total premium for the above coverages is \$158,803.50 based on ACE-Chubb's proposal or \$124,982.19 based on Indian Harbor's proposal.

Staff recommends that the Board accept the insurance coverage based on Indian Harbor's proposal and authorize the General Manager to convey our acceptance to Lockton.

SERVING COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947



Moss Landing Harbor District
Exposure & Premium Comparison

Coverage	Expiring Term 2016-2017		Renewal Term 2017-2018		% Change	
	Exposure	Premium	Exposure	Premium	Exposure	Premium
Marine Package		\$46,125		\$46,403		0.6%
Receipts	\$1,946,780		\$1,996,067		2.5%	
Vessel Schedule	\$148,825		\$148,825		0.0%	
Piers & Docks	\$4,000,000		\$4,000,000		0.0%	
Commercial Package		\$29,697		\$30,336		2.2%
Receipts	\$1,946,780		\$1,996,067		2.5%	
Property	\$4,024,692		\$4,274,692		6.2%	
Equipment	\$7,000		\$7,000		0.0%	
Vessel Pollution	\$148,825	\$2,000	\$148,825	\$2,000	0.0%	0.0%
Automobile	2	\$2,785.50	2	\$2,781.50	0.0%	-0.1%
Bumbershoot	Same as Package	\$27,000	Same as Package	\$27,250		0.9%
TOTAL PREMIUM		\$107,607.50		\$108,770.50		1.1%

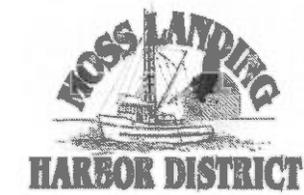
Public Officials' Liability & Employment Practices Liability

	Expiring Program 2016 - 2017	Renewal Program Option I.- Incumbent Carrier	Renewal Program Option II. Recommended
INSURER	ACE American Insurance Company (ACE-CHUBB) Admitted Carrier AM Best Rating: A++ XV		Indian Harbor Insurance Company Non- Admitted Carrier A.M. Best Rating: A XV
NAMED INSURED	Moss Landing Harbor District		
COVERAGE	<p>Public Officials' Liability & Employment Practices Liability</p> <p>Public Officials' Liability and Employment Practices liability coverage is designed to address the exposures faced by public entities and those who serve them. Policies respond to claims brought against an insured public entity, its board members, employees and volunteers for any actual or alleged breach of duty, neglect, error, misstatement or omission in the course of their public duties.</p> <p>Coverage also extends to claims arising from a variety of employment-related violations, including, but not limited to, wrongful termination, discrimination, harassment, and retaliation.</p>		
POLICY FORM	Claims Made & Reported Policy		Claims Made Policy
LIMITS	\$1,000,000 Per Claim & Policy Aggregate		\$1,000,000 Per Claim & Policy Aggregate
RETENTIONS	\$0 Each Non-Indemnifiable Claim \$35,000 Each Indemnifiable Claim \$35,000 Each Entity Claim		\$0 Each Non-Indemnifiable Claim \$35,000 Each Indemnifiable Claim \$35,000 Each Entity Claim
CLAIM NOTIFICATION	Claim must be noticed as soon as practicable but in no event later than 60 days after the end of the Policy period.		Must provide written notice of claim as soon as practicable but in no event later than 75 days after the end of the Policy period
DUTY TO DEFEND	Yes- The Insurer has the duty to defend claims and appoint counsel.		Yes- The Insurer has the duty to defend claims and appoint counsel.
SETTLEMENT CLAUSE	50/50		60/40

	Expiring Program 2016 - 2017	Renewal Program Option I- Incumbent Carrier	Renewal Program Option II. Recommended
THIRD PARTY COVERAGE	Yes- The policy responds to claims brought by persons other than employees or applicants for employment for violation of Discrimination Laws and Sexual Harassment.		Yes
APPLICATION SEVERABILITY	Knowledge possessed by an Insured Person will not be imputed to any other Insured. Only knowledge of the Chairman of the board or CFO (or functional equivalent of such positions) impute to the Entity.		Knowledge possessed by an Insured Person will not be imputed to any other Insured. Only knowledge of the elected or appointed official, or the highest ranking member of any of the boards, commissions or units, or any other person in a functionally equivalent position impute to the Entity
NON-RESCINDABILITY	Side A D&O Insuring Agreement (Non-Indemnifiable Claims) is Non-Rescindable		Policy is fully non- rescindable
TERRITORY	Policy shall extend to Wrongful Acts taking place of Claims made of Damages or Claims Expenses sustained anywhere in the World, provide the Claim is made within the jurisdiction of any subject to the laws of the USA, Canada or their respective territories or possessions.		Anywhere in the world
NOTABLE EXCLUSIONS <i>(Please refer to the policy for the complete listing)</i>	<ul style="list-style-type: none"> ➢ Dishonest, fraudulent or criminal acts, subject to final adjudication, by any Insured as to such conduct ➢ Illegal profit or remuneration, with coverage carved back for Claims alleging any Wrongful Employment Practice ➢ Bodily Injury and Property Damage, with coverage carved back for Mental Distress arising out of a Wrongful Employment Practices ➢ Failure to effect or maintain insurance, with coverage carved back for Defense Costs ➢ Pollution with coverage carved back with respect to Public Officials' Liability claims ➢ Insured's activities as a trustee or fiduciary with respect to any type of Employee benefit plan ➢ Claims brought by one Insured against another Insured, with the exception of EPL claims ➢ Wage and Hour Claims 		<ul style="list-style-type: none"> ➢ A lockout, strike, picket line, hiring of replacement workers, riot or civil commotion, or other similar actions in connection with labor disputes or labor negotiations. ➢ The performance of any willful misconduct or dishonest, fraudulent, criminal or malicious act, error or omissions by an insured; the willful violation by an insured of any law, statute, ordinance, rule or regulation; or an insured gaining any profit, remuneration or advantage to which such Insured is not legally entitled. ➢ Bodily Injury and Property Damage, with coverage carved back for Mental Distress arising out of a Wrongful Employment Practices ➢ Breach of contract/ agreement



