

# ADMINISTRATIVE AFFAIRS COMMITTEE

**Frank D. Lanterman Regional Center**

**Administrative Affairs Committee**

**April 12, 2022**

**MINUTES**

**PRESENT**

Larry DeBoer, Chair  
Allison Fuller  
Jack Gilbertson  
Al Marsella  
Dr. Tony Stein

**NOT PRESENT**

Marjorie Heller  
Greg Schaffer

**STAFF**

Melinda Sullivan  
David Romer  
Kaye Quintero

**GUESTS**

Vanessa Pena, Keenan & Associates  
Melissa Morales, Keenan & Associates  
Joseph Orndoff, J. Gallagher & Co.  
Andrea Lemm, J. Gallagher & Co.

**CALL TO ORDER**

The meeting was called to order at 12:04 P.M. via Zoom.

**REVIEW OF MINUTES**

The minutes of March 8, 2022 were reviewed and approved by consensus.

**CHAIRPERSON'S REPORT**

No report was given.

## **REVIEW OF INSURANCE COVERAGES**

Ms. Vanessa Pena, Melissa Morales, Joseph Orndoff and Andrea Lemm reviewed the brokerage services and resources their agencies provide, the current state of insurance market, insurance market trends, and 2021-22 insurance program overview of the Center's coverages. Ms. Pena will revise the slide regarding "worker's compensation" since there were a few incorrect items and provide the committee an updated presentation package. The committee had a few questions that were clarified. Discussion followed.

## **FY 2019-20 A-9 CONTRACT ALLOCATION**

Ms. Quintero reported that a late allocation for FY 2019-20 is a reconciling of all of the regional centers' POS CPP/CRDP funding. FDLRC received an additional \$38,000 for assessment and placement costs.

## **REVIEW OF FINANCIAL STATEMENTS**

### **CASH FLOW**

Mr. Romer stated that we are projected to have \$22,069,100 available at the end of June 30, 2022. Ms. Quintero added we will be working with the bank on the renewal of the Center's line of credit, but are currently expecting we may not have to draw from the line of credit if the budget is approved on time.

Mr. Romer reviewed the financial statements through February 28, 2022.

### *Fiscal Year to date 2021-2022 (C-2)*

In Operations (main contract) we have spent \$16,377,913 (55.5% of budget). In Purchase of services (main contract) we have spent \$171,708,019 before we add late bills. Including projected late bills, we will have spent \$176,496,119 (59.7% of budget).

### *Fiscal Year 2020-2021 (B-3)*

This month we recorded \$373,096 in OPS and \$123,284 in POS. To date, we have spent 97% of our OPS and 99% of our POS allocations.

### *Fiscal Year 2019 - 2020 (A-9)*

This month we recorded \$2,304 OPS payments and \$127,709 in POS. To date, we have spent 97% of our OPS and 99% of our POS allocations.

## **NEXT MEETING**

The next meeting is scheduled on May 10, 2022.

