

Chester Fire Department Temp. Shutdown Update

Chester Public Utility District
Special Board of Directors meeting
March 29, 2022

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What Happened?

- CFD's liability insurance carrier declined to renew the department's broad liability insurance policy when it lapsed near the end of October.
- The policy covered multiple aspects of liability, each of which is necessary to operate:
 - General/Property Liability
 - Employment Practices Liability
 - Coverage specific to damage or injury arising from water rescues or traffic-related incidents
 - Coverage specific to medical transports

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What Happened?

- CFD received notification of the non-renewal in August during the Dixie Fire and had difficulty obtaining quotes for coverage while the fire was active (until end of Oct.).
- Stated reason for non-renewal was "Loss History"
- CFD Loss History included some vehicle claims and two employment practices claims; one of which has been settled for a loss of over \$200,000 and one which is still in active litigation.

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What Happened?

- Without liability coverage, we cannot legally operate emergency services.
- NorCal EMS, our regional emergency services authority, requires as a condition of our Advanced Life Support ambulance provider agreement for the department to carry liability coverage.
- Last week, CPUD/CFD's new general manager and general counsel discovered the department was without coverage. With legal counsel's advice, the GM ordered a shutdown of the emergency operations and directed that we request call coverage from our partner agencies.

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What is Being Done?

- CFD is working with a variety of insurance-industry resources to identify carriers willing to accept our business.
- We get the best deals on premiums by packaging all our business into one comprehensive policy, however it currently appears we will have to cobble together separate policies at significantly higher rates in order to achieve adequate coverage for our operations.
- In order to qualify for underwriting for these types of policies, carriers will want to see that the department has taken steps to investigate internal issues and mitigate risks.
- CFD 2021/2022 Liability Insurance Budget: \$16,000
- Anticipated 2022/2023 Premiums: \$100,000 - \$200,000

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What is Being Done?

- CFD will begin working with various insurance and legal resources to create an improvement program for CFD so we can secure affordable comprehensive coverage in the future.
- CFD has received offers of help from many local insurance brokers, private businesses, elected officials, and our allied agencies.
- An internal reporting system is being designed to more effectively communicate information throughout CPUD/CFD, including to the Board of Directors and the public.

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What is Being Done?

- Once coverage is secured again, we will provide proof to NorCal EMS and resume operations.

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What Does the Future Look Like?

- In the coming months we will hold public meetings to discuss the CPUD/CFD budget.
- Addressing CFD staffing & policies
 - Over the last 12 months, Chester has been without an Advanced Life Support transport (ambulance) for at least 25 days.

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