



## Staff Report

**Date:** February 22, 2024

**Subject:** Confirmation of Bond Coverage for Staff with Banking Access

**Attachments:** *Current Crime Policy Coverage Terms and Comparison*

### **Background:**

At the previous board meeting held on January 24, 2024, the approval of Resolution 921 was passed pending confirmation of bond coverage for staff members with access to banking facilities. In response to this directive, we have conducted a thorough review of the District's insurance policies and coverage pertaining to employee theft, forgery, and alteration. While the district does not have specific "bonding" for staff members, it is noted that the district's insurance crime policy provides coverage for these critical aspects up to \$1,000,000.00, with a \$10,000.00 retention rate (*see attachment*).

### **Findings:**

1. Insurance Coverage: The district's insurance crime policy comprehensively covers employee theft, forgery, and alteration up to a substantial amount, providing financial protection against potential risks associated with staff members accessing banking facilities.
2. Retention Rate: The retention rate of \$10,000.00 indicates that the district would be responsible for the initial portion of any covered loss, aligning with standard insurance practices.
3. Scope of Coverage: The coverage provided by the insurance policy meets the recommendation made by the Board on January 24, 2024, ensuring that the district has adequate protection against financial malfeasance by staff members.

### **Recommendation:**

The administration will continue to monitor and review insurance policies regularly to ensure ongoing compliance with regulatory requirements and best practices in risk management.

### **Next Steps:**

1. The administration will provide documentation verifying the coverage details of the district's insurance crime policy for the Board's records (*attached*).
2. Staff members with access to banking facilities will be reminded of the district's policies and procedures regarding financial integrity and security.
3. Regular audits and reviews will be conducted to assess the effectiveness of existing risk management measures and identify areas for improvement.

Respectfully submitted,

Eva Edge, Administrative Director



Attachment: Current Crime Policy Coverage Terms and Comparison

Tulare Local Healthcare District

**COVERAGE TERMS AND COMPARISON**

CRIME	EXPIRING	RENEWAL	CHANGE
	AIG	AIG	
COVERAGE TERM	07/01/22 - 07/01/23	07/01/23 - 07/01/24	
Employee Theft; per Loss	\$ 1,000,000	\$ 1,000,000	
Employee Theft; per Employee	\$ 1,000,000	\$ 1,000,000	
Forgery or Alteration	\$ 1,000,000	\$ 1,000,000	
Inside Premises; Theft of Money & Securities	\$ 1,000,000	\$ 1,000,000	
Inside Premises; Robbery, Safe Burglary, Other Property	\$ 1,000,000	\$ 1,000,000	
Outside Premises	\$ 1,000,000	\$ 1,000,000	
Money Orders & Counterfeit Money	\$ 1,000,000	\$ 1,000,000	
Computer Fraud	\$ 1,000,000	\$ 1,000,000	
Funds Transfer Fraud	\$ 1,000,000	\$ 1,000,000	
Social Engineering Fraud	\$ 100,000	\$ 100,000	
<b>RETENTION</b>			
Each Claim, Except	\$ 10,000	\$ 10,000	
Identity Fraud Expense Reimbursement & Claim Expense	\$ 25,000	\$ 25,000	
<b>Premium</b>	<b>\$ 5,094</b>	<b>\$ 5,162</b>	1.33%
<b>Conditions</b>	Loss Discovered Policy Form Worldwide Coverage	Mergers / acquisitions must be reported	
<b>Endorsements</b>	Per Policy Form; Including But Not Limited To: Government Entity Crime Endorsement		
<b>Exclusions</b>	Per Policy Form		
<b>Subjectivities</b>	None		