

### Member Cities

Capitola  
Del Rey Oaks  
Gonzales  
Greenfield  
Hollister  
King City  
Marina  
Sand City  
Scotts Valley  
Soledad

## AGENDA

**JPA:** MBASIA Board of Directors Meetings

**DATES/TIMES:** Monday, June 10, 2013 at 9:30 AM

**LOCATION:** City of Sand City  
1 Sylvan Way  
Sand City, CA 93955  
Room: Council Chambers

### **LEGEND:**

A – Action may be taken  
I – Information

1 – Included  
2 – Handout  
3 – Separate  
4 – Verbal

*In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, in each of the member agencies involved.*

*Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant Insurance Services at (415) 403-1400, 24 hours in advance of the meeting. Access to some buildings may require routine provision of identification to building security. However, MBASIA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*

### PAGE A. CALL TO ORDER

### B. CONSENT CALENDAR

(A)

- 1-5** 1) Approval of Minutes – April 15, 2013 Board of Directors Meeting  
*Members will review these minutes and may take action to approve or amend.*
- 6-7** 2) Service Calendar & Status of Deliverables
- 8-13** 3) Bills and Correspondence
- a) Ratification of Disbursements
    - i. Month Ending March 31, 2013
    - ii. Month Ending April 30, 2013
    - iii. Month Ending May 31, 2013

### C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

(I)

*The public is invited at this point to address the Board on issues of interest to them.*

### D. BOARD OF DIRECTORS

- 1) UNFINISHED BUSINESS
  - None-
- 2) COMMITTEE REPORT
  - 4 a) Executive and Finance Committee (I)  
*The Executive and Finance Committee may give a verbal report in addition to discussing the following items:*
    - 14 1. Updated Committee Assignments  
*The Executive Committee will discuss the updated Committee Assignments.*
    - 1 b) Safety Committee (I)  
*The Safety Committee may give a verbal report in addition to discussing the following items:*
      - 15-16 1. 2013-2014 Safety Funds Budget

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*The Safety Committee will discuss the amount allocated to the Safety Fund for the 2012-2013 Program Year and members may take action or give direction.*

- |       |   |    |   |     |
|-------|---|----|---|-----|
|       | 4 | c) | Coverage and Claims Committee   | (I) |
|       |   |    | <i>The Coverage and Claims Committee may give a verbal report in addition to discussing the following items:</i>                        |     |
|       |   |    | - None  |     |
|       | 1 | d) | Ad Hoc Budget Committee   | (A) |
|       |   |    | <i>The Ad Hoc Budget Committee may give a verbal report in addition to discussing the following items:</i>                              |     |
| 17-21 |   | 1. | Proposed Liability Budget   |     |
|       |   |    | <i>Members will review the proposed version of the proposed Liability Budget and may take action or give direction</i>                  |     |
| 22-25 |   | 2. | Proposed Workers' Compensation Budget   |     |
|       |   |    | <i>Members will review the proposed version of the proposed Workers Compensation Budget and may take action or give direction.</i>      |     |
|       |   | 3) | NEW BUSINESS  |     |
| 26-27 | 1 | a) | CARMA Insurance Renewal   | (I) |
|       |   |    | <i>Members will receive a report on the status of the CARMA insurance renewal; action may be taken for the July 1, 2013 renewal.</i>    |     |
| 28-30 | 1 | b) | ERMA Insurance Renewal  | (I) |
|       |   |    | <i>Members will receive a report on the status of the ERMA insurance renewal; action may be taken for the July 1, 2013 renewal.</i>     |     |
| 31-34 | 1 | c) | CSAC-EIA Insurance Renewal  | (A) |
|       |   |    | <i>Members will receive a report on the status of the CSAC-EIA insurance renewal; action may be taken for the July 1, 2013 renewal.</i> |     |
| 35-75 | 1 | d) | PEPIP Insurance Renewal   | (I) |
|       |   |    | <i>Members will receive a report on the status of the PEPIP renewal.</i>  |     |
| 76    | 1 | e) | 2013-14 Program Year Calendar of Meetings   | (A) |
|       |   |    | <i>Members will review the draft calendar of meetings and may take action or give direction.</i>  |     |

### 4) LOSS REPORT (A)

#### CLOSED SESSION – Pursuant to Gov't Code 54956.95

*Members will review the following Items:*

- |   |    |   |
|---|----|---|
| 1 | a) | Workers' Compensation Administrator's Report  |
|   |    | <i>Tabatha Bettencourt from JT2, MBASIA's Workers Compensation TPA, will provide a report on current claims status.</i> |
| 1 | b) | Liability Third Party Administrator's Report  |
|   |    | <i>Ken Maiolini from RMS will provide a closed session report on the following claims:</i>                              |
|   | 1. | Capitola Drain Pipe   |
|   | 2. | Cramblett v. Marina   |

#### RECONVENE – DISPOSITION OF CLOSED SESSION ITEMS

### E. PROGRAM ADMINISTRATORS REPORT

- |    |   |     |
|----|---|-----|
| 1) | MBASIA's Website – Transitioning to Alliant Connect | (I) |
|----|---|-----|

### F. CORRESPONDENCE / INFORMATION

(I)

77

1) Next Board Meeting & ERMA Training Schedule

4 **G. GENERAL RISK MANAGEMENT ISSUES**

(I)

*Subjects that are of interest to members: please bring 15 copies of any materials.*

**ADJOURNMENT**

**Member Cities**

Capitola

Del Rey Oaks

Gonzales

Greenfield

Hollister

King City

Marina

Sand City

Scotts Valley

Soledad

**Agenda Item B.1  
Board of Directors  
June 10, 2013**

**MINUTES OF THE  
MBASIA BOARD OF DIRECTORS MEETING  
Monday, April 15, 2013 at 9:30 A.M.  
City of Sand City, CA**

**MEMBERS PRESENT**

Lisa Murphy, City of Capitola  
Jamie Goldstein, City of Capitola  
Daniel Dawson, City of Del Rey Oaks  
Rene Mendez, City of Gonzales  
Susan Stanton, City of Greenfield  
Robert Galvan, City of Hollister  
Michael Powers, City of King City  
Steve Matarazzo, City of Sand City  
Steve Ando, City of Scotts Valley  
Adela Gonzalez, City of Soledad  
Francine Uy, City of Soledad

**MEMBERS ABSENT**

City of Marina

**GUESTS AND CONSULTANTS**

Conor Boughey, Alliant Insurance Services  
Amy Young, Alliant Insurance Services  
Tabatha Bettencourt, JT2 Integrated Services  
Arleane Cavlan, JT2 Integrated Services  
Milissa Gilihan, JT2 Integrated Services  
Ken Maiolini, Risk Management Services  
Mark Hannah, Attorney at Law, Witzig, Hannah, Sanders, & Reagan, LLP

**A. CALL TO ORDER**

Rene Mendez called the meeting to order at 9:42 a.m.

**B. CONSENT CALENDAR**

**B1. Approval of Minutes – February 11, 2013 Board of Directors Meeting**

**B2. Service Calendar & Status of Deliverables**

Conor Boughey ran through the current action item list that was created from February 11, 2013 Board of Directors Meeting with the members and gave a status report on each item.

## **B3. Bills and Correspondence**

### **B3a. Ratification and Disbursements for months ending January 31, 2013 and February 28<sup>th</sup>, 2013**

A motion was made to approve the Consent Calendar.

**MOTION:** Robert Galvan      **SECOND:** Jaime Goldstein      **MOTION CARRIED**

## **C. ORAL COMMUNICATIONS & PUBLIC COMMENTS**

There were no public comments.

## **D. BOARD OF DIRECTORS**

### **D1. UNFINISHED BUSINESS**

No report necessary.

### **D2. COMMITTEE REPORTS**

#### **D2a. Executive and Finance Committee**

No report necessary.

#### **D2b. Safety Committee**

##### **D2b1. City Contracted Risk Transfer**

Conor Boughey reported on the Policy & Procedure of Certificates of Insurance. Conor introduced the Insurance Requirements in Contracts manual (IRIC). Conor requested Board Members to advise City Members who would attend IRIC training. Members discussed. Rene Mendez suggested reviewing high risk contracts to start with for proper documentation. Jaime Goldstein proposed training at the Fall meeting. Conor mentioned a condensed training for Board Members with the full IRIC training with appropriate attendees.

No action necessary.

##### **D2b2. Reminder-Policy and Procedure-Grant Funds**

Conor Boughey reminded Board Members that requests should be made by May 1<sup>st</sup>, 2013. After May 1<sup>st</sup> funds may be depleted. Page 28 of the Agenda describes Grant Funds procedure in detail.

No action necessary.

## **D2c. Coverage and Claims Committee**

No report necessary.

## **D2d. Ad Hoc Budget Committee**

### **D2d1. Draft Liability Budget**

Conor Boughey reviewed pages 29 and 33 of the Agenda Packet explaining the \$200,000 proposed increase of the 13/14 Budget. Conor reported there is has been a credit from surplus included in prior year budgets, and that the Authority needs to increase funding due to claims activity. Conor explained the formula changes developed by the Ad Hoc Budget Committee, as requested by the Board.

No action necessary, the Board will take action at the June Board Meeting.

### **D2d2. Draft Workers Compensation Budget**

Conor reviewed the proposed workers compensation budget with the Board. The proposed budget is a flat renewal from the prior term, however each members share of the total budget may have changed do to their share of loss and share of overall payroll. While the liability program has seen increases in claims costs, the workers compensation budget seems to be in good shape, and no increases are required at this time.

No action necessary, the Board will take action at the June Board Meeting.

## **D3. NEW BUSINESS**

### **D3a. CARMA Insurance Renewal**

Conor Boughey reported on CARMA. The renewal has increased 11% due to the actuary CARMA has proposed decreasing discount rates. MBASIA is \$300,000 of \$7 million of CARMA. Conor reviewed the members of CARMA.

No action required.

### **D3b. ERMA Insurance Renewal**

Conor Boughey reported, on page 42 of the Agenda, CARMA does not include employment practices. ERMA does cover employment practices. Rene Mendez and Daniel Dawson are members. Jaime Goldstein asked why MBASIA increases are higher than other ERMA members. Conor explained the numbers are based on claims and losses.

No action required.

## **D3c. CSAC EIA Excess WC Insurance Renewal**

Conor Boughey reported, page 45, on renewal premiums. Conor reported the projected numbers at the SIRs. CSAC offer \$250,000 retention. Premium 16 % increase for WC. Conor asked the Board if they want to stay at \$250,000. Renewal Self Insured Retention. Rene gave his opinion and members discussed. Adela asked the payroll audit? Conor explained refund of payroll is a check recommends applying to premium. Jamie explained why the \$350,000 option is appealing. Conor asked for Tabitha's opinion based on claims history. Tabitha reported MBASIA is right in the middle of the \$250,000 and \$350,000. The Board recommends to leave at \$250,000. The Board will decide at the June meeting. Michael Powers asked for \$350,000 analysis at June.

No action required.

## **D3d. Workers' Compensation Actuarial Report**

Conor Boughey walked the Board Members through the executive summary of the actuarial report. Conor reported on the following key trends of this year's report; the Central Estimate rate with a \$250,000 SIR is \$4.91 which is an increase from 2011 of 7.4%, the Estimated Liability for Unpaid Losses undiscounted is \$12,425,000 which increased from \$11,409,000 and the Short-term liability is \$1,899,000 which increased from \$1,658,000.

A motion was made to approve the workers compensation actuarial report.

