



AMERICAN CANYON FIRE FINANCE  
SUBCOMMITTEE AGENDA  
JUNE 10, 2025

STAFF REPORT  
BUSINESS  
**ITEM NUMBER: 2.**

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## TITLE

Comparison of the American Canyon Fire Protection District’s current insurance coverage through Fire Agencies Insurance Risk Authority (FAIRA) and a proposed program through Volunteer Firemen’s Insurance Services (VFIS).

## RECOMMENDATION

Review and discuss the comparative analysis of the FAIRA and VFIS insurance programs, including premium costs, coverage differences, structural models, and fiscal impacts. Provide direction to staff regarding the preferred insurance provider for Fiscal Year 2025–26 and whether to initiate the one-year notice to withdraw from FAIRA.

## CONTACT

Geoff Belyea, Fire Chief

## BACKGROUND & ANALYSIS

The American Canyon Fire Protection District currently participates in a pooled insurance program through FAIRA, a Joint Powers Authority (JPA) that provides coverage across multiple agencies. As part of our risk management review, staff sought a tailored insurance proposal from VFIS, a provider specializing in emergency services insurance. This report provides a comparison of premium costs, coverage structure, and unique advantages.

### 1. Premium Comparison

Provider	FY 2024-25 Premium	FY 2025-26
FAIRA	\$103,301	\$105,900
VFIS	N/A	\$86,000 with \$5M Umbrella \$89,200 with \$10M Umbrella

### 2. Risk Pooling vs. Standalone Policy

A key distinction between FAIRA and VFIS lies in how risk is allocated and premiums are determined.

FAIRA is a Joint Powers Authority (JPA), operating as a shared risk pool among multiple fire agencies. Member agencies contribute to a common fund, which is used to cover claims, legal expenses, and administrative costs across all participants. This means that even if the District does not file claims,

its premiums may still increase due to claims made by other member agencies. The District is subject to the collective loss experience of the pool, making budget forecasting and premium control less predictable.

In contrast, VFIS provides a standalone insurance policy that is individually tailored to the American Canyon Fire Protection District. This model offers the advantage of premium calculations based solely on the District's assets, exposures, and claims history. The District is not financially impacted by the claims of other agencies and retains greater control over its risk profile and long-term insurance costs.

A summary of these differences is outlined below:

Aspect	FAIRA (JPA Pool)	VFIS (Standalone Policy)
Risk Structure	Shared across all member agencies	Specific to American Canyon Fire Protection District
Impact of Other Agencies' Claims	Yes- shared risk exposure	No-isolated on District's experience
Premium Predictability	May vary due to pool performance	Based solely on District's risk and claims
Policy Flexibility	Standardized group coverage	Custom coverage and endorsements
Control Over Coverage Terms	Limited by pooled structure	High control and negotiable terms

### 3. Excess Liability Comparison

Both FAIRA and VFIS provide excess liability coverage, but the structure and application differ in scope and flexibility.

FAIRA includes a pooled excess liability limit of \$10 million, which applies to General Liability, Auto Liability, Errors and Omissions, and EPLI. This is shared among member agencies and subject to the terms of the pooled structure.

VFIS offers a standalone excess liability (umbrella) policy of \$5 million per occurrence and an annual aggregate limit of \$10 million. This limit applies specifically to the District and applies to General Liability, Automobile Liability, and Management Liability. It is not shared with other agencies and applies only to the District's exposures.

The District has also requested a quote from VFIS for an expanded excess liability policy of \$10 million per occurrence. The cost for this expanded umbrella policy is an additional \$3,200 annually.

### 4. Defense Cost Structures

A major distinction between the two programs is how legal defense costs are handled. Under FAIRA, defense costs may be applied within the liability limits, reducing the amount available to pay settlements or judgments. This can impact available coverage in the event of significant legal

expenses.

In contrast, VFIS covers defense costs outside of the policy limits, preserving the full amount of coverage for settlements or judgments. This is especially important in high-cost litigation scenarios, as it ensures full policy limits remain available to resolve claims.

## 5. Key Coverage Comparison Summary

Coverage	FAIRA	VFIS
Property Coverage	\$10.8M Scheduled	\$14.1M Blanket
General Liability	\$1.5M per occurrence	\$1M per occurrence
Auto Liability	\$1.5M	\$1M
Medical Incident Liability	\$1.5M	\$1M/\$3M Aggregate
Public Officials/EPLI	\$1.5M	\$1M/\$3M Aggregate
Cyber Liability	\$1M	\$1M + \$500K crisis + 20K extortion
Crime	\$1M (Employee Theft, Forgery, etc.)	\$1M Employee Dishonesty, \$250 Forgery
Excess Liability	\$10M Shared Pool	\$5M Umbrella-Standalone or \$10M Umbrella -Standalone
Defense Costs	Included (maybe inside limit)	Included (outside of limit)

## 6. Membership Withdrawal Requirements

The District is required to provide one year's advance written notice of intent to withdraw from the FAIRA pool. To exit effective June 30, 2026, the District must notify FAIRA no later than June 30, 2025. Additionally, a withdrawal penalty of 10% of the annual premium may apply.

## FISCAL IMPACT

The District is not able to determine the cost savings for FY2026-27; however, if the District were able to withdraw from the FAIRA pool in FY 2025-26 the estimated cost savings would be the following:

FAIRA Premium FY25-26	\$105,900
VFIS Premium FY 26-26	\$ 86,000
10% Withdrawal	\$ 10,590
<b>Savings</b>	<b>\$ 9,310</b>

### With \$10M Umbrella Policy

FAIRA Premium FY25-26	\$105,900
VFIS Premium FY 26-26	\$ 89,200
10% Withdrawal	\$ 10,590
<b>Savings</b>	<b>\$ 6,110</b>

Other Considerations:

- VFIS pays defense costs outside policy limits; FAIRA's defense costs may erode liability limits.
- VFIS provides a \$5M standalone excess policy; FAIRA provides a \$10M pooled excess liability.
- VFIS premiums are based solely on the District's risk and claims; FAIRA's pooled risk may increase costs from other agencies' losses.

## **BOARD PRIORITY PROGRAMS AND PROJECTS**

Public Safety: "Ensure American Canyon remains a safe community"

## **ENVIRONMENTAL REVIEW**

None

## **ATTACHMENTS:**

1. [VFIS Proposal](#)
2. [24-25 FAIRA - Coverage Outline](#)
3. [24-25 FAIRA - Summary of Insurance - American Canyon Fire District](#)