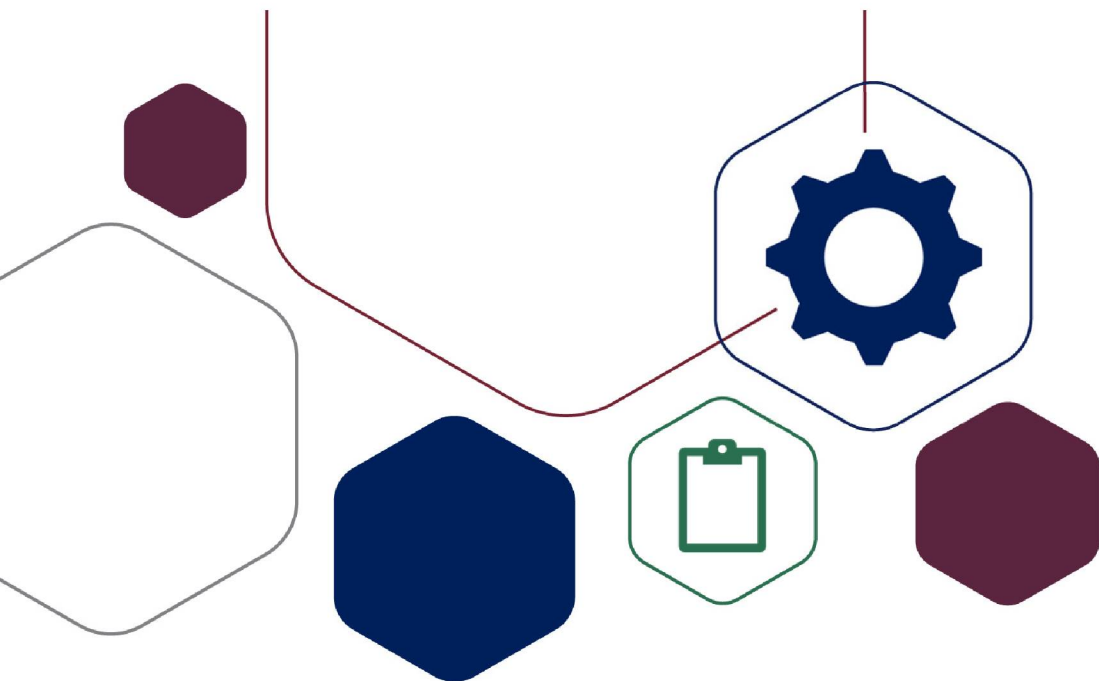
## **ADJOURNMENT**

The meeting was adjourned at 1:07 PM.

/gs

DRAFT





## Frank D Lanterman Regional Center Insurance Overview

# Agenda

- Brokerage Services & Resources
- Market Approach & Strategy
- State of the Reinsurance Market
- Insurance Market Trends
- 2021-22 Insurance Program & Loss Overview
- Marketing Timeline
- Next Steps





## **Brokerage Services and Resources**

# P&C Insurance Brokerage Services



## Property and Casualty

### Program Evaluation

Complete Analysis of Losses,  
Exposures & Operations

Insurance Program Analysis

Contract Review Analysis

Checklists, Surveys,  
Questionnaire

### Marketing/ Negotiations

Submission Development

Pre-Renewal Meeting &  
Market Update

Carrier Negotiations &  
Coverage Finalization

Renewal Presentation &  
Coverage Comparison

### Account Management

Program Administration

Risk Management Consulting  
& Analytics

Insurance Requirements  
Contract Review

Claim Advocacy

### Risk Management Support

COVID-19 Resources

Cyber Risk Assessment

P&C Bridge / KSP Online  
Trainings & Webinars

Legislative Updates

# Property & Casualty Brokerage Services



## Best Practices and Solutions at Your Fingertips

Managing your property and casualty program may seem complex but P&C Bridge can reduce the administrative burden and help to improve your program results.

### Use P&C Bridge for:

- Legislative Updates
- COVID-19 Resource Guide
- View Webinars on risk
- Assign & track Safety Training
- Risk Management Best Practices & Tools



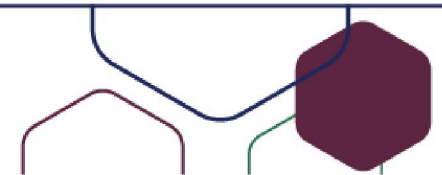


# State of the Reinsurance Market



## Global insured catastrophes in 2021 were the 2<sup>nd</sup> highest on record

- 2021 was the most active in history with extreme weather events, winter freeze, global catastrophes, hurricanes, North American wildfires and tornadoes resulting in estimated global insured losses of \$120 Billion.
- 2021 natural disaster losses were the 2<sup>nd</sup> largest on record and exceeded the previous 10-year average:
  - Winter Storm Uri – February - \$15 Billion
  - European hail/storm – June - \$5 Billion
  - European Floods – July - \$13 Billion
  - Hurricane Ida - \$40 Billion - \$53 Billion
  - Hurricane Nicholas - \$2.2 Billion
  - Earthquake in Haiti - \$1.7 Billion
  - U.S. Wildfires – \$30 Billion
  - Tornadoes (6 States) - December- \$5 Billion
  - Colorado Wildfires – December - \$1 Billion
- Natural catastrophe losses were 36% above the 10-year average.