**MOTION:** Steve Ando

**SECOND:** Robert Galvan **MOTION CARRIED**

## **D3e. Liability Actuarial Report**

Conor Boughey walked the Board Members through the executive summary of the actuarial report. Conor reported on the following key trends of this year's report; the Central Estimate rate undiscounted with a \$1M SIR and \$500K ELP SIR is \$1.93 which is a reduction of 11.1% from the prior year, the Estimated Liability for Unpaid Losses undiscounted is \$2,820,000 which is an increase from \$2,463,274 in the prior year, and the Short-term liability is \$1,107,000 which increased from \$943,000 in the prior year.

A motion was made to approve the workers compensation actuarial report.

**MOTION:** Robert Galvan

**SECOND:** Jaime Goldstein

**MOTION CARRIED**

## **D4. LOSS REPORT**

### **D4a. Workers' Compensation Administrator's Report –**

**The MBASIA Board of Directors entered into Closed Session pursuant to Government Section Code 54956.95.**

A motion was made to enter into closed session at 10:32 AM pursuant to Government Section Code 54956.95.

**MOTION:** Michael Powers      **SECOND:** Daniel Dawson      **MOTION CARRIED**

A motion was made to come out of closed session at 10:59 a.m.

**MOTION:** Michael Powers      **SECOND:** Jaime Goldstein      **MOTION CARRIED**

Direction was given to RMS to take action on claims discussed during closed session.

**MOTION:** Rene Mendez      **SECOND:** Daniel Dawson      **MOTION CARRIED**

#### **D4b. Liability Third Party Administrator's Report**

Conor Boughey reported these numbers; the Central Estimate rate went down 11% from last year. The Actuary removed Claims Short-term liability \$1.1. The Projected 13-14 Losses and Loss Rates show a slight improvement. Average claims went up based on one large development in 10-11.

#### **E. PROGRAM ADMINISTRATORS REPORT**

##### **E1. Alliant Program Administration and Brokerage Team Update**

Conor Boughey gave an update to the Board on Alliant's hiring of Amy Young to support the JPA team. Monica Sandbergen-Izo will continue to work with MBASIA on all Program Insurance and support Amy in her growth to work with the group on all JPA Administration matters.

#### **F. CORRESPONDENCE/INFORMATION**

##### **F1. Next Board Meeting & ERMA Training Schedule**

Jaime Goldstein reminded the Board that the Long Range Planning Meeting dates have actually been moved to October 3<sup>rd</sup> and 4<sup>th</sup>.

#### **G. GENERAL RISK MANAGEMENT ISSUES**

#### **ADJOURNMENT**

Rene Mendez adjourned the meeting at 11:00 AM.



**Item No. B.2**  
**Board of Directors**  
**June 10, 2013**

## **SERVICE CALENDAR AND STATUS OF DELIVERABLES**

**ISSUE:** The (old) “Transition Milestone” Report has now been updated to be used as a rolling *Service Calendar*, and status of deliverables from the previous Board of Directors Meeting. This ongoing document is undated and presented on the Consent Calendar at each Board meeting.

**RECOMMENDATION:** This is an information item on the consent calendar and therefore the report would be ‘received and filed’.

**FISCAL IMPACT:** No financial impact is expected from today’s meeting.

**BACKGROUND:** Previously, at each Board Meeting Alliant has presented a transition milestone Report that states the current status of transition of responsibilities and documents from Kent Rice and Associates and Alliant Insurance Services. At the June Board Meeting the Board discussed this item and gave direction to change the document into a rolling calendar and status report of action items.

**ATTACHMENT:** Service Calendar and Status of Deliverables as of June 3, 2013

**AGENDA ITEM B.2  
BOARD OF DIRECTORS  
APRIL 15, 2013**

**SERVICE CALENDAR AND STATUS OF DELIVERABLES**

**PREVIOUS ITEMS:**

<b>ITEM</b>	<b>STATUS</b>
1. Finalize Liability and Workers Compensation Budgets	Completed
2. Evaluate and Negotiate Workers Compensation Placement	Completed
3. Evaluate and Negotiate Property Program Renewal	Completed
4. Finalize Actuarial Reports	Completed
5. Attend excess pool Board Meetings	Completed

**CURRENT ACTIVITIES:**

<b>ITEM</b>	<b>STATUS</b>
1. Finalize Liability Renewal	In Progress
2. Finalize Workers Compensation Renewal	In Progress
3. Finalize Property Renewal	In Progress
4. Transition Accounting Responsibilities from Scotts Valley	In Progress
5. Transition MBASIA website to Alliant Connect	In Progress

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**Item No. B.3**  
**Board of Directors**  
**April 15, 2013**

April 10, 2013

To: MBASIA Board of Directors

From: Steve Ando, Treasurer

RE: Approval of Check Register

I hereby certify that the attached check registers for the months of January and February, 2013.

1. are for correct and just services or materials received,
2. that payment has not been previously made, and
3. that funds are available to cover these payments.

\_\_\_\_\_  
First Signature

\_\_\_\_\_  
Steve Ando, Treasurer

\_\_\_\_\_  
(Please Print Name)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Second Signature

\_\_\_\_\_  
(Please Print Name)

**Monterey Bay Area Self Insurance Authority**  
**Check Detail**  
**March 2013**

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
	3/31/2013	Transfer	1140 · Savings - S.C.C.B.	
			1150 · Transfer - to/from	-109,000.00
TOTAL				-109,000.00
	3/31/2013	JT2	1110 · Checking - S.C.C. Bank - JT2	
			6150 · Workers Comp Claims Expense	-129,305.09
TOTAL				-129,305.09
1333	3/12/2013	Alliant Insuran...	1130 · Checking - S.C.C.B.- General	
			6240 · Outside Services - other	-2,500.00
			6240 · Outside Services - other	-2,500.00
TOTAL				-5,000.00
1334	3/12/2013	Crowe Horwath	1130 · Checking - S.C.C.B.- General	
			6190 · Audit / Accounting	-1,250.00
			6190 · Audit / Accounting	-1,250.00
TOTAL				-2,500.00
1335	3/12/2013	Concern	1130 · Checking - S.C.C.B.- General	
			6135 · E.A.P. Insurance Expense	-2,274.84
TOTAL				-2,274.84
1336	3/12/2013	City of Gonzales	1130 · Checking - S.C.C.B.- General	
			6590 · Safety Services	-3,550.00
TOTAL				-3,550.00
1337	3/12/2013	JT2	1130 · Checking - S.C.C.B.- General	
			6110 · JT2 Fees	-17,855.61
TOTAL				-17,855.61
1338	3/12/2013	JT2 Claims	1130 · Checking - S.C.C.B.- General	
			6150 · Workers Comp Claims Expense	-946.00
TOTAL				-946.00
1339	3/12/2013	Lexipol	1130 · Checking - S.C.C.B.- General	
			6580 · Legal - Other	-7,300.00
TOTAL				-7,300.00
1340	3/12/2013	City of Gonzales	1130 · Checking - S.C.C.B.- General	
			6195 · Training/Conferences	-886.98
			6195 · Training/Conferences	-886.98
TOTAL				-1,773.96

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**Monterey Bay Area Self Insurance Authority**  
**Check Detail**  
**March 2013**

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
1341	3/12/2013	Risk Managem...	1130 · Checking - S.C.C.B.- General	
			6105 · RMS - Claims Administration	-7,718.29
TOTAL				-7,718.29
1342	3/12/2013	City of Soledad	1130 · Checking - S.C.C.B.- General	
			6590 · Safety Services	-7,500.00
TOTAL				-7,500.00
1343	3/12/2013	City of Scotts V...	1130 · Checking - S.C.C.B.- General	
			6190 · Audit / Accounting	-1,765.18
			6190 · Audit / Accounting	-1,765.17
TOTAL				-3,530.35
1344	3/12/2013	Zions Bank	1130 · Checking - S.C.C.B.- General	
			6120 · Bank Charges, fees & supplies	-500.00
TOTAL				-500.00
1345	3/12/2013	Zions Bank	1130 · Checking - S.C.C.B.- General	
TOTAL				0.00
1346	3/29/2013	Concern	1130 · Checking - S.C.C.B.- General	
			6135 · E.A.P. Insurance Expense	-2,274.84
TOTAL				-2,274.84
1347	3/29/2013	JT2	1130 · Checking - S.C.C.B.- General	
			6110 · JT2 Fees	-17,855.61
TOTAL				-17,855.61
1348	3/29/2013	JT2 Claims	1130 · Checking - S.C.C.B.- General	
			6150 · Workers Comp Claims Expense	-1,122.00
TOTAL				-1,122.00
1349	3/29/2013	City of Del Rey ...	1130 · Checking - S.C.C.B.- General	
			6195 · Training/Conferences	-348.80
			6195 · Training/Conferences	-348.79
TOTAL				-697.59
1350	3/29/2013	Department of I...	1130 · Checking - S.C.C.B.- General	
			6220 · Fees/Dues/State Assessment	-63,436.16
TOTAL				-63,436.16
1351	3/29/2013	Risk Managem...	1130 · Checking - S.C.C.B.- General	
			6105 · RMS - Claims Administration	-4,310.09
TOTAL				-4,310.09

**Monterey Bay Area Self Insurance Authority**  
**Check Detail**  
**April 2013**

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
	4/30/2013	JT2	1110 · Checking - S.C.C. Bank - JT2	
			6150 · Workers Comp Claims Expense	-144,025.29
TOTAL				-144,025.29
	4/30/2013	Transfer	1140 · Savings - S.C.C.B.	
			1150 · Transfer - to/from	-134,000.00
TOTAL				-134,000.00
1352	4/24/2013	Alliant Insuran...	1130 · Checking - S.C.C.B.- General	
			6100 · Risk Manager - Alliant Fees	-24,153.50
			6100 · Risk Manager - Alliant Fees	-24,153.50
TOTAL				-48,307.00
1353	4/24/2013	City of Hollister	1130 · Checking - S.C.C.B.- General	
			6590 · Safety Services	-10,000.00
TOTAL				-10,000.00
1354	4/24/2013	City of Scotts V...	1130 · Checking - S.C.C.B.- General	
			6590 · Safety Services	-4,378.69
TOTAL				-4,378.69
1355	4/24/2013	Concern	1130 · Checking - S.C.C.B.- General	
			6135 · E.A.P. Insurance Expense	-2,274.84
TOTAL				-2,274.84
1356	4/24/2013	JT2	1130 · Checking - S.C.C.B.- General	
			6110 · JT2 Fees	-17,855.61
TOTAL				-17,855.61
1357	4/24/2013	JT2 Claims	1130 · Checking - S.C.C.B.- General	
			6150 · Workers Comp Claims Expense	-1,001.00
TOTAL				-1,001.00
1358	4/24/2013	Liebert Cassid...	1130 · Checking - S.C.C.B.- General	
			6580 · Legal - Other	-4,493.00
			6580 · Legal - Other	-4,493.00
TOTAL				-8,986.00
1359	4/24/2013	PARMA	1130 · Checking - S.C.C.B.- General	
			6220 · Fees/Dues/State Assessment	-50.00
			6220 · Fees/Dues/State Assessment	-50.00
TOTAL				-100.00

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05/31/13

**Monterey Bay Area Self Insurance Authority**

**Check Detail**

April 2013

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
1360	4/24/2013	Risk Managem...	1130 · Checking - S.C.C.B.- General	
			6105 · RMS - Claims Administration	-2,907.98
TOTAL				-2,907.98

**Monterey Bay Area Self Insurance Authority**  
**Check Detail**  
**May 2013**

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
1361	5/22/2013	Bay Actuarial C...	1130 · Checking - S.C.C.B.- General	
			6250 · Actuary Services	-6,033.00
			6250 · Actuary Services	-6,033.00
TOTAL				-12,066.00
1362	5/22/2013	CNA Surety	1130 · Checking - S.C.C.B.- General	
			6131 · Other Insurance	-929.18
TOTAL				-929.18
1363	5/22/2013	City of Gonzales	1130 · Checking - S.C.C.B.- General	
			6590 · Safety Services	-5,433.79
TOTAL				-5,433.79
1364	5/22/2013	JT2 Claims	1130 · Checking - S.C.C.B.- General	
			6150 · Workers Comp Claims Expense	-1,155.00
TOTAL				-1,155.00
1365	5/22/2013	City of Marina	1130 · Checking - S.C.C.B.- General	
			6590 · Safety Services	-7,500.00
TOTAL				-7,500.00
1366	5/22/2013	Risk Managem...	1130 · Checking - S.C.C.B.- General	
			6105 · RMS - Claims Administration	-5,377.49
TOTAL				-5,377.49
1367	5/22/2013	JT2	1130 · Checking - S.C.C.B.- General	
			6110 · JT2 Fees	-18,284.15
TOTAL				-18,284.15



Item No. D.2.a.1  
Board of Directors  
June 10, 2013

## UPDATED COMMITTEE ASSIGNMENTS

**ISSUE:** The Program Administrators discussed the current and proposed Committee Assignments with the Board President, below are the proposed Committee Assignments for the 2013-14 Program Year.

