

Directors & Officers Liability Coverage Options

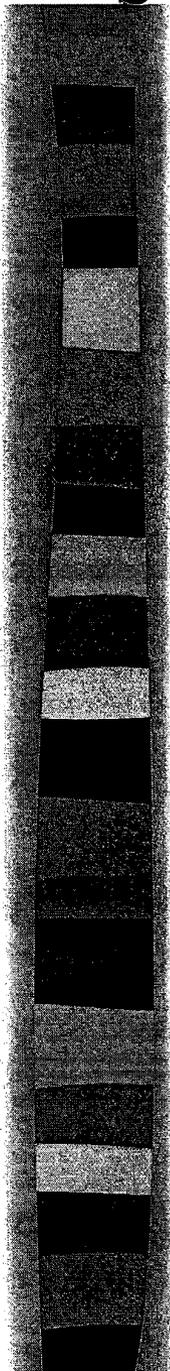


CHFA Board of Directors
December 7, 2000

Presented by
Daniel J. Howell
Senior Vice President
Director, NorCal Public Entities

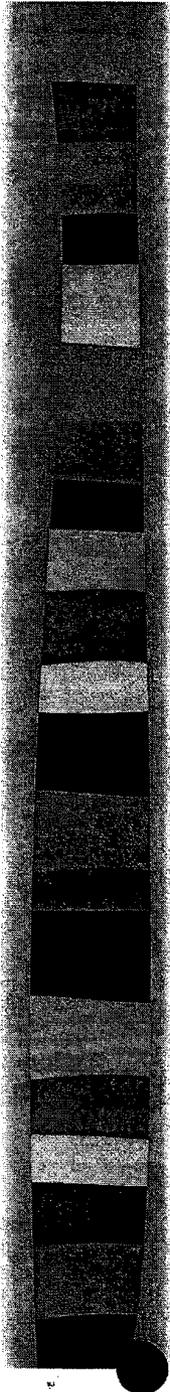






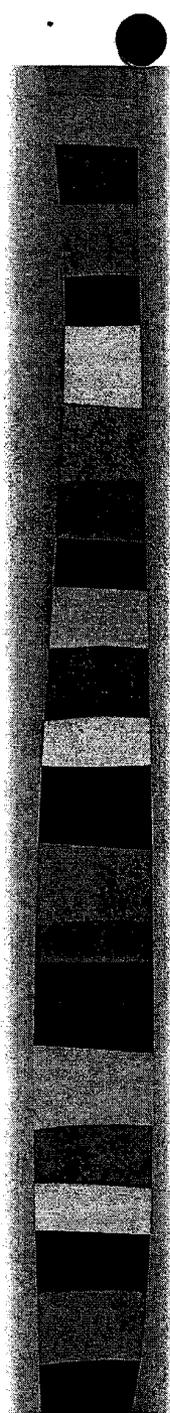
Discussion Points

- I. General Discussion on Directors & Officers Liability Coverage.
- II. Scope of coverage for Exposures Beyond Indemnification of State.
- III. Availability and Cost of Coverage.
- IV. Approach of Other State Agencies.



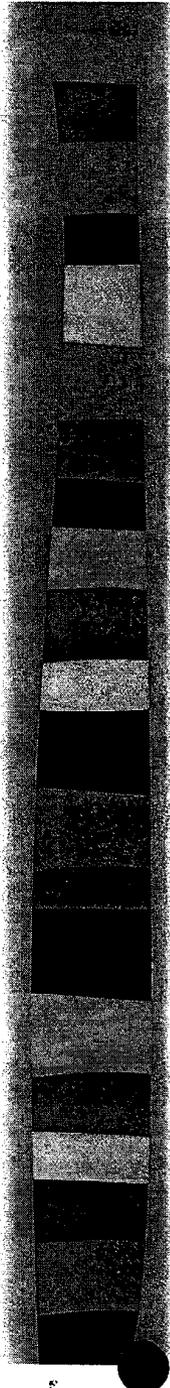
I. General Discussion on Directors & Officers Liability Coverage.