	Expiring Program 2016 - 2017	Renewal Program Option I.- Incumbent Carrier	Renewal Program Option II. Recommended
	<ul style="list-style-type: none"> ➤ Network Security or Privacy Breach ➤ Professional services provided by any lawyers, architect, engineer or accountant to any person or entity other than MLHD 		<ul style="list-style-type: none"> ➤ Failure to effect or maintain insurance ➤ Pollution ➤ Insured's activities as a trustee or fiduciary with respect to any type of Employee benefit plan ➤ Construction, architectural, engineering, procurement, security or other professional services, including any contract or agreement pertaining to such services.
SUBJECTIVITIES REQUIRED PRIOR TO BIND	Only for Option II. Fully completed, signed and dated PGU new business application		
ANNUAL PREMIUM	16/17 Expiring \$14,232	Renewal Option I \$50,033	Renewal Option II \$15,464 + \$502.69 (3.2% CA Taxes/Fees) + \$245 (Policy Fee) \$16,211.69



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STAFF REPORT

ITEM NUMBER 24 - CONSIDER INSURANCE PREMIUM FINANCE OPTIONS FOR PAYMENT OF ANNUAL INSURANCE PREMIUM
 REGULAR BOARD MEETING OF MAY 24, 2017

The District's marine liability and other insurance coverage annual premium quote for the FY 2017-2018 from Lockton is \$158,803.50 based on ACE-Chubb's Director & Officers' Liability quote and \$124,982.19 based on Indian Harbor's Director & officers' liability quote.

The District can pay the premium in one lump sum, thereby saving finance charges, or finance the payment of the premium. The financing options are:

Option	Company	Terms	Down Payment	Monthly Payment	Finance Charge	Rate
#1	Premium Assignment	10 payments	\$15,880.00	\$14,554.37	\$2,620.20	3.98%
#2	Premium Assignment	10 payments	\$12,498.00	\$11,454.63	\$2,062.11	3.98%

Staff recommends that the Board approve Option No. 2, authorize the General Manager to execute the agreement for same and authorize payment in accordance with the proposal.

SERVING COMMERCIAL FISHING AND RECREATIONAL BOATING SINCE 1947



PREMIUM FINANCE AGREEMENT

Quote # E138651

California # 2070
151 Kalmus Dr. Suite C220
Costa Mesa, CA 92626
Phone (850) 907-5610

PERSONAL COMMERCIAL NEW AGENCY RENEWAL ADD'L PREMIUM
THIS AGREEMENT, made effective the 1 day of July 2017, between
MOSS LANDING HARBOR DISTRICT

(Name of Borrower/Insured exactly as it appears in financed policies)
ADDRESS 7881 SANDHOLDT RD
CITY MOSS LANDING STATE CA ZIP 95039 PHONE # (831) 633-5417

hereinafter called the Borrower, and Premium Assignment Corporation II, a California Corporation hereinafter called Lender, for the purpose of financing the purchase of insurance policies described in the Scheduled Policies of Insurance listed in page 3 to this Agreement.

Table with 8 columns: TOTAL PRICE OF PREMIUMS, - CASH DOWN PAYMENT, = PRINCIPAL BALANCE OWED ON PREMIUMS, + DOC STAMPS & SERVICE FEE (if applicable), = TOTAL AMOUNT FINANCED, + FINANCE CHARGE, = TOTAL OF PAYMENTS, ANNUAL PERCENTAGE RATE. Values: 158,803.50, 15,880.00, 142,923.50, 0.00, 142,923.50, 2,620.20, 145,543.70, 3.98

SELECT BILLING OPTION: Payment Book Monthly Invoice Direct Debit
YOUR PAYMENT SCHEDULE WILL BE: Each monthly payment due on same day of each succeeding month until paid in full.
Amount of Monthly Payment: 14,554.37
Number of Payments: 10
Date First Payment is Due: 8/1/2017

FOR VALUE RECEIVED, BORROWER PROMISES TO PAY to the order of Lender at the address given at the top of this page, the Total Amount Financed and all sums shown above, including interest at the Annual Percentage Rate and other charges as described hereinafter, pursuant to the terms stated below and in page 2 of this Agreement.

- 1. SECURITY FOR PAYMENT: To secure payment of all sums due under this Agreement, Borrower grants Lender a security interest in any unearned premiums or other sums which may become payable under the Scheduled Policies of Insurance shown on page 3.
2. LIMITED POWER OF ATTORNEY: BORROWER IRREVOCABLY APPOINTS LENDER AS ATTORNEY-IN-FACT TO CANCEL THE SCHEDULED POLICIES OF INSURANCE AFTER BORROWER DEFAULTS IN MAKING PAYMENTS UNDER THIS AGREEMENT.
3. NOTICE TO BORROWER: (1) Do not sign this Agreement before you read it, or if it contains any blank space (other than as provided on the next page), (2) You are entitled to have and should retain a completely filled in copy of this Agreement to protect your legal rights, (3) Under the law, you have the right to pay off in advance the full amount due and under certain conditions to obtain a partial refund of the service charge, and (4) BY SIGNING BELOW BORROWER AGREES TO THE PROVISIONS ABOVE AND ALL OF THE TERMS WHICH APPEAR ON THE SECOND PAGE OF THIS AGREEMENT AND ACKNOWLEDGES RECEIPT OF COPIES OF PAGES 1, 2 AND 3 OF THIS AGREEMENT and (5) The undersigned Agency may receive compensation from Lender for aiding in the preparation of this Agreement and payment of the financed premiums.

SIGNATURE OF ALL INSURED[S] NAMED IN POLICIES OR AUTHORIZED AGENT OF INSURED[S], AS PERMITTED BY LAW:

X
Date Name and Title: Date Name and Title:

PRODUCER'S REPRESENTATIONS & WARRANTIES:

The undersigned Producer represents and warrants that: (A) The Cash Down Payment shown above has been paid by or on behalf of the Borrower. (B) The Total Price of Premiums shown above has been or will be used to purchase insurance policies shown in the Scheduled Policies of Insurance on page 3 of this Agreement. Any portion of the Total Price of Premiums received by Producer that is not used to purchase such insurance policies, as well as any refunds or credits on such policies, shall be promptly paid to Lender. (C) To the best of the undersigned's knowledge and belief, Borrower is not subject to any bankruptcy or insolvency proceedings and Producer has no reason to believe that Borrower is insolvent. (D) The Borrower's signature(s) is (are) genuine and authorized, or to the extent permitted by applicable law, the Producer has been authorized by Borrower to sign this Agreement on Borrower's behalf. (E) Producer has delivered or will deliver a copy of this Agreement to Borrower. Producer agrees that the Representations & Warranties above, as well as those on page 3 of this Agreement, are a binding contract between Producer and Lender.

PRODUCER / AGENCY
Name LOCKTON INS BROKERS/SAN FRANCISCO
Address 3 EMBARCADERO CTR STE 609 SAN FRANCISCO, CA 94111
Date PRODUCER'S SIGNATURE



PREMIUM FINANCE AGREEMENT

Quote # E138649

California # 2070
 151 Kalmus Dr. Suite C220
 Costa Mesa, CA 92626
 Phone (850) 907-5610

PERSONAL COMMERCIAL NEW AGENCY RENEWAL ADD'L PREMIUM

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MOSS LANDING HARBOR DISTRICT
 (Name of Borrower/Insured exactly as it appears in financed policies)

ADDRESS 7881 SANDHOLDT RD
 CITY MOSS LANDING STATE CA ZIP 95039 PHONE # (831) 633-5417

hereinafter called the Borrower, and Premium Assignment Corporation II, a California Corporation hereinafter called Lender, for the purpose of financing the purchase of insurance policies described in the Scheduled Policies of Insurance listed in page 3 to this Agreement.

TOTAL PRICE OF PREMIUMS	- CASH DOWN PAYMENT	= PRINCIPAL BALANCE OWED ON PREMIUMS	+ DOC STAMPS & SERVICE FEE (if applicable)	= TOTAL AMOUNT FINANCED	+ FINANCE CHARGE (Amount credit costs over term of loan)	= TOTAL OF PAYMENTS (Amount paid if all payments made as scheduled)	ANNUAL PERCENTAGE RATE
124,982.19	12,498.00	112,484.19	0.00	112,484.19	2,062.11	114,546.30	3.98

SELECT BILLING OPTION: Payment Book Monthly Invoice Amount of Monthly Payment Number of Payments Date First Payment is Due
 Direct Debit

YOUR PAYMENT SCHEDULE WILL BE:
 Each monthly payment due on same day of each succeeding month until paid in full.

11,454.63	10	8/1/2017
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SIGNATURE OF ALL INSURED[S] NAMED IN POLICIES OR AUTHORIZED AGENT OF INSURED[S], AS PERMITTED BY LAW:

X
 Date _____ Name and Title: _____ Date _____ Name and Title: _____

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PRODUCER / AGENCY

Name LOCKTON INS BROKERS/SAN FRANCISCO
 Address 3 EMBARCADERO CTR STE 609
SAN FRANCISCO, CA 94111

 Date _____ PRODUCER'S SIGNATURE