**RECOMMENDATION:** It is recommended that the Board review the proposed Committee Assignments, amend if necessary, and take action to approve.

**FISCAL IMPACT:** No financial impact is expected from the recommended action

**BACKGROUND:** Below are the Proposes Committee assignments:

<b>2013-14 Proposed Committee Assignments</b>	
<b>EXECUTIVE &amp; FINANCE COMMITTEE:</b>	
Chair	Rene Mendez
Vice Chair	Daniel Dawson
Secretary	Steve Ando
Past Chair	Robert Galvan
<b>COVERAGE &amp; CLAIMS COMMITTEE:</b>	
<i>Claims Committee Chair is chosen by the Claims Committee</i>	
Rene Mendez	
Robert Galvan	
Jamie Goldstein	
Michael Powers	
<b>SAFETY COMMITTEE:</b>	
<i>Chaired by Vice President</i>	
<i>President is an automatic member, per Bylaws</i>	
Daniel Dawson (Committee Chair)	
Rene Mendez	
Lisa Murphy	
Adela Gonzales	

**ATTACHMENT:** None

**Item No. D.2.b.1**  
**Board of Directors**  
**June 10, 2013**

## **SAFETY FUNDS BUDGET – GRANT PROGRAM**

**ISSUE:** In March 2011, MBASIA adopted a Grant Program Policy and Procedure which allows Members to apply for Grant Funds for to address safety concerns at Member Agencies (as defined in the attached policy). Within the policy, the Authority must annually adopt the amount of funds to be allocated to the Grant Program.

**RECOMMENDATION:** It is recommended that the Authority take action to adopt a budgeted amount of funds to be used for the Grant Program.

**FINANCIAL IMPACT:** The funds used for the Grant Program are allocated within the Liability Budget, under line item 6240. The *draft* budget was built with \$75,000 to be allocated to this line item, but not all of these funds need to be allocated to this program.

**BACKGROUND:** The Grant Program was first adopted in March 2011 and allows members to reimburse expenses incurred at their Member Agency. The program was designed to help reduce Workers Compensation claims, but the funds could also be used to reduce Liability claims as well. For the 2010-11 term, the Authority budgeted \$80,000 for this program (\$8,000 per city), and for the 2011-12 term, the Authority budgeted \$50,000 for the program (\$5,000 per city) and for the 2012-13 term, the Authority **budgeted \$75,000 for this program (\$7,500 per city)**. The reduction was due to safety funds being allocated to the Safety Inspections.

**ATTACHMENT:** MBASIA Policy and Procedure: Grant Program for Safety Services

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## **ADMINISTRATIVE POLICY AND PROCEDURE**

**SUBJECT: GRANT PROGRAM FOR SAFETY SERVICES**

**AMENDED: February 11, 2013**

### Policy Statement:

Each Year MBASIA may allocate funds for individual Members' use for Safety Services. Within the Safety Services budget a line item will contain the total amount of funds available for Grants. The Authority will annually adopt amount of funds for this budgeted line item, and then each Member will have access to an equal share of the funds on a "use it or lose it" basis approved during the Program Year (unused funds will be rolled into the general account).

Members must send a written request for the use of their funds to the Safety Committee. The request will include a statement which will justify how the funds will help the Member reduce the frequency or severity of claims or will mitigate liability risks at the Member Agency. These funds can be used for equipment, materials, programs or services that will lead to these results. The Committee will either deny or approve the request; a three quarters ( $\frac{3}{4}$ ) majority is required for approval. Members may apply for funds on a reimbursement basis.

On May 1<sup>st</sup> of a Program Year, all Members will have access to the unrequested funds, regardless of the Member's previous use of their allocated share of the budget. Requests may not exceed 1/5 of the Grant Program Budget, and will be processed in the order they are received (and approved) until the Budget has been exhausted.

### Procedure:

A Member Agency may apply for Grant Funds by following the following procedure:

1. A Member will write a request to the Program Administrators requesting the use of grant funds for city expenditure. The request will include a justification of the funds and how they will lead to the reduction of frequency or severity or will mitigate liability risks at the Member Agency.
2. The Program Administrators will forward the request to the Safety Committee who will review the request and vote to approve or deny the request. A three quarters majority is required to approve a request.
3. If approved, the Member Agency will purchase the service or item they requested and submit a receipt for reimbursement to the Program Administrator.
4. The Program Administrator will submit the reimbursement request and appropriate documentation to MBASIA's bookkeeper.
5. MBASIA's bookkeeper will reimburse the Member up to the maximum allowable amount and apply the reimbursement expense to the Grant Program Budget within the Safety Budget.
  - a. If a request exceeds the budgeted funds available to a member, only the amount available for reimbursement will be paid.

**Item No. D.2.d.1**  
**Board of Directors**  
**June 10, 2013**

## **PROPOSED LIABILITY BUDGET**

**ISSUE:** The Budget Committee has prepared the FY2013/14 *proposed* Liability Budget. The budget is presented at the April Board Meeting as a draft, and is annually adopted at the June Board Meeting.

**RECOMMENDATION:** The Budget Committee recommends the Board review the attached Proposed Liability Budget and take action to approve or give direction.

**FINANCIAL IMPACT:** MBASIA has continued to discount the Liability Budget with a 'Credit from Surplus' since the FY2010/11 program year. Because MBASIA no longer has a surplus in the liability program, MBASIA needs to increase funding. **The total draft budget is \$1,260,613, which is a \$200,000 increase over last year's budget.**

**BACKGROUND:** The Budget Committee has been working to finalize the budget calculation based on the members' exposure factors, and the budget needs. The methodology is weighted **70% on exposure** (payroll) and **30% on experience** (5 years of paid losses capped at \$1,000,000 per claim), with a **cap of 50%**.

**ATTACHMENT:** Draft 2013 Liability Budget including a year over year comparison to 2012

MONTEREY BAY AREA SELF INSURANCE AUTHORITY  
FY '10-11 LIABILITY INSURANCE FUND

**LIABILITY EXPENDITURE DETAIL**

LIABILITY OPERATING FUND							
<i>(as of 041013)</i>							
ACCOUNT	CATEGORY	FY '11-12 ADOPTED	FY '12-13 PROPOSED	FY '12-13 Actual	% OF BUDGET	FY '13-14 PROPOSED	OVER/(UNDER) PRIOR YEAR
<b>ADMINISTRATIVE COSTS</b>							
6010.00	Office/Other G&A	250	250		0%	250	-
6100.00	Administrative Contract	94,000	96,664		0%	96,664	-
6120.00	Bank Charges		75			75	-
6130.00	Excess Insurance	265,449	265,449		0%	265,449	-
<b>6130.01</b>	Liability Premium	<b>255,449</b>	<b>254,000</b>			<b>254,000</b>	-
<b>6130.02</b>	E&O Premium	<b>10,000</b>	<b>10,000</b>			<b>10,000</b>	-
<b>6130.03</b>	Crime Premium	-	-			-	-
6190.00	Audit/Accounting	11,800	16,250		0%	16,250	-
6195.00	Travel/Meetings	2,500	3,000		0%	3,000	-
6200.00	Telephone	-	-			-	-
6220.00	Fees/Dues/Assessments		-			-	-
6240.00	Outside Services	75,000	75,000		0%	75,000	-
6250.00	Actuary Services	7,500	7,500		0%	7,500	-
6520.00	TPA Administrative Fees	55,000	55,000		0%	55,000	-
6530.00	Claims Other	DELETE	DELETE			DELETE	-
6550.00	Claims Expense	661,000	943,000		0%	943,000	-
6575.00	Claims Legal	DELETE	DELETE			DELETE	-
6580.00	Legal Other (ERMA)	86,132	87,000			87,000	-
NEW	Legal - Legal Services P&P	7,500	7,500			7,500	-
6160.00	Miscellaneous	4,000	4,000		0%	4,000	-
<b>SUBTOTAL ADMINISTRATIVE COSTS</b>		<b>1,270,131</b>	<b>1,560,613</b>	<b>-</b>	<b>0.00%</b>	<b>1,560,613</b>	<b>-</b>
<b>Credit from Surplus</b>		<b>(386,135)</b>	<b>(500,000)</b>	<b>(500,000)</b>		<b>(300,000)</b>	
<b>Investment Earnings Discount</b>							
<b>TOTAL LIABILITY EXPENDITURES</b>		<b>883,996</b>	<b>1,060,613</b>	<b>1,060,613</b>	<b>100.00%</b>	<b>1,260,613</b>	<b>-</b>

Updated: Conor Boughey on 5/1/12

MONTEREY BAY AREA SELF INSURANCE AUTHORITY  
FISCAL YEAR FY '13-14 LIABILITY FUND

MEMBER CITY	PAYROLL	PERCENT OF CITY PAYROLL	70% OF LIABILITY PAYROLL
Capitola	\$ 5,079,776	11.73%	\$ 103,486
Del Rey Oaks	\$ 901,890	2.08%	18,373
Gonzales	\$ 2,445,800	5.65%	49,826
Greenfield	\$ 2,677,861	6.18%	54,554
Hollister	\$ 9,664,561	22.31%	196,887
King City	\$ 2,395,611	5.53%	48,804
Marina	\$ 8,756,163	20.21%	178,381
Sand City	\$ 2,296,451	5.30%	46,784
Scotts Valley	\$ 4,863,016	11.23%	99,070
Soledad	\$ 4,234,429	9.78%	86,264
<b>Total</b>	<b>\$ 43,315,560</b>	<b>100.00%</b>	<b>\$ 882,429</b>