# Wildfires have become a predictable severity event

2021 exceeded the 2020 season which had been the largest in the state's recorded history

6 of the 7 largest wildfires occurred in 2020 and 2021.

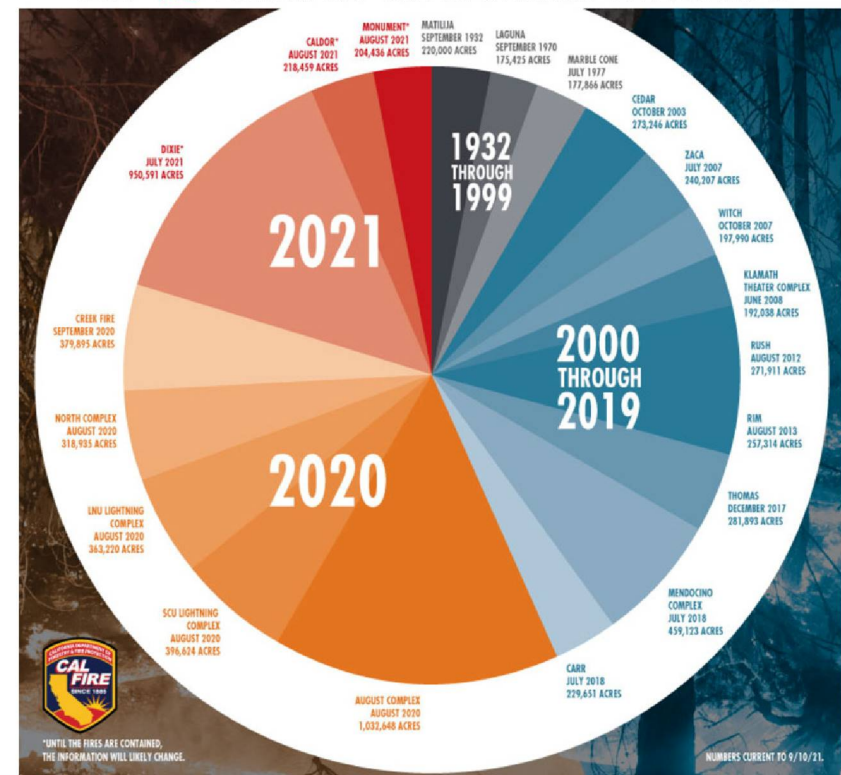
8,619 fires burned 2.6M acres across California with 3,629 structures destroyed

Insured losses from wildfires in the U.S. have exceeded \$13 billion and economic losses have topped \$20 billion in three of the last four years,

Karen Clark & Company (KCC) warns insurers could face a loss in excess of \$30 Billion from an extreme fire in CA, based upon its new US wildfire model.

PG&E now has a \$250M SIR to meet it's \$1B insurance obligation

## TOP 20 LARGEST CALIFORNIA WILDFIRES





# Inflation is impacting the insurance industry in a variety of ways...



2021 has been dominated by economic inflation discussions though for insurance, we are dealing with loss cost inflation – both for short- and long-tail business.

For long-tail lines like liability, we are dealing with the impacts of social inflation. For short-tail lines, like Property, we're dealing with constricted supply chains and labor supply shortages.

Post-pandemic inflation is driving reconstruction costs and increasing claims due to high consumer goods demand and supply chain disruption.

Costs increased upwards of 400%, for materials and labor costs. Property values have always trended up around 3% annually and this new "demand surge" is increasing the trend to nearly 20%.

# Liability costs continue to outpace industry expectations and are reshaping how reinsurers deploy capital

The Reptilian Theory appeals to jurors' emotions in place of any rational, impartial evaluation of the evidence, which is evident in this billion-dollar award

## FLORIDA JURY FINDS DAMAGES IN EXCESS OF \$1 BILLION IN WRONGFUL DEATH TRUCKING ACCIDENT



Reptile Theory Strikes Again in Florida

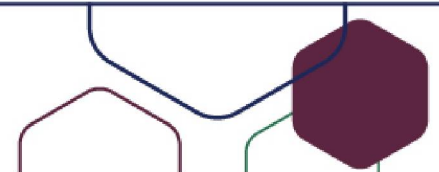
## 'Miscarriage of justice': outcry after Colorado trucker given 110 years for fatal accident

Rogel Aguilera-Mederos was convicted of vehicular homicide and received a lengthy sentence that sparked calls for leniency



## Reinsurer Says U.S. Should Regulate \$17 Billion Litigation Funding Industry

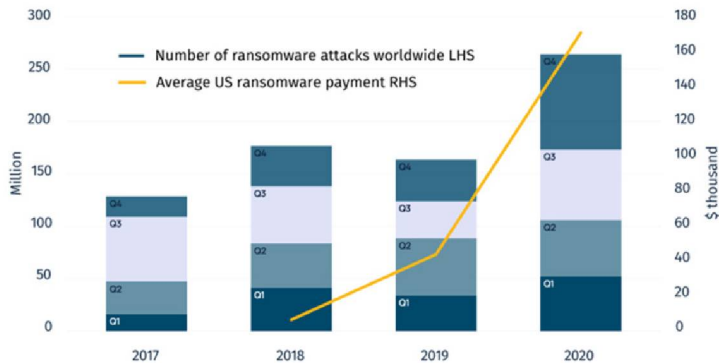
By Jim Sams | December 13, 2021



# The gap between cyber insurance and cyber security is closing...

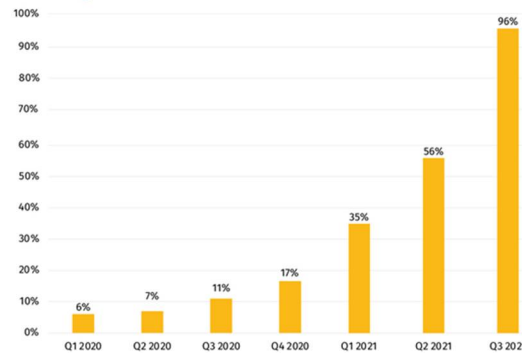
- Ransomware the “predominate” cyber threat as attacks jump 170% in 2020
- Average US ransomware payment +290%

## Global ransomware incidents and US ransom payments – 2017 to 2020

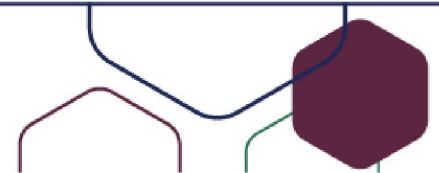


Source: HX Analytics, SonicWall, Coveware

## US cyber rates increases



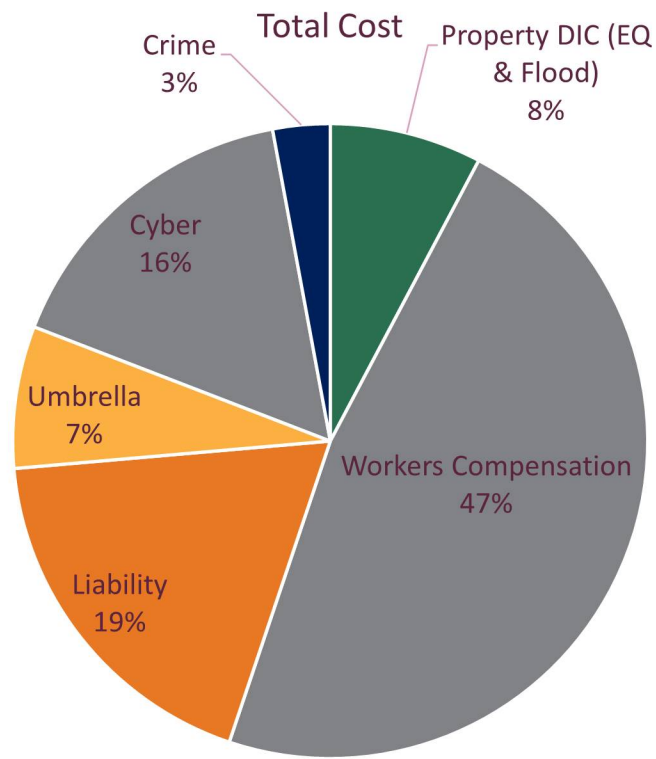
Source: Marsh's Global Insurance Market Index





# **Frank D Lanterman Regional Center FY 2021-22 Insurance Program**

# Insurance Cost Breakdown



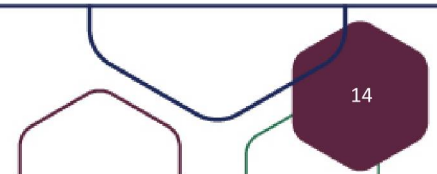
Coverage	Total Cost
Property DIC (EQ & Flood)	\$ 18,073
Workers Compensation	\$ 110,415
Liability	\$ 43,019
Umbrella	\$ 16,873
Cyber	\$ 37,779
Crime	\$ 6,800



# Frank D. Lanterman Regional Center

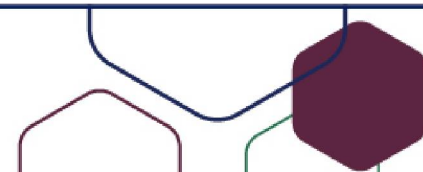
## Year-Over-Year Comparison

Coverage	2015 Premium	2016 Premium	2017 Premium	2018 Premium	2019 Premium	2020 Premium	2021 Premium	Difference	% Change
Directors & Officers Including EPLI	\$ 70,840	\$ 70,840	\$ 77,740	\$ 96,640	\$ 96,820	\$ 96,820	\$ 115,080	\$ 18,260	19%
Crime & Fiduciary	\$ 6,492	\$ 6,413	\$ 6,413	\$ 6,413	\$ 6,800	\$ 6,800	\$ 6,800	\$ -	0%
Professional & General Liability	\$ 43,106	\$ 44,117	\$ 40,980	\$ 40,446	\$ 38,192	\$ 40,448	\$ 49,019	\$ 8,571	21%
Umbrella Liability	\$ 8,621	\$ 13,294	\$ 15,763	\$ 15,884	\$ 14,976	\$ 15,863	\$ 16,873	\$ 1,010	6%
Property DIC	\$ 10,931	\$ 10,776	\$ 10,573	\$ 10,902	\$ 11,075	\$ 14,338	\$ 18,073	\$ 3,735	26%
Privacy Breach Cyber Liability	\$ 8,256	\$ 8,550	\$ 10,836	\$ 10,836	\$ 10,658	\$ 19,662	\$ 37,779	\$ 18,117	92%
Workers' Compensation	N/A	\$ 127,556	\$ 146,604	\$ 137,129	\$ 129,930	\$ 104,401	\$ 110,415	\$ 6,014	6%
<b>TOTAL:</b>	\$ 148,246	\$ 281,546	\$ 308,909	\$ 318,249	\$ 308,452	\$ 298,333	\$ 354,039	\$ 55,706	19%



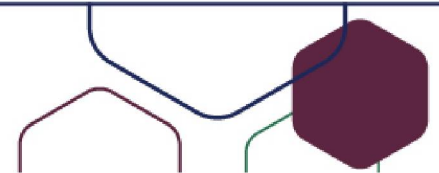
# Directors & Officers and Employment Practices Liability

Directors & Officers – Employment Practices Liability	
Carrier:	RSUI Indemnity Company
Term:	4/11/2021 – 4/11/2022
Coverage Part A: <i>Loss paid on behalf of Insured Persons for which the Insured Persons is not indemnified by the organization</i>	
Coverage Part B: <i>Loss paid on behalf of the Insured Organization for which t Organization has indemnified an Insured Person(s)</i>	
Coverage Part C: <i>Loss paid on behalf of the Organization for which the Organization has become legally obligated to pay</i>	
Limit of Liability:	
Aggregate	\$4,000,000
Per Occurrence	\$2,000,000
Coverage Part A	\$500,000
Retention:	
Directors and Officers Liability	
Coverage Part A	\$0
Coverage Part B & C	\$50,000
EPLI & Third-Party Coverage	\$150,000
Premium:	\$115,080
EPL Prior and/or Pending Litigation Date	4/11/2006



# Workers' Compensation

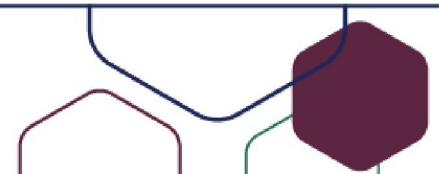
Workers' Compensation	
Carrier:	Republic Indemnity
Term:	7/1/2021 – 7/1/2022
Coverage:	
Limit	Statutory
Employers' Liability	\$1,000,000
Deductible:	None
Estimated Annual Premium:	\$16,168,185
Experience Modification:	131%
Premium:	\$110,415
Claims Advocate:	Andrea Lemm Arthur J. Gallagher 45 E. River Park place West, #605 Fresno, CA 92370 Phone No. (559) 750-5417 Cell No. (559) 368-8184 Email: <a href="mailto:andrea.Lemm@aig.com">andrea.Lemm@aig.com</a>





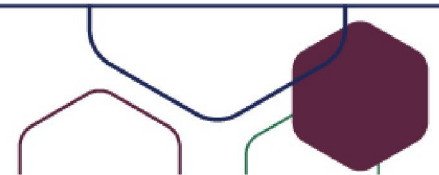
# Professional- General Liability

Professional - General Liability	
Carrier:	Hudson Excess Insurance Company
Coverage:	Occurrence – General Liability & Hired & Non-Owned Claims Made – Professional Liability & EBL
Term:	12/19/2021 – 12/19/2022
General Liability Limits:	
Limit of Insurance	\$1,000,000 Per Occurrence
Limit of Insurance	\$3,000,000 Aggregate
Fire Damage Sub-limit	\$100,000 Per Occurrence
Medical Expense Sub-limit	\$5,000 Per Occurrence
Employee Benefits Liability	\$1,000,000 Per Claim
Hired & Non-Owned Auto	\$1,000,000 Per Occurrence
Professional Liability Limits:	\$1,000,000 Per Claim \$3,000,000 Aggregate
Deductible:	\$1,000 Per Claim for EBL
Total Premium:	\$43,019
Scheduled Physicians:	Leslie Richard M.D. Wendy Leskiw M.D. Gloria Howard M.D.