- D&O pays for Damages and Defense Costs for Wrongful Acts solely in the performance of duties for the public entity.
- Duty to defend is broader than the duty to indemnify.
- Wrongful act is actual or alleged breach of duty, neglect, error, etc.



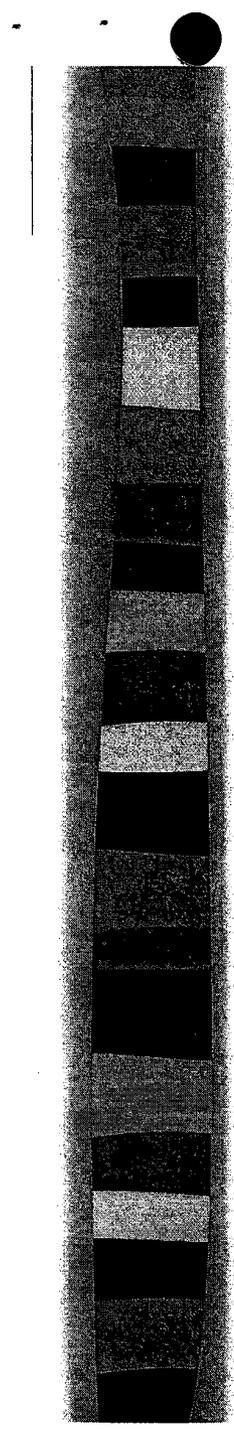
II. Scope of Coverage for Exposures

- Retroactive Date is first date of purchase of coverage.
- Employment Practices Coverage is usually included.
- Must be in the performance of Duties for the public entity.
- Punitive Damages excluded or subject to sub-limit.



III. Availability and Cost of Coverage

- D&O without Employment practices would be approximately \$20,000 at a \$25,000 deductible
- Full General Liability, D&O, EPL would be less than \$125,000.
- Offshore Financial Guarantee Contract with Punitive Damages is minimum premium of \$25,000.



IV. Approach of Other State Agencies

- Budget Language limiting purchase of insurance removed in 1994.
- STRS purchases fiduciary coverage due to statutory requirements.
- Various agencies now purchasing Liability, Property and Workers' Comp.
- Budget stability, litigation control, frictional costs.

The Robert F. Driver Company

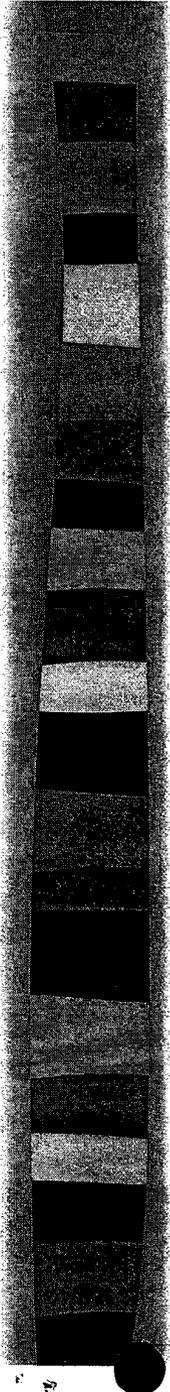


- **Founded 1925;**
- **370 employees;**
- **Over \$600 Million in premiums placed;**
- **\$50 Million in revenue; and**
- **30% of Revenue from Public Entities.**

Public Entity Focus



- Over 100 Individuals servicing Public Entity clients
- Over \$250,000,000 in public entity premium placed annually
- Innovative Products & Services
 - Insurance Brokerage
 - Risk Mgmt. Consulting
 - JPA Creation & Management



Daniel Joaquin Howell, JD, ARM, CPCU

Senior Vice President

Director, Public Entity Practice

Responsibilities

As Northern California Public Entity Practice Leader, Mr. Howell ensures that the Driver Public Entity Group achieves client service goals. He directs the activities of a team of 25 professionals specializing in public entity risk consulting and insurance brokerage.