**MONTEREY BAY AREA SELF INSURANCE AUTHORITY  
FISCAL YEAR '13-14 LIABILITY FUND**

**STEP [2]: FIVE-YEAR EXPERIENCE HISTORY**

<b>MEMBER CITY</b>	<b>EXPERIENCE FY '07</b>	<b>EXPERIENCE FY '08</b>	<b>EXPERIENCE FY '09</b>	<b>EXPERIENCE FY '10</b>	<b>EXPERIENCE FY '11</b>	<b>FIVE-YEAR TOTALS</b>	<b>EXPERIENCE PERCENTAGE</b>
Capitola	\$ 65,825	\$ 10,797	\$ 33,413	\$ 215,697	\$ 46,764	<b>372,495</b>	<b>16.14%</b>
Del Rey Oaks	\$ 1,213		\$ 67,650	\$ 483		<b>69,346</b>	<b>3.01%</b>
Gonzales	\$ 1,468	\$ 990	\$ 280,310		\$ 523	<b>283,291</b>	<b>12.28%</b>
Greenfield	\$ 1,605	\$ 31,187	\$ 15,730	\$ 22,787	\$ 761	<b>72,070</b>	<b>3.12%</b>
Hollister	\$ 300,651	\$ 142,347	\$ 96,512	\$ 137,921	\$ 25,972	<b>703,402</b>	<b>30.48%</b>
King City		\$ 268	\$ 47,185	\$ 190,779	\$ 2,016	<b>240,248</b>	<b>10.41%</b>
Marina	\$ 5,107	\$ 47,009	\$ 36,061	\$ 27,249	\$ 46,871	<b>162,295</b>	<b>7.03%</b>
Sand City	\$ 1,673	\$ 64,934		\$ 4,140	\$ 268	<b>71,015</b>	<b>3.08%</b>
Scotts Valley	\$ 1,727	\$ 313	\$ 780	\$ 7,973		<b>10,794</b>	<b>0.47%</b>
Soledad	\$ 121,097	\$ 8,502	\$ 149,575	\$ 36,384	\$ 7,122	<b>322,680</b>	<b>13.98%</b>
<b>Total</b>	<b>\$ 500,365</b>	<b>\$ 306,347</b>	<b>\$ 727,215</b>	<b>\$ 643,412</b>	<b>\$ 130,296</b>	<b>\$ 2,307,635</b>	<b>100.00%</b>

Updated: Conor Boughey on 1/18/13

**BASED ON 12/31/12 Losses - TOTAL PAID**

**MONTEREY BAY AREA SELF INSURANCE AUTHORITY  
FY '13-14 LIABILITY INSURANCE FUND**

<b>UNMODIFIED CONTRIBUTIONS, TOTAL REVENUES AND COMPARATIVE ANALYSIS</b>					
<b>MEMBER AGENCY</b>	<b>FY '12-13 ACTUAL CONTRIBUTIONS</b>	<b>FY '13-14 RECOMMENDED CONTRIBUTIONS</b>	<b>INCREASE (DECREASE) FROM PRIOR YEAR</b>	<b>PERCENTAGE CHANGE FROM PRIOR YEAR</b>	
Capitola	\$ 81,672	\$ 122,508	\$ 40,836	50%	
Del Rey Oaks	32,113	36,553	4,441	14%	
Gonzales	26,412	39,618	13,206	50%	
Greenfield	44,486	66,729	22,243	50%	
Hollister	402,364	385,193	(17,171)	-4%	
King City	68,648	102,972	34,324	50%	
Marina	111,687	167,531	55,844	50%	
Sand City	63,264	75,775	12,511	20%	
Scotts Valley	61,728	92,592	30,864	50%	
Soledad	168,240	171,143	2,903	2%	
	<b>\$ 1,060,613</b>	<b>\$ 1,260,613</b>	<b>\$ 200,000</b>		
<b>TOTAL CONTRIBUTIONS FOR FY '13-14</b>		<b>\$ 1,260,613</b>			



Item No. D.2.d.2  
Board of Directors  
June 10, 2013

## PROPOSED WORKERS COMPENSATION BUDGET

**ISSUE:** The Budget Committee has prepared the FY2013/14 *proposed* Workers Compensation Budget. The budget was presented at the April Board Meeting as a *draft*, and is annually adopted at the June Board Meeting.

**RECOMMENDATION:** The Budget Committee recommends the Board review the attached Proposed Workers Compensation Budget and take action to approve or give direction.

**FINANCIAL IMPACT:** The FY2013/14 budget has been completed and the **overall total budget remains flat at \$3,838,250**; however members share of the total budget have changed based on the factors outlined in the Background Section below.

**BACKGROUND:** The Budget Committee has been working to finalize the budget calculation, which is based on Member's Payroll (exposure) and Claims (experience). There is also a charge for the Loan Repayment, which remains constant with the original allocation of debt amongst members. The calculation is as follows:

1. Level I: Exposure base is determined by Member Payroll and weighted by the Admin portion of the Budget
2. Level II: Experience base is determined by total incurred claims with an individual claims cap of \$250,000 for the 4 years ending 7/1/2012, this allocation is weighted by the Claims Budget
3. Level III: The Loan Repayments are collected at a rate of \$305,000 per year based on Members share of losses in December 2005.

**ATTACHMENT:** None

## ASSESSMENT CALCULATIONS

### EXPENSE SUMMARY

<b>Level I</b>		
Admin Budget	\$	958,250
<b>Level II</b>		
Claims Budget	\$	2,575,000
<b>Level III</b>		
Debt Service	\$	305,000
<b>Total WC Budget</b>	\$	3,838,250

### LEVEL I ASSESSMENT

Assessments based upon payroll ending 12/31 of the prior year

	31-Dec Payroll	Percent of Payroll	Target Funding: \$ 958,250.00
Capitola	\$ 5,079,776	12%	\$112,378
Del Rey Oaks	\$ 901,890	2%	\$19,952
Gonzales	\$ 2,445,800	6%	\$54,107
Greenfield	\$ 2,677,861	6%	\$59,241
Hollister	\$ 9,664,561	22%	\$213,805
King City	\$ 2,395,611	6%	\$52,997
Marina	\$ 8,756,163	20%	\$193,709
Sand City	\$ 2,296,451	5%	\$50,803
Scotts Valley	\$ 4,863,016	11%	\$107,582
Soledad	\$ 4,234,429	10%	\$93,676
<b>Total</b>	<b>\$43,315,560</b>	<b>100%</b>	<b>\$958,250</b>

### LEVEL II ASSESSMENT

Experienced Based Assessment Formula

	Incrd Loss 08/09	Incrd Loss 09/10	Incrd Loss 10/11	Incrd Loss 11/12	Total Incrd Loss	% of Ttl	Ttl Lvl II Assmt
Capitola	\$ 248,813	\$ 94,604	\$ 291,752	\$ 100,902	\$736,071	8.6%	\$220,627
Del Rey Oaks	\$ 85,838	\$ 4,200	\$ 338,548	\$ 2,159	\$430,745	5.0%	\$129,110
Gonzales	\$ 5,572	\$ 12,916	\$ -	\$ 17,923	\$36,411	0.4%	\$10,914
Greenfield	\$ 44,409	\$ 253,789	\$ 50,197	\$ 268,016	\$616,411	7.2%	\$184,760
Hollister	\$ 476,212	\$ 729,979	\$ 925,910	\$ 149,234	\$2,281,335	26.6%	\$683,797
King City	\$ 256,960	\$ 246,713	\$ 181,153	\$ 45,593	\$730,420	8.5%	\$218,933
Marina	\$ 385,570	\$ 532,545	\$ 978,597	\$ 535,709	\$2,432,421	28.3%	\$729,083
Sand City	\$ 1,549	\$ 1,318	\$ 5,567		\$8,434	0.1%	\$2,528
Scotts Valley	\$ 26,533	\$ 303,747	\$ 65,815	\$ 37,972	\$434,068	5.1%	\$130,106
Soledad	\$ 119,332	\$ 8,547	\$ 532,056	\$ 224,657	\$884,592	10.3%	\$265,143
<b>Total</b>	<b>\$1,650,790</b>	<b>\$2,188,359</b>	<b>\$3,369,594</b>	<b>\$1,382,166</b>	<b>\$8,590,909</b>	<b>100.0%</b>	<b>\$2,575,000</b>

### LEVEL III ASSESSMENT

Debt Service and Loan Repayments

	JT2 Resrv Dec. 05	% of Ttl JT2 Resrv	Debt Assmt	Loan Repay	Ttl Lvl III Assmt
Capitola	\$568,925	18.3%	\$55,818	0	\$55,818
Del Rey Oaks	\$83,558	2.7%	\$8,198	0	\$8,198
Gonzales	\$284,809	9.2%	\$27,943	0	\$27,943
Greenfield	\$80,594	2.6%	\$7,907	0	\$7,907
Hollister	\$1,032,266	33.2%	\$101,276	0	\$101,276
King City	\$16,049	0.5%	\$1,575	0	\$1,575
Marina	\$379,431	12.2%	\$37,226	0	\$37,226
Sand City	\$140,630	4.5%	\$13,797	0	\$13,797
Scotts Valley	\$214,153	6.9%	\$21,011	0	\$21,011
Soledad	\$308,319	9.9%	\$30,249	0	\$30,249
<b>Total</b>	<b>\$3,108,734</b>	<b>100.0%</b>	<b>\$305,000</b>	<b>0</b>	<b>\$305,000</b>

70% discounted (excluding 4850) funding is: \$2.325M

Members	Total Premium
Capitola	\$388,822
Del Rey Oaks	\$157,260
Gonzales	\$92,964
Greenfield	\$251,908
Hollister	\$998,878
King City	\$273,504
Marina	\$960,018
Sand City	\$67,129
Scotts Valley	\$258,698
Soledad	\$389,069
<b>Total</b>	<b>\$3,838,250</b>

# WORKER'S COMP

	Budget		Incr (Decr)	
	2012-13	2013-14		
Capitola	407,960	388,822	(19,138)	-4.7%
Del Rey Oaks	179,540	157,260	(22,281)	-12.4%
Gonzales	81,055	92,964	11,909	14.7%
Greenfield	184,687	251,908	67,222	36.4%
Hollister	1,018,959	998,878	(20,081)	-2.0%
King City	238,437	273,504	35,068	14.7%
Marina	829,162	960,018	130,856	15.8%
Sand City	71,104	67,129	(3,975)	-5.6%
Scotts Valley	281,715	258,698	(23,017)	-8.2%
Soledad	442,632	389,069	(53,563)	-12.1%
Total	<u>3,735,250</u>	<u>3,838,251</u>	<u>103,000</u>	2.8%

Item	2012			2013	
	Budget	Actual (as of 4/1/13)	Difference	Budget	Difference
6010 · Office/Other G&A	\$ 50		\$ (50)	\$ 50	0%
6100 · Risk Manager	\$ 95,000		\$ (95,000)	\$ 95,000	0%
6110 · JT2 Fees	\$ 165,000		\$ (165,000)	\$ 165,000	0%
6111 · JT2-Bill Review Fees	\$ 70,000		\$ (70,000)	\$ 70,000	0%
6120 · Bank Charges, fees & supplies	\$ 200		\$ (200)	\$ 200	0%
6130 · Excess Insurance	\$ 505,000		\$ (505,000)	\$ 505,000	0%
6190 · Audit / Accounting	\$ 12,000		\$ (12,000)	\$ 12,000	0%
6195 · Training/Conferences	\$ 5,000		\$ (5,000)	\$ 5,000	0%
6220 · Fees/Dues/State Assessment	\$ 91,000		\$ (91,000)	\$ 91,000	0%
6590 · Safety Services	\$ 15,000		\$ (15,000)	\$ 15,000	0%
<b>TOTAL</b>	<b>\$ 958,250</b>	<b>\$ -</b>	<b>\$ (958,250)</b>	<b>\$ 958,250</b>	<b>0%</b>
<b>6150 · Workers Comp Claims Expense</b>	<b>\$ 2,575,000</b>		<b>\$ (2,575,000)</b>	<b>\$ 2,575,000</b>	<b>0%</b>

855250

**Item No. D.3.a**  
**Board of Directors**  
**June 10, 2013**

## **CARMA INSURANCE RENEWAL**

**ISSUE:** CARMA provides Excess Liability coverage for MBASIA at a \$1,000,000 attachment (S.I.R.) to a limit of \$35,000,000. CARMA's final draft renewal budget is attached, and indicates **an increase from \$281,700 to \$312,504, which is an increase of \$30,804 (or 10.93%).**

This increase is a result of three major factors that drive member premium changes in this preliminary budget:

- The rate recommended by the actuary has increased 10.9%
- CARMA has proposed *decreasing their discount rate from 2.5% to 2%*

**RECOMMENDATION:** It is recommended that the Board review the report on the anticipated renewal terms, and give direction to the Program Administrators with respects to renewal strategy.

**FINANCIAL IMPACT:** The July 1, 2013 renewal premium is estimated to be \$314,859, which is an increase of \$30,804 or 10.93%.

**BACKGROUND:** MBASIA has been a member of CARMA since 2003. CARMA provides excess liability coverage for the Authority, attaching at \$1,000,000 (SIR), and providing excess pooled and insurance limits. MBASIA has one seat on the Board of Directors; currently Robert Galvan is MBASIA's representative.

**ATTACHMENT:** CARMA Draft Budget

# CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ 2013/14 Proposed Operating Budget ~ Preliminary Approval April 17, 2013 ~

Funding For Pooled Losses at the 75% Confidence Level ~ Discount Factor 2.0%

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

	2012 PAYROLL	FUNDING FOR POOLED LOSSES	EXPERIENCE MOD FACTOR	LOSSES ADJUSTED FOR EX MOD	OFF-BALANCE FACTOR	ADJUSTED POOLED LOSSES
MEMBER AGENCY	NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5	NOTE 6
BCJPIA	\$394,945,148	\$1,800,950	0.917	\$1,650,914	1.0251	\$1,692,328
CSJVRMA	\$350,887,860	1,600,049	0.889	1,421,776	1.0251	1,457,441
MBASIA	\$43,315,560	197,519	0.868	171,478	1.0251	175,780
MPA	\$241,972,196	1,103,393	1.250	1,379,242	1.0251	1,413,840
VCJPA	\$46,999,945	214,320	0.805	172,514	1.0251	176,841
<b>TOTALS</b>	<b>\$1,078,120,709</b>	<b>\$4,916,230</b>	<b>0.946</b>	<b>\$4,795,924</b>		<b>\$4,916,230</b>

(average)

<b>LAYER "B" RATE</b>	<b>\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)</b>	<b>0.456</b>
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<b>LAYER "C" RATE</b>	<b>Reinsurance Rate + Broker's Fee</b>	<b>\$0.11230</b>
<b>(\$5-14 MIL)</b>	<b>Broker's Fee (included in reinsurance rate)</b>	<b>\$70,000</b>

<b>LAYER "D" RATE</b>	<b>Excess (\$15-\$29 Mil) Insurance Rate</b>	<b>\$0.05210</b>
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**LAYER "A" \$0 - \$1 MIL - NOT ACTIVATED**  
**LAYER "B" \$3 MIL EX \$1 MIL**  
**LAYER "C" \$10 MIL EX \$4 MIL**  
**LAYER "D" \$15 MIL EX \$14 MIL**

NOTES:

- 1 2011 Payroll
- 2 Payroll/100 \* Rate Discounted at 2.0%
- 3 Minimum of .75 AND Maximum of 1.25 (Page 2)
- 4 (2)\*(3)
- 5 Total (2) / Total (4)
- 6 (4) \* (5).
- 7 (Payroll/100) \* Reinsurance Rate
- 8 (Payroll/100) \* Excess Insurance Rate
- 9 From Page 4
- 10 Sum of (6) Through (9)

	ADJUSTED POOLED LOSSES	Reinsurance PREMIUM \$10 Mil X \$4 Mil	EXCESS PREMIUM \$15Mil x \$14Mil	ADMIN PREMIUM	2013-2014 CARMA PREMIUM	RATE PER \$100 PAYROLL
MEMBER AGENCY	NOTE 6	NOTE 7	NOTE 8	NOTE 9	NOTE 10	
BCJPIA	\$1,692,328	\$443,528	\$205,770	\$91,359	<b>\$2,432,986</b>	\$0.616
CSJVRMA	1,457,441	394,052	182,816	\$88,633	<b>2,122,943</b>	\$0.605
MBASIA	175,780	48,644	22,568	\$65,512	<b>312,504</b>	\$0.721
MPA	1,413,840	271,738	126,070	\$136,502	<b>1,948,150</b>	\$0.805
VCJPA	176,841	52,782		\$48,608	<b>278,231</b>	\$0.592
<b>TOTALS</b>	<b>\$4,916,230</b>	<b>\$1,210,743</b>	<b>\$537,224</b>	<b>\$430,615</b>	<b>\$7,094,813</b>	<b>\$0.658</b>

COMPARISON TO PRIOR YEAR		
2012-2013 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
2,534,759	(\$101,773)	-4.02%
1,732,770	\$390,173	22.52%
281,700	\$30,804	10.93%
1,799,477	\$148,672	8.26%
251,556	\$26,675	10.60%
<b>\$6,600,262</b>	<b>\$494,551</b>	<b>7.49%</b>

Estimated 5% increase over last year's rate

Revisions from prior year:

- ~ Removed reinsurance allocation as three year ex mod application phase out is completed
- ~ PARSAC's admin allocation was finalized with 2012/2013 budget process.
- ~ Inclusion of the OCII in BCJPIA

**Item No. D.3.b  
Board of Directors  
June 10, 2013**

## **ERMA INSURANCE RENEWAL**

**ISSUE:** ERMA provides Excess Employment Practices Liability coverage (and training) for MBASIA Members. The coverage attaches at a \$500,000 SIR to a \$2,000,000 Limit. ERMA's *draft budget an increase from \$86,425 to \$91,671, which is an increase of \$5,246 or (6.1%).* The Final 2013/2014 Operating Budget will be approved at the June 17, 2013, Board of Directors meeting.

The current estimate reflects the following budget updates:

- Funding for losses at the 80% confidence level at the actuarially-determined rate of .481 per \$100 of payroll (\$50,000 SIR); a 13.3% decrease over last year's rate at the 80% confidence level;
- Discount factor of 2.0%, the same discount factor used in last year's budget;
- Optional excess insurance coverage to \$1 million ex \$1 million, renewed 'flat' at the prior year rate of .0333;
- Actual payroll as of December 31, 2012;
- A decrease in payroll of 1.6%;
- A less than 1% decrease in the Administration portion of the budget.

**RECOMMENDATION:** It is recommended that the Board review the report on the anticipated renewal terms, and give direction to the Program Administrators with respects to renewal strategy.

**FINANCIAL IMPACT:** The draft renewal premium is estimated to be \$91,671 (*prior estimate was \$98,191*), which is an increase of 5,246 or 6.1%.

**BACKGROUND:** MBASIA has been a member of ERMA since 2011. ERMA provides excess employment practices liability coverage for the Authority, attaching at a \$500,000 SIR, and providing excess pooled and insurance limits. Additionally, ERMA has a very strong training program that is offered to MBASIA. MBASIA has one seat on the Board of Directors; currently Rene Mendez is MBASIA's representative, and Daniel Dawson as the Alternate.

**ATTACHMENT:** ERMA Draft Budget

# Employment Risk Management Authority

## ~ 2013/2014 Proposed Operating Budget ~ Preliminary Approval April 22, 2013 ~

### Member Summary

~ 80 % Confidence Level Funding Rates ~ 2.0% Discount Factor ~  
~ Excess Insurance \$1 million x \$1 million ~ \$2 million / \$10 million Aggregate ~

Member Entities	Actual 2012 Payroll	Funding For Losses *	Loss Prevention & Training	Admin. Costs	Deposit Premium	Experience Modification Factor	Deposit Premium Adjusted for Ex Mod	Off-Balance Factor	Deposit Premium			Prior Year Comparison		
									Deposit Premium Adjusted for Off-Bal Factor	Excess Insurance \$1M x \$1M	TOTAL Deposit Premium	Prior Yr. Deposit Premium	Percentage Change	Percentage Change Net of Payroll
BCJPIA	\$196,422,921	\$740,193	\$14,598	\$119,660	\$874,451	0.762	\$666,630	1.023	\$682,071		\$682,071	\$771,963	-11.6%	-11.5%
CSJVRMA	190,997,117	892,932	14,195	116,354	1,023,481	1.087	1,112,626	1.023	1,138,398	63,602	1,202,000	1,601,923	-25.0%	-24.0%
MBASIA	43,315,560	30,792	3,219	26,388	60,399	1.250	75,498	1.023	77,247	14,424	91,671	86,425	6.1%	10.9%
MPA	256,790,467	1,084,736	19,085	156,435	1,260,256	0.750	945,192	1.023	967,085	85,511	1,052,597	1,243,023	-15.3%	-12.0%
PARSAC	196,544,433	735,827	14,607	119,734	870,168	1.115	970,385	1.023	992,862		992,862	1,042,750	-4.8%	-0.1%
PERMA	143,989,210	640,004	10,702	87,717	738,423	1.250	923,029	1.023	944,409		944,409	969,230	-2.6%	-2.0%
SCORE	15,204,766	62,064	1,130	9,263	72,457	0.918	66,485	1.023	68,025		68,025	71,403	-4.7%	-21.2%
VCJPA	46,463,070	226,450	3,453	28,305	258,208	1.058	273,103	1.023	279,429	15,472	294,901	334,240	-11.8%	-13.2%
Oakland H.A.	23,568,661	113,365	1,752	14,358	129,475	0.984	127,458	1.023	130,410	7,848	138,258	166,993	-17.2%	-17.3%
Contra Costa H.A.	4,817,268	23,171	358	2,935	26,464	1.250	33,080	1.023	33,846	1,604	35,450	40,305	-12.0%	-4.8%
<b>Total</b>	<b>\$1,118,113,473</b>	<b>\$4,549,533</b>	<b>\$83,100</b>	<b>\$681,149</b>	<b>\$5,313,782</b>		<b>\$5,193,487</b>		<b>\$5,313,782</b>	<b>\$188,462</b>	<b>\$5,502,244</b>	<b>\$6,328,254</b>	<b>-13.1%</b>	<b>-13.1%</b>

\* Includes JPA Participation Credit

2011 Actual Payroll	\$1,139,066,153
Percent Change	-1.8%

Table of Rates	
Budget Item	Rates
Funding for Losses - 2.0% Discounted 80% Confidence Level	\$0.4810
Excess Insurance: \$1M x \$1M ~ \$2M / \$10M Aggregate	\$0.0333
Loss Prevention & Training	\$0.0074
Administration	\$0.0609



**Employment Risk Management Authority**  
**~ 2013/2014 Proposed Operating Budget ~ Preliminary Approval April 22, 2013 ~**  
**Prior Year Comparison**

~ 80 % Confidence Level Funding Rates ~ 2.0% Discount Factor ~

Member Entities	DEPOSIT PREMIUM CHANGE			CURRENT PAYROLL CHANGE			EX MOD CALCULATION								
	Current Year	Prior Year	Percentage Change	Current Year	Prior Year	Percentage Change	EX MOD CHANGE			AVERAGE PAYROLL CHANGE			AVERAGE LOSS CHANGE		
	TOTAL Deposit	Deposit		TOTAL Deposit	Deposit		Current Year	Prior Year	Percentage	Current Year	Prior Year	Percentage	Current Year	Prior Year	Percentage
	Premium	Premium		Premium	Premium		Ex Mod	Ex Mod	Change	Average Payroll	Average Payroll	Change	Average Losses	Average Losses	Change
BCJPIA	\$682,071	\$771,963	-11.6%	\$196,422,921	\$196,636,731	-0.1%	0.762	0.750	1.6%	214,033,295	\$195,146,963	9.7%	\$123,685	\$75,399	64.0%
CSJVRMA	1,202,000	1,601,923	-25.0%	190,997,117	192,860,676	-1.0%	1.087	1.250	-13.0%	196,813,272	156,632,448	25.7%	306,417	649,973	-52.9%
MBASIA	\$91,671	\$86,425	6.1%	\$43,315,560	\$45,516,827	-4.8%	1.250	1.000	25.0%	45,568,202	\$0	NA	246,612	\$0	NA
MPA	1,052,597	1,243,023	-15.3%	256,790,467	265,498,192	-3.3%	0.750	0.750	0.0%	273,690,211	264,147,893	3.6%	67,202	208,728	-67.8%
PARSAC	\$992,862	\$1,042,750	-4.8%	\$196,544,433	\$206,202,607	-4.7%	1.115	0.966	15.4%	\$216,966,382	\$210,198,641	3.2%	\$353,027	\$320,664	10.1%
PERMA	944,409	969,230	-2.6%	143,989,210	144,762,034	-0.5%	1.250	1.105	13.1%	154,672,803	150,515,390	2.8%	497,239	317,496	56.6%
SCORE	\$68,025	\$71,403	-4.7%	\$15,204,766	\$13,055,061	16.5%	0.918	0.969	-5.3%	\$16,325,385	\$15,237,911	7.1%	\$6,479	\$18,750	-65.4%
VCJPA	294,901	334,240	-11.8%	46,463,070	45,796,016	1.5%	1.058	1.059	-0.1%	41,703,604	39,130,969	6.6%	69,882	84,339	-17.1%
Oakland H.A.	\$138,258	\$166,993	-17.2%	\$23,568,661	\$23,545,759	0.1%	0.984	1.042	-5.5%	\$17,978,486	\$16,839,295	6.8%	\$20,243	\$36,940	-45.2%
Contra Costa H.A.	35,450	40,305	-12.0%	4,817,268	5,192,250	-7.2%	1.250	1.145	9.2%	5,422,226	5,332,282	1.7%	33,965	26,726	27.1%
<b>Total</b>	<b>\$5,502,244</b>	<b>\$6,328,254</b>	<b>-13.1%</b>	<b>\$1,118,113,473</b>	<b>\$1,139,066,153</b>	<b>-1.8%</b>				<b>\$1,183,173,866</b>	<b>\$1,053,181,791</b>	<b>12.3%</b>	<b>\$1,724,750</b>	<b>\$1,739,014</b>	<b>-0.8%</b>

Item No. D.3.c  
Board of Directors  
June 10, 2013

## CSAC-EIA INSURANCE RENEWAL

**ISSUE:** CSAC-EIA provides Excess Workers Compensation coverage for MBASIA, attaching at our \$250,000 SIR. CSAC-EIA issues several rounds of estimates and has now issued the attached final proposal. It includes CSAC EIA's estimates for excess premiums that incorporates their recent actuarial study findings. MBASIA's renewal premium indicates **an increase from \$505,241 to \$578,558**, which is an increase of \$73,317 or 14.5% (*prior estimate was an increase of \$101,372 (or 16.71%)*). This increase has to do with several factors:

- The California Workers Compensation market is "hardening"; even insureds with no losses would expect to see a 15% increase due to market conditions (losses, investment income, actuarial assumptions)
- MBASIA's ex-mod is 115% and 154% in the two layers they evaluate. Anything more than 100% is considered 'bad'.

As a result of prior round premium estimates exceeding \$600,000, we have requested the following SIR options:

1. \$300,000 SIR              \$493,000 Premium
2. \$350,000 SIR              \$413,000 Premium
3. \$500,000 SIR              \$278,000 Premium

As a result of discussing these additional options at the April Board Meeting, the Board asked us to further review the current \$250,000 option and the proposed \$350,000 option. To help evaluate the premium options, we have prepared the following claims analysis based on the past 12 years of claims data, not including LC4850:

	<b>\$250K Cap</b>	<b>\$350K Cap</b>
Average Annual Claims	\$2,074,087	\$2,239,263
Premium	\$ 578,558	\$ 413,000
Annual Total Cost	\$2,652,645	\$2,652,263

**RECOMMENDATION:** It is recommended that the Board review the report on the renewal terms, and give direction to the Program Administrators with respects to which option to Bind.

**FINANCIAL IMPACT:** MBASIA's renewal **premium is estimated to be \$578,558**, *which is an increase of \$101,372 (or 16.7%)*. The Authority will receive a \$34,846 credit for the payroll audit, which will offset some of this cost.

**BACKGROUND:** MBASIA has been a member of CSAC-EIA since 2010. CSAC-EIA provides excess workers compensation coverage at a \$250,000 attachment. Prior to July 1, 2010, MBASIA was insured at a \$500,000 attachment with LAWCX.

**ATTACHMENT:** CSAC-EIA Proposal

**CSAC EXCESS INSURANCE AUTHORITY (CSAC EIA)  
EXCESS WORKERS' COMPENSATION PROGRAM  
2013/2014 PROPOSAL**

<b>COVERED PARTY</b>	Monterey Bay Area Self Insurance Authority				
<b>COVERAGE TERM</b>	July 1, 2013 to July 1, 2014				
<b>COMPANIES AFFORDING COVERAGE</b>	CSAC Excess Insurance Authority with reinsurance and excess insurance provided by (see attached)				
<b>COVERAGE PROVIDED</b>	Workers' Compensation and Employers' Liability				
<b>LIMITS</b> (See attached)	<table><tr><td>\$ 5,000,000</td><td>Employers' Liability</td></tr><tr><td>Statutory</td><td>Workers' Compensation</td></tr></table> <p>Limits are eroded by allocated claims expense</p>	\$ 5,000,000	Employers' Liability	Statutory	Workers' Compensation
\$ 5,000,000	Employers' Liability				
Statutory	Workers' Compensation				
<b>RETENTION</b>	<table><tr><td>\$ 250,000</td><td>per occurrence</td></tr></table> <p>Self-insured retention is eroded by allocated claims expense</p>	\$ 250,000	per occurrence		
\$ 250,000	per occurrence				
<b>MAJOR EXCLUSIONS</b> (Including but not limited to)	<ul style="list-style-type: none"><li>• Punitive or exemplary damages, fines or penalties</li><li>• Any payments in excess of the benefits regularly provided by the Workers' Compensation law</li><li>• Labor Code 4850 benefits</li><li>• Labor Code 4856 benefits</li><li>• Education Section Codes 44984 and 45192</li></ul>				
<b>PREMIUM AUDIT</b>	Premiums are auditable and adjustable at June 30, 2014 based on actual payroll				
<b>CONDITIONS</b>	<ul style="list-style-type: none"><li>• Premium is subject to change</li><li>• Premium includes a \$1,000 annual loss prevention subsidy</li><li>• Premium includes a \$2,000 actuarial subsidy</li><li>• Premium includes cost for claim audit requirement (audit to include access to all files handled by TPA)</li></ul>				
<b>ESTIMATED ANNUAL PAYROLL</b>	\$ 46,173,440				

**NOTE: THIS PROPOSAL IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY FORM IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION**



**CSAC EXCESS INSURANCE AUTHORITY (CSAC EIA)  
EXCESS WORKERS' COMPENSATION PROGRAM  
2013/2014 PROPOSAL**

<b>ESTIMATED PREMIUM</b>	\$	513,213	Deposit Premium
<b>(Annualized)</b>		32,118	CSAC EIA Administration Fee
		2,566	CSAC EIA Public Entity Fee
		<u>30,661</u>	Alliant Broker Fee
	\$	<b>578,558</b>	<b>Total Estimated Deposit Premium</b>
		<u>-34,846</u>	2011/2012 Payroll Audit Adjustment
	\$	<b>543,712</b>	<b>Total Incl. Payroll Audit Adjustment</b>

**BROKER**

**ALLIANT INSURANCE SERVICES, INC.**

Gordon DesCombes, Executive Vice President  
Nazie Arshi, Senior Vice President  
Tom E. Corbett, Senior Vice President  
Mike Simmons, Vice Chairman  
Rhianon Cabral, CSAC EIA Program Specialist

*THIS PROPOSAL IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETED COVERAGE AND EXCLUSION INFORMATION.*

*ALLIANT EMBRACES A POLICY OF TRANSPARENCY WITH RESPECT TO ITS COMPENSATION FROM INSURANCE TRANSACTIONS. DETAILS ON OUR COMPENSATION POLICY, INCLUDING THE TYPES OF INCOME THAT ALLIANT MAY EARN ON A PLACEMENT, ARE AVAILABLE ON OUR WEBSITE AT [WWW.ALLIANTINSURANCE.COM](http://WWW.ALLIANTINSURANCE.COM). FOR A COPY OF OUR POLICY OR FOR ANY INQUIRIES REGARDING COMPENSATION ISSUES PERTAINING TO YOUR ACCOUNT YOU MAY ALSO CONTACT US AT: ALLIANT INSURANCE SERVICES, INC., ATTENTION: GENERAL COUNSEL, 701 B STREET, 6TH FLOOR, SAN DIEGO, CA 92101.*

*\*ANALYZING INSURERS' OVER-ALL PERFORMANCE AND FINANCIAL STRENGTH IS A TASK THAT REQUIRES SPECIALIZED SKILLS AND IN-DEPTH TECHNICAL UNDERSTANDING OF ALL ASPECTS OF INSURANCE COMPANY FINANCES AND OPERATIONS. INSURANCE BROKERAGES SUCH AS ALLIANT INSURANCE TYPICALLY RELY UPON RATING AGENCIES FOR THIS TYPE OF MARKET ANALYSIS. BOTH A.M. BEST AND STANDARD AND POOR'S HAVE BEEN INDUSTRY LEADERS IN THIS AREA FOR MANY DECADES, UTILIZING A COMBINATION OF QUANTITATIVE AND QUALITATIVE ANALYSIS OF THE INFORMATION AVAILABLE IN FORMULATING THEIR RATINGS.*

*A.M. BEST HAS AN EXTENSIVE DATABASE OF NEARLY 6,000 LIFE/HEALTH, PROPERTY CASUALTY AND INTERNATIONAL COMPANIES. YOU CAN VISIT THEM AT [WWW.AMBEST.COM](http://WWW.AMBEST.COM). FOR ADDITIONAL INFORMATION REGARDING INSURER FINANCIAL STRENGTH RATINGS VISIT STANDARD AND POOR'S WEBSITE AT [WWW.STANDARDANDPOORS.COM](http://WWW.STANDARDANDPOORS.COM).*

*TO LEARN MORE ABOUT COMPANIES DOING BUSINESS IN CALIFORNIA, VISIT THE CALIFORNIA DEPARTMENT OF INSURANCE WEBSITE AT [WWW.INSURANCE.CA.GOV](http://WWW.INSURANCE.CA.GOV).*

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**CSAC EXCESS INSURANCE AUTHORITY (CSAC EIA)  
EXCESS WORKERS' COMPENSATION PROGRAM  
2013/2014 SCHEDULE OF INSURERS AND LIMITS**

Provider	Limit	California Status	A.M. Best's Guide Rating	Standard & Poor's Rating
<b>CSAC Excess Insurance Authority</b>	<b>Workers' Compensation and Employers Liability :</b> The difference between <ul style="list-style-type: none"> <li>\$5,000,000 and Individual Member's Retention for each accident or each employee for disease</li> <li>\$5,000,000 and Individual Member's Retention for each accident for communicable disease</li> </ul>	Not Applicable	Not Applicable	Not Applicable
<b>With reinsurance provided by Wesco Insurance Company*</b>	*subject to a \$18,500,000 Corridor Retention	Not Applicable (reinsurance)	A (Excellent) Financial Size Category IX (\$250,000,000 to \$500,000,000)	Not Applicable
<b>CSAC Excess Insurance Authority</b>	<b>Workers' Compensation:</b> \$ 45,000,000 each accident or each employee for disease excess of \$5,000,000 \$ 45,000,000 each accident for communicable disease	Not Applicable	Not Applicable	Not Applicable
<b>With reinsurance provided by ACE American Insurance Company</b>		Not Applicable (reinsurance)	A+ (Superior) Financial Size Category XV (\$2,000,000,000 or greater)	AA- (Stable)
<b>National Union Fire Insurance Co. of Pittsburgh, PA (AIG) An excess insurance policy</b>	<b>Workers' Compensation:</b> Statutory each accident and each employee for disease excess of \$50,000,000	Admitted	A (Excellent); Financial Size Category XV (\$2,000,000,000 or greater)	A (Stable)

**NOTE: THIS PROPOSAL IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY FORM IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION**

**Item No. D.3.d**  
**Board of Directors**  
**June 10, 2013**

## **PEPIP INSURANCE RENEWAL**

**ISSUE:** MBASIA has a *group purchase property program* through which most Members purchase their property insurance. The program will renew on July 1, 2013, and we expect to have quotes by the time of the meeting, but not by the time of the agenda mail date.

**RECOMMENDATION:** This is an information item, Members are asked to work directly with Alliant Insurance Services on their renewal options.

**FINANCIAL IMPACT:** The 2013 premium is \$143,734. This amount is subject to change based on each member's coverage decisions on certain options. The expiring premium was \$116,658, *which is a 20% increase*. This increase is due to market conditions and claims experience.

**BACKGROUND:** We are pleased to provide you with the FY 13/14 Public Entity Property Insurance Program (PEPIP) attached renewal material.

The property market at the start of 2012 had rates generally increasing from a low of zero up to 10%. The pressure for increases began at the start of the 4<sup>th</sup> quarter when Super Storm Sandy made landfall on the Northeast Coast of the U.S. Early indications of Sandy's market impact were uncertain and the current damage estimate is about \$25B in insured losses. "Sandy" is still having an impact on the market especially for insureds that have catastrophe exposures such as Flood, Earthquake and Named Windstorm.

As we enter the 2013/14 APIP renewal, members without losses can expect to see rate increases in the 12% range (with higher increases for loss leaders). While rate increases are never welcome, for most insureds such an increase will still result in a renewal cost well below the commercial marketplace, which has been the norm for APIP since the program inception. Beyond the normal market pressure from program underwriters to increase rates where they believe warranted, weak investment returns for carriers is adding to rate pressure as underwriters are required to be more circumspect in their risk taking.

**ATTACHMENT:** MBASIA Property Proposal

## ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

**July 1, 2013 – July 1, 2014**

### ***Monterey Bay Area Self Insurance Authority*** **EXECUTIVE SUMMARY**

We are pleased to provide you with the 2013–2014 Alliant Property Insurance Program (APIP) attached renewal material.

“APIP” is the umbrella name which encompasses the Alliant property programs known as “PEPIP”, “HARPP”, “SIPP” and “SPIP” which are all property programs. As membership in these programs continue to expand, the acronym “APIP” more correctly depicts the membership of the various declarations within the program. Please note the manuscript coverage form will continue to be referred to as “PEPIP USA”.

The property market at the start of 2012 had rates generally increasing from a low of zero up to 10%. The pressure for increases began to slow at the start of the 4<sup>th</sup> quarter when Super Storm Sandy made landfall on the Northeast Coast of the U.S. Early indications of Sandy’s market impact were uncertain and the current damage estimate is about \$25B in insured losses. “Sandy” is still having an impact on the market especially for insureds that have catastrophe exposures such as Flood, Earthquake and Named Windstorm. As we enter the 2013/14 APIP renewal, most members will see rate increases in the 8% to 12% range (with higher increases for loss leaders). While rate increases are never welcome, for most insureds such an increase will still result in a renewal cost well below the commercial marketplace, which has been the norm for APIP since the program inception. Beyond the normal market pressure from program underwriters to increase rates where they believe warranted, weak investment returns for carriers is adding to rate pressure as underwriters are required to be more circumspect in their risk taking.

This year, in a further innovation designed to better utilize market capacity efficiently, we are introducing a new primary \$2.5M layer which will be placed with either Catlin (Best Rated A XV) or Lexington (Best Rated A XV). Lexington (Best Rated A XV) will continue to provide the majority of capacity in the \$22.5M x/s \$2.5M layer with the introduction of Lloyd’s of London (Best Rated A XV) as a quota-share partner. Excess limits will be placed with London, Bermudian, European and U.S Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1,000,000,000. Members should note several key highlights for this year’s renewal:

- Maintain current sublimits with some minor form changes (see Page 2 for details)
- Increased Terrorism Limits
- Optional coverage for “Upgrade to Green” building coverage maintained
- Boiler & Machinery for participating members of the APIP Boiler Program maintained
- Cyber (Privacy Liability) Coverage for both 1<sup>st</sup> and 3<sup>rd</sup> parties from the Beazley Syndicate at Lloyd’s (for those members eligible)
- Pollution Liability Coverage from Illinois Union Insurance Company (for those members eligible)

Alliant Business Services (ABS) will continue to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the 2013-2014 policy year property valuations will continue to be a key focus. As a reminder, it is the underwriters’ intent to have all buildings with a scheduled value of \$5,000,000 or more appraised once every five years. The cost of this service is included in the total annual cost. Members may also choose to have lower valued buildings appraised. The cost to have all or specific buildings appraised between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

#### Year-over-Year Rate and Premium Comparison

<u>Monterey Bay Area Self Insurance Authority</u>	<u>12-13</u> (at 01/23/2013)	<u>13-14</u>	<u>Variance</u>
Total Insurable Values:	\$ 130,403,078	\$ 133,779,383	2.59%
Account Rate (per hundred dollars):	0.0894595	0.1074417	20.10%
Earthquake TIV:	\$ 0	\$ 0	N/A
Earthquake Limit:	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 116,658.00	\$ 143,734.84	23.21%



Major Coverage Changes effective 7/01/2013			
<u>Item</u>	<u>12-13 Coverage or Sublimit Per Occurrence</u>	<u>13-14 Coverage or Sublimit Per Occurrence</u>	<u>Status</u>
<b>Claims Reporting Acknowledgement Form(s)</b>	Documents were provided with Policies	Attached is a claims acknowledgment form outlining the loss reporting provisions for Property (including B&M), Cyber and Pollution claims. We are requesting that all members read this form and sign acknowledging the procedures have been provided, reviewed, and understood. If you have specific questions, please contact your Alliant representative or our Claims Advocacy Group at (877) 725-7695	Final
<b>Excess Terrorism Limits  (For those who purchase this Optional Coverage)</b>	\$250,000,000 Per Member/Entity \$550,000,000 Per Occurrence \$850,000,000 Program Aggregate	\$300,000,000 Per Member/Entity Per Occurrence \$800,000,000 Program Aggregate	Pending
<b>Auto Physical Damage Deductible</b>	Per Occurrence for Off Premises Vehicle Physical Damage	If Off-Premises coverage is included, the stated deductible will apply to vehicle physical damage both on and off premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises coverage is subject to the “All Risk” (Basic) Deductible.	Pending
<b>Cyber Liability Coverage</b>	As Expiring	Enhancements: <ul style="list-style-type: none"><li>▪ Single Retention for all respective Insuring Agreements</li><li>▪ Coinsurance for Public Relations and Credit Monitoring lower from 20% to 10%</li><li>▪ Increased First Party Business Interruption – Hourly and Forensic sub-limits increased from \$25,000 to \$50,000 for each and Dependent Business Interruption increased from \$100,000 to \$150,000</li><li>▪ PCI Fines and Penalties Endorsement added with a sub-limit of \$100,000</li></ul>	Final
<b>Pollution Liability</b>	A Summary of Changes for Pollution Liability is included with the Coverage Summary		Final
<b><u>PEPIP USA Form No 9. Master Policy Wording Changes Effective 7/01/2013</u></b>			<b><u>Status</u></b>
<ul style="list-style-type: none"><li>• Section I, Item G. Deductible Provisions</li></ul>	Vehicle Physical Damage Deductible clarification wording added		Pending
<ul style="list-style-type: none"><li>• Section II, Item B. 21 Accidental Contamination</li></ul>	Section revised for clarification		Pending
<ul style="list-style-type: none"><li>• Section III, Item B. 5 Contingent Time Element Coverage</li></ul>	Added wording for clarification		Pending
<ul style="list-style-type: none"><li>• Section IV, Item J. Notice of Loss</li></ul>	Phone numbers are updated		Final
<ul style="list-style-type: none"><li>• Section IV, Item AF. Definitions, 1c.</li></ul>	Added definition for Flood Zones A&V for clarification		Pending
<ul style="list-style-type: none"><li>• Master Policy Endorsements</li></ul>	Added two new mandatory carrier endorsements (War & Terrorism Exclusion and Coverage Territory).		Pending
<ul style="list-style-type: none"><li>• Master Policy Wording Red Line Strike Out copy available upon request</li></ul>			

Thank you for your continued support of APIP. We look forward to working with you this next year. Please let us know if you have any questions about your Renewal Proposal.