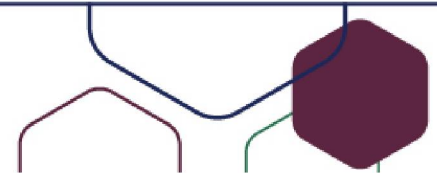
# Umbrella Liability

Umbrella Liability	
Carrier:	Hudson Excess Insurance Company
Term:	12/19/2021 – 12/19/2022
Limit:	\$4,000,000 Per Claim and/or Occurrence \$4,000,000 Policy Aggregate
Underlying Insurance:	
Professional Liability	\$1,000,000 / \$3,000,000
General Liability	\$1,000,000 / \$3,000,000
Employers' Liability	\$1,000,000 / \$1,000,000 / \$1,000,000
Employee Benefits Liability	\$1,000,000 / \$3,000,000
SIR:	\$25,000 Per Claim and/or Occurrence
Premium:	\$16,342
Taxes & Fees:	\$531.12
Total Cost:	\$16,873.12



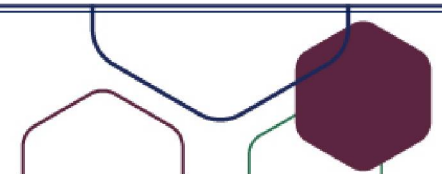
# Property - DIC

Property - DIC	
Carrier:	ICAT using Various Carriers
Term:	02/20/21 – 02/20/22
Coverage:	DIC including EQ & Flood Business Personal Property/Business Income/Extra Expense/Rental Value Tenant Improvements and Betterment
Limit:	\$12,110,000 Per Occurrence & Aggregate \$610,000 Valuable Papers
Deductible: EQ:	10% of TIV at the time of loss, per location subject to a \$25K Minimum Per Occurrence
Flood:	10% of TIV at the time of loss, per location subject to a \$50K Minimum Per Occurrence
Annual Premium:	\$16,168,185
Surplus Lines Taxes & Fees:	\$1,273.15
Total Cost:	\$18,073.15



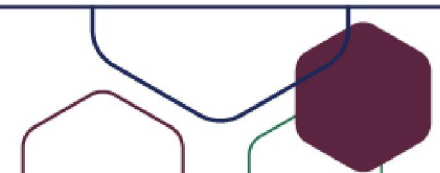
# Cyber Liability

Cyber Liability / Data Security Breach	
Carrier:	North American Capacity Insurance Company
Coverage:	Claims Made
Term:	11/1/2021 – 11/1/2022
Aggregate Policy Limit	\$3,000,000
Network & Information Security Liability	\$3,000,000
Regulatory Defense & Penalties	\$3,000,000
Multimedia Content Liability	\$3,000,000
PCI Fines and Assessments	\$3,000,000
Breach Response	\$3,000,000
Crisis Management & Public Relations	\$3,000,000
Cyber Extortion	\$3,000,000
Business Interruption and Extra Expenses	\$3,000,000
Digital Asset Restoration	\$3,000,000
SIR:	\$50,000 Each and Every Claim \$20,000 Service Fraud 8 Hours Waiting Period for BI & EE
Premium:	\$18,559.00 (Including TRIA)
Taxes & Fees:	\$1,103.17
Total Cost:	\$19,662.17



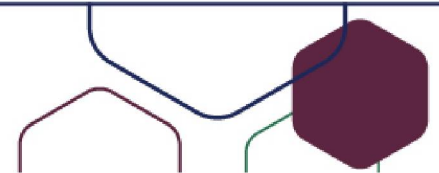
# Crime

Crime Coverage		
Carrier:	Travelers Casualty and Surety Co of America	
Term:	4/11/2019 – 4/11/2022	
Limits:		
Employee Theft and ERISA		\$500,000
Forgery or Alteration		\$500,000
Computer Fraud		\$500,000
Computer Program & Electronic Data Restoration Expense		\$100,000
Personal Accounts Forgery or Alteration		\$500,000
Claim Expense		\$5,000
Retention:		
Each Single Loss under Each Insuring Agreement, except		\$5,000
ERISA Fidelity and Claim Expense		\$0
Premium:	\$20,400 (Annual Installments of \$6,800)	



# Fiduciary Liability

Fiduciary Liability	
Carrier:	Travelers Casualty and Surety Co of America
Term:	4/11/2019 – 4/11/2022
Limits:	
For All Claims	\$2,000,000
Settlement Program Limit of Liability (Included within limit)	\$250,000
HIPAA Limit of Liability (Included within limit of liability)	\$1,500,000
Retention:	\$0 Each Claim
Premium:	\$20,400 (Annual Installments of \$6,800)
Prior and Pending Proceeding Date	4/11/1997









Insurance | Risk Management | Consulting

## Summary of Insurance for Los Angeles County Developmental Services Foundation dba Frank D. Lanterman Regional Center

**IMPORTANT:** This summary is an outline of certain terms and conditions of the insurance provided by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

COVERAGE	CARRIER	COVERAGE DETAILS	POLICY NUMBER	POLICY TERM	PREMIUM
<b>Property</b>	Great American Assurance Company	<i>See Attached Property Statement of Values</i>	PAC804994412	2/1/2022 to 2/1/2023	\$16,260.00
<b>Boiler &amp; Machinery</b>	Great American Assurance Company	<i>See Attached Boiler &amp; Machinery Schedule</i>	PAC804994412	2/1/2022 to 2/1/2023	Included
<b>Electronic Data Processing</b>	Great American Assurance Company	<i>See Attached Electronic Data Processing Schedule</i>	PAC804994412	2/1/2022 to 2/1/2023	Included
<b>Accident</b>	Philadelphia Indemnity Insurance Company	\$25,000 Accidental Death \$50,000 Dismemberment \$100,000 Accident Medical (Excess) \$50,000 Accidental paralysis \$25,000 Acc Indemnity \$500,000 Aggregate Limit of Indemnity	PHPA098343	3/25/2022 to 3/25/2023	\$300.00





Insurance | Risk Management | Consulting

## Property Statement of Values

Loc #	Bldg #	Address				Occupancy	Buildings	Business Personal Property	Business Income	Valuable Papers in Transit	Location Total	Sq. Foot	Type of Construction	Stories	Year Built / Updated
		Street	City	St	Zip										
1	1	3303 Wilshire Blvd., Floors 1, 3-7	Los Angeles	CA	90010	Office	\$5,616,160.00	\$3,751,280.00	\$1,000,000.00	\$610,000.00	\$10,977,440.00	62,670	Masonry	12	1975
1	1	Total					\$5,616,160.00	\$3,751,280.00	\$1,000,000.00	\$610,000.00	\$10,977,440.00				

## Boiler & Machinery Schedule

DESCRIPTION		AMOUNT	DEDUCTIBLE
Loc #: 1	Bldg #: 1	3303 Wilshire Blvd., Floors 1, 3-7 , Los Angeles, CA 90010	
Equipment Breakdown		\$10,517,440	\$1,000
Expediting Expense		\$250,000	
Extended Period of Restoration		90 Days	
Spoilage/Perishable Goods		\$250,000	
Newly Acquired Premises		90 Days	
Ordinance or Law		\$500,000	
Contingent Business Income/Extra Expense		\$25,000	
Demolition		\$500,000	
Data Restoration		\$250,000	
Mold		\$15,000	
Public Relations		\$5,000	
Service Interruption		\$250,000	



Insurance | Risk Management | Consulting

## Electronic Data Processing Schedule

Subject		Amount	Co-Insurance	Valuation	Deductible
<b>Loc#: 0</b>	<b>Bldg #: 0</b>	<b>, Los Angeles, CA 90010</b>			
Equipment (Hardware) Owned		\$1,800,000			
<b>Loc#: 1</b>	<b>Bldg #: 1</b>	<b>3303 Wilshire Blvd., Floors 1, 3-7 , Los Angles, CA 90010</b>			
Equipment (Hardware) Owned		\$1,800,000	90%	Replacement Cost	\$1,000
Equipment (Hardware) In Transit		\$100,000	90%	Replacement Cost	\$1,000
Media/Data (Software)		\$100,000	90%		\$1,000
Extra Expense		\$250,000			\$1,000
Extra Expense - Per Month		\$250,000			