Professional Experience

Mr. Howell holds the degree of Juris Doctor from U.C.Hastings College of the Law and is a graduate of Stanford University with an A.B. in History. He also holds the Chartered Property Casualty Underwriter (CPCU) designation and the Associate in Risk Management (ARM) designation.

Mr. Howell began working as a broker with Sedgwick/Marsh McLennan 14 years ago, and has been associated with the Public entity Group for 13 years. Among numerous public entity clients, Mr. Howell is pleased to serve as broker to the State of California Office of Risk and Insurance Management (ORIM). In addition, he serves as Program Administrator for the California State University Risk Management Authority (CSURMA). In that capacity, he designs, implements and administers the CSURMA's programs for Liability, Worker's Compensations, Property, Industrial Disability Leave, Non-Disability Leave and Unemployment Insurance.

Community and Professional Activities

Mr. Howell is an active member of the State Bar Association of California. He works with the Cooperative Restraining Order clinic in association with the Bar Association of San Francisco to assist victims of domestic violence by preparing and filing court documents.

Client Service Philosophy

**“Attract quality
colleagues to attract
quality clients, retain
quality colleagues with
the common goal of
personal and professional
growth**

CALIFORNIA HOUSING FINANCE AGENCY

Variable Rate Debt as of December 2000

(Millions of \$)

	<u>Tied Directly to Variable Rate Loans</u>	<u>Swapped to Fixed Rate</u>	<u>Not Swapped or Tied to Variable Rate Loans</u>	<u>Total Variable Rate Debt</u>
Single Family	\$35	\$1,095	\$505	\$1,635
Multifamily	<u>17</u>	<u>183</u>	<u>14</u>	<u>214</u>
Total	\$52	\$1,278	\$519	\$ 1,849

Net Variable Rate Debt

(millions of \$)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
Short average life	\$266	\$ 97	\$363
Long average life	<u>36</u>	<u>120</u>	<u>156</u>
TOTALS	\$302	\$217	\$519

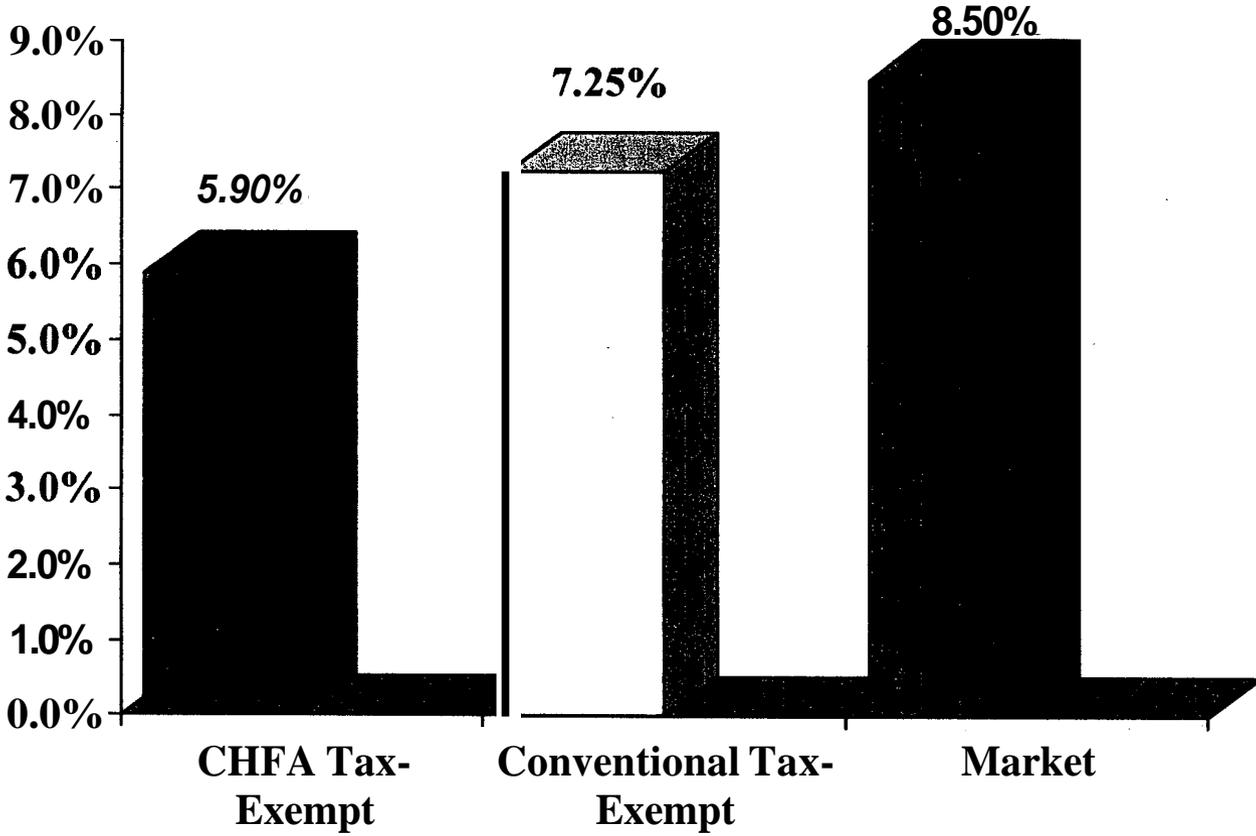


Interest Rate Swaps

(millions of \$)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
Single family	\$341	\$754	\$1,095
Multifamily	<u>183</u>	<u>0</u>	<u>183</u>
TOTALS	\$524	\$754	\$1,278

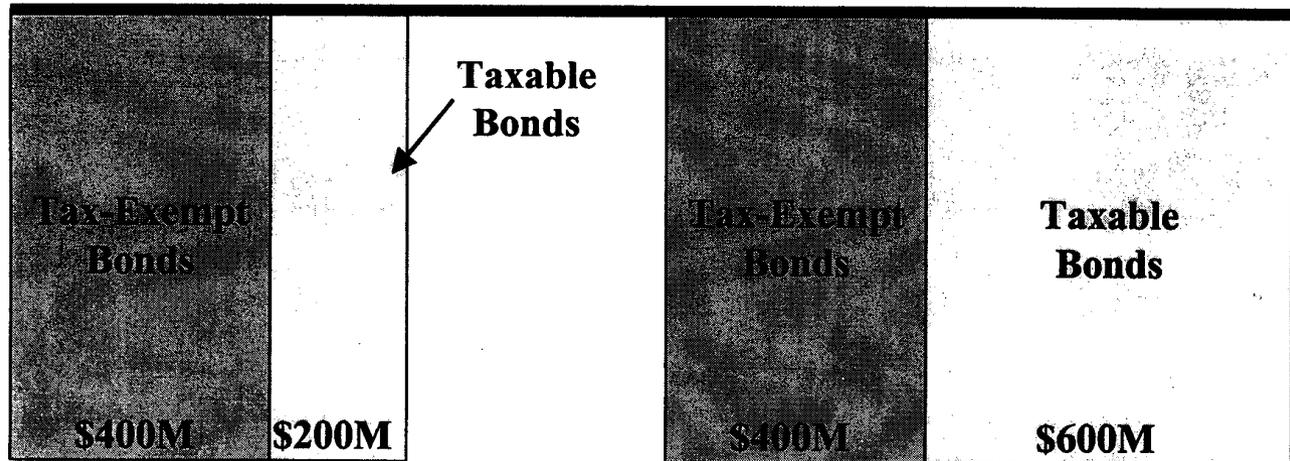
Swap Strategy Multifamily Lending Rates



Swap Strategy

Single Family Lending Volume

COF 6.2%



Traditional
Fixed Rate
Transaction

Variable Rate Bonds
Swapped to Fixed