**ALLIANT INSURANCE SERVICES, INC.**  
**ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

**PROPERTY PROPOSAL**

**TYPE OF INSURANCE:**    ☒ Insurance    ☐ Reinsurance

**NAMED INSURED:**            Monterey Bay Area Self Insurance Authority

**DECLARATION:**                1-Cities 1

**POLICY PERIOD:**            July 1, 2013 to July 1, 2014

**COMPANIES:**                 See Attached List of Companies

**TOTAL INSURED  
VALUES:**                      \$ 133,779,383 as of May 31, 2013

**ALL RISK**

**COVERAGES &**

**LIMITS:**

\$	1,000,000,000	Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.
	Not Covered	Flood Limit - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
	Not Covered	Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A , V, and all other 100 year exposures. This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.
	Not Covered	Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
\$	100,000,000	Combined Business Interruption, Rental Income and Tax Interruption and Tuition Income (and related fees) - except \$500,000 per Member/Entity subject to maximum of \$2,500,000 Per Occurrence limit if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc. Coverage for power generating plants is excluded, unless otherwise specified.
\$	50,000,000	Extra Expense
\$	25,000,000	Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

180 Days Extended Period of Indemnity

See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 or a member's Policy Limit of Liability if less than \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sublimit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item
\$	5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$	2,500,000	Money & Securities for named perils only as referenced within the policy
\$	2,500,000	Unscheduled Fine Arts
\$	250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members per declaration
\$	500,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$	25,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)
\$	25,000,000	Transit

2013-2014 Alliant Property Insurance Program (APIP) Property Proposal  
 Monterey Bay Area Self Insurance Authority

\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence
\$	2,500,000	Unscheduled Watercraft up to 27 feet
	Not Covered	Per Occurrence for Off Premises Vehicle Physical Damage
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately
\$	1,000,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	1,000,000	Personal Property Outside of the USA
\$	100,000,000	Per Member/Entity Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18, 19, 20, 21, 26, 27, 28, 29, 30, 32, 33 and 34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	300,000,000	Per Occurrence, Per Member/Entity for Terrorism (Excess Layer) subject to;
\$	800,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles
	Included	See Alliant Property Insurance Program (APIP) Pollution Liability Insurance Summary for applicable limits and deductibles

- VALUATION:**
- Repair or Replacement Cost
  - Actual Loss Sustained for Time Element Coverages
  - Contractor's Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

**EXCLUSIONS**  
**(Including but not limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

**Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).**

**"ALL RISK"**

**DEDUCTIBLE:** \$ 5,000 Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss

**DEDUCTIBLES FOR SPECIFIC PERILS AND COVERAGES:**

Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V

Not Covered Per Occurrence for Flood Zones A & V

Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.

\$ 1,000 Per Occurrence for Specially Trained Animals

\$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared

by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits

24 Hour Waiting Period for Service Interruption for All Perils and Coverages

2.5% of Annual Tax Value per Location for Tax Interruption

Not Covered Per Occurrence for Off Premises Vehicle Physical Damage

Vehicle Valuation Basis

\$ 5,000 Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Per Occurrence for Contractor's Equipment

\$ 5,000 Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Per Occurrence for Primary Terrorism

\$ 500,000 Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

\$ 250,000 Per Occurrence for Wave Wash

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles. (Cyber Liability)

**SPECIAL TERMS 1:** Wave Wash for City of Capitola

\$ 1,000,000 Special Terms Limit

\$ 250,000 Special Terms Deductible

**TERMS & CONDITIONS:** 25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 100% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

**NOTICE OF CANCELLATION:** 90 Days except 10 Days for non-payment of premium

	<b>Annual Cost*</b>
<b>Total Property Premium:</b>	\$ 134,172.00
<b>Excess Boiler:</b>	\$ 1,674.00
<b>ABS Fee:</b>	\$ 3,527.00
<b>SLT&amp;F's (Estimate)</b>	\$ 4,361.84
<b>Broker Fee:</b>	\$ 0.00
<b>TOTAL COST: (Including Taxes and Fees)</b>	\$ 143,734.84
*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.	

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

**QUOTE VALID  
UNTIL:**

July 1, 2013

**BROKER:**

**ALLIANT INSURANCE SERVICES, INC.**

**License No.** 0C36861

Michael Simmons  
Vice Chairman

Conor Boughey  
Associate Broker

Monica Sandbergen  
Account Representative

**NOTES:**

- *Major pending and approved changes to the APIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

**This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.**

**This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

### *NY Regulation 194 Disclosure*

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

**ALLIANT INSURANCE SERVICES, INC.  
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

**BOILER & MACHINERY PROPOSAL**

<b>PROGRAM:</b>	Monterey Bay Area Self Insurance Authority		
<b>NAMED INSURED:</b>	Monterey Bay Area Self Insurance Authority		
<b>POLICY PERIOD:</b>	July 1, 2013 to July 1, 2014		
<b>COMPANIES:</b>	See attached list of Companies		
<b>TOTAL INSURED VALUES:</b>	\$ 133,779,383 as of May 31, 2013		
<b>STATUS/RATING:</b>	See attached list of Companies for Best's Guide Ratings, Admitted Status and Standard & Poor's Ratings.		
<b>COVERAGES &amp; LIMITS:</b>	\$	100,000,000	Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:
		Included	Jurisdictional and Inspections
	\$	10,000,000	Per Occurrence for Service/Utility/Off Premises Power Interruption
		Included	Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
	\$	10,000,000	Per Occurrence for Electronic Data Processing Media and Data Restoration
	\$	2,000,000	Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
	\$	10,000,000	Per Occurrence for Hazardous Substances/Pollutants/Decontamination
		Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes
<b>NAMED INSURED CLAUSE:</b>	Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss		



**NEWLY ACQUIRED**

**LOCATIONS:** \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

**VALUATION:** Repair or Replacement except Actual Loss sustained for all Time Element coverages

**EXCLUSIONS**

**(Including but not limited to):**

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

**OBJECTS EXCLUDED:**

**(Including but not limited to):**

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

**NOTICE OF**

**CANCELLATION:** 90 days except 10 days for non-payment of premium

**DEDUCTIBLES:**

\$	5,000	Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Except as shown for Specific Objects or Perils
\$	5,000	Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Electronic Data Processing Media
\$	5,000	Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Consequential Damage
\$	5,000	Except \$10,000 for City of Capitola, City of Greenfield, and Scotts Valley Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface
\$	50,000	Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface
\$	100,000	Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface
\$	250,000	Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface
\$	350,000	Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

\$ 10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours Business Interruption/Extra Expense Except as noted below

30 Days Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or  
10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water  
Treatment Facilities and All Utilities

	Annual Cost*
<b>COST:</b>	Cost is included on Property Proposal

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

**BROKER:** **ALLIANT INSURANCE SERVICES, INC.**  
**License No. 0C36861**

Michael Simmons  
Vice Chairman

Conor Boughey  
Associate Broker

Monica Sandbergen  
Account Representative

**NOTES:**

- *Major pending and approved changes to the APIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

**This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.**

**This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

#### *NY Regulation 194 Disclosure*

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.



ALLIANT INSURANCE SERVICES, INC.  
100 Pine St. 11th Floor San Francisco, CA 94111-2711

<b>NAMED INSURED:</b> Monterey Bay Area Self Insurance Authority	<b>INVOICE DATE:</b> May 31, 2013 <b>CUSTOMER NUMBER:</b> <b>EFFECTIVE DATE:</b> July 1, 2013
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<b>INSURANCE CO:</b> Various	<b>INVOICE NUMBER:</b> 1019043
<b>POLICY NUMBER:</b> PPROP1314	
<b>Total Property Premium:</b>	\$ 134,172.00
<b>ABS Fee:</b>	\$ 3,527.00
<b>Estimated SLT&amp;F's</b>	\$ 4,361.84
<b>Broker Fee:</b>	\$ 0.00
<b>ALL RISK PROPERTY SUBTOTAL</b>	<b>\$ 142,060.84</b>

<b>INSURANCE CO:</b> Various	<b>INVOICE NUMBER:</b> 2019043
<b>POLICY NUMBER:</b> PBOILER1314	
<b>EXCESS BOILER &amp; MACHINERY SUBTOTAL</b>	<b>\$ 1,674.00</b>

<b>TOTAL DUE AT THIS TIME</b>	<b>\$ 143,734.84</b>
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**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

**NOTICE:** Total Due includes Premiums, Taxes and Fees where applicable. Please return a copy of the invoice with your payment. Premiums are due and payable upon receipt of this invoice but no later than July 27, 2013. If payment is not received by the due date, policies may be subject to cancellation.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.



**ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

**2013-2014**

**NAMED INSURED**

**AS OF 05/31/2013**

**MEMBER:** Monterey Bay Area Self Insurance Authority  
c/o Alliant Insurance Services  
100 Pine Street, 11th Floor  
San Francisco, CA 94111

**NAMED INSURED:**

Monterey Bay Area Self Insurance Authority  
(MBASIA)

City of Capitola

City of Del Rey Oaks

City of Gonzales

City of Greenfield

City of Marina

City of Sand City

City of Scotts Valley

First Named Insured Member shall be deemed the sole agent of each and every named insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.

## ALLIANT INSURANCE SERVICES

### APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned email or mail to have it be included in your insurance records.

☐

APIP Property Claims Reporting

☐

Cyber Claims Reporting (*this is a claims made policy*)

☐

Pollution Liability Claims Reporting (*this is a claims made policy*)

#### Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs

**In effect:** July 1, 2013 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

**Insured Entity Name:** \_\_\_\_\_

**Authorized Signature:** \_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title



**ALLIANT INSURANCE SERVICES, INC.**  
**ALLIANT PROPERTY INSURANCE PROGRAM SUMMARY OF CLAIMS REPORTING**

- I. First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Bob Frey	Diana Walizada
First Vice President, Claims Manager	Assistant Vice President
Voice: (415) 403-1445	Voice: (415) 403-1453
Email: <a href="mailto:rfrey@alliant.com">rfrey@alliant.com</a>	Email: <a href="mailto:dwalizada@alliant.com">dwalizada@alliant.com</a>
Cell: (415) 518-8490 <i>After hours claims reporting number</i>	

Address: Alliant Insurance Services, Inc.  
100 Pine St, 11<sup>th</sup> Floor  
San Francisco CA 94111  
**Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466**

Please be sure to copy APIP's Claim Administrator on all Claims correspondence:

Cathryn O'Meara  
McLaren's  
1301 Dove St., Suite 200  
Newport Beach, CA 92660  
Voice: (949) 757-1413 Fax: (949) 757-1692  
Email: [cathryn.omeara@mclarens.com](mailto:cathryn.omeara@mclarens.com)

- II. Cyber Carrier Beazley NY needs to also be provided with Notice of Claim immediately (If coverage applies):

Bob Frey	Beth Diamond
First Vice President, Claims Manager	Beazley Group
Voice: (415) 403-1445	1270 Avenue of the America's, Suite 1200
Cell: (415) 518-8490 After hours	New York, NY 10020
Email: <a href="mailto:rfrey@alliant.com">rfrey@alliant.com</a>	Telephone: (646) 943-5900 Fax: (546) 378-4039
	Email: <a href="mailto:tmbclaims@beazley.com">tmbclaims@beazley.com</a>

Elaine G. Kim, CISR  
Claims Advocate, Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111-5101  
Voice: (415) 403-1458 Fax: (415) 403-1466  
Email: [ekim@alliant.com](mailto:ekim@alliant.com)

- III. Pollution Liability Carrier ACE Environmental, Risk Claims Manger (if coverage applies):

Bob Frey	ACE USA Claims
First Vice President, Claims Manager	PO Box 5103
Voice: (415) 403-1445	Scranton, PA 18505-0510
Cell: (415) 518-8490 After hours	Environmental Emergency: (888) 310-9553
Email: <a href="mailto:rfrey@alliant.com">rfrey@alliant.com</a>	Fax: (800) 951-4119
	Email: <a href="mailto:CasualtyRiskEnvironmentalFirstNotice@acegroup.com">CasualtyRiskEnvironmentalFirstNotice@acegroup.com</a>

David Sutton  
Claims Executive, Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111-5101  
Voice: (415) 403-1417 Fax: (415) 403-1466  
Email: [dsutton@alliant.com](mailto:dsutton@alliant.com)

## **PROPERTY LOSS REPORTING:**

- 1) Follow your organization's procedures for reporting and responding to an incident*
- 2) Alert local emergency authorities, as appropriate*
- 3) Report the incident to Alliant Insurance Services immediately at:*

**877-725-7695**

**All property and boiler & machinery losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) Report the incident to McLarens AND your Alliant representative*



## PROPERTY FIRST NOTICE OF LