



## Legislation Text

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File #: 2017-146, Version: 1

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### **TITLE**

### **GUILFORD COUNTY CITY INSURANCE ADVISORY COMMITTEE EXCESS LIABILITY FUNDS**

### **SPONSOR**

Marty Lawing/Yvonne Moebs

### **BACKGROUND**

#### **Purpose:**

Obtain Board of Commissioners approval to dissolve the county's participation with the Guilford County/City Insurance Advisory Committee and participation in the Excess Liability Fund.

#### **History:**

April 1971 County Manager Witherspoon presented to the BOC for approval to create a joint insurance pool program between the City of Greensboro and the County. The Board was advised that adoption of the plan will benefit the County through increased advisory services concerning its insurance needs and placement may effect savings through joint purchases of insurance by participating in the plan.

#### **Where we are today:**

To date the program is not completed as a pool, each entity purchases their insurance coverage needs individually. The Insurance Advisory Committee has limited access to the overall insurance market because the committee provides insurance placement as an agent not a Broker. The services provided are utilized through other Insurance Brokers for options which presents a conflict with layered commissions that result in additional costs to the county. The County has corrected some of these concerns by getting quotes for coverage outside of GCCIAC that have resulted in premium reductions with enhanced coverages.

### **ELF (Excess Liability Fund) and PID (Property Insurance Deductible)**

#### **History:**

#### **Property Insurance Deductible Fund:**

***December 11, 1979 PID was formed.*** PID's program design consist of \$100,000 annual aggregate deductible program that was deposited by member agencies. These are monies to be utilized for property claims and or premiums. This fund is not utilized to date.

**Excess Liability Fund:**

In the 1980's businesses faced an insurance crisis that resulted in businesses turning to self-insurance programs. This result was primarily because insurance was either unavailable or unaffordable. These funds were to be utilized for Liability Self-Insurance and Workers Compensation, with a three-layer fund plan.

***August 26, 1986 ELF was formed.*** The Fund provides self-funding of certain lines of liability coverage for five local government entity's in the county of Guilford County.

**Five Entity's:**

**Guilford County - City of Greensboro - City of High Point - Guilford County Schools - GTCC**

**Where are we today:**

To date the fund design consists of three layers.

***Funding structure is designed in with three funds:***

1. **Fund B:** Fund B may be used only for self-funding liability coverage and may not be accessed through an insurance policy. The first \$100,000 of any loss is the responsibility of the respective member. The annual self-funding aggregate for each member in Fund B is equal to the prior year's June 30 ending equity for each member, less any withdrawals, plus any deposits during the current fiscal year. Amounts withdrawn for claims and expenses are to be repaid in subsequent years by the member making the withdrawal.

**Limits of Coverage:** \$5,000,000 per occurrence

2. **Fund E:** Fund E was established on July 1, 1993 and provides claims-paid coverage for employer's liability and workers' compensation claims in excess of \$100,000 per year up to the lower of excess insurance attachment point or to the annual self-funding aggregate. The annual funding aggregate for each member in Fund E is equal to the prior year's ending equity for each member, less any withdrawals, plus any deposits during the current fiscal year. Amounts paid by Fund E are to be repaid in subsequent year by the member in incurring the loss.
3. **Fund G:** Fund G was established on January 1, 2000. The purpose of the fund is for self-funding liability exposures and for other risk-financing activities.

**Payment for services: Obtained from most current agreement on file.**

For term of July 1, 2012 through June 30, 2013, the maximum financial exposure shall not exceed \$319,000, unless amended by the parties. Note that the \$319,000 does not include payment for Errors and Omission Insurance for the Advisory Committee, travel and training expenses for the Advisory Committee, Banking Fees, and PRIMA & AGRIP dues. Total Operating Expenses for Fiscal Year 2016: \$334,689.79

- **Guilford County Investment Income as of June 30, 2016 - \$101,600.63**
- **Guilford County's portion paid for operating expenses \$73,238.42**
- **Net Income as of June 30, 2016 - Excess Liability Fund \$28,362.20**
- **Net Income as of June 30, 2017 - Property Insurance Deductible Fund (\$158.34)**

**Distribution of Investments:**

It has been recommended by Guilford County Finance Department that recovery of all County investments will be disbursed upon maturity dates of the investments. (See attached Maturity Date Schedule)

**REQUESTED ACTION**

Authorize County to to withdraw, effective 07/01/2017, from participation with Guilford City County Insurance Advisory Committee, Excess Liability Fund and Property Deductible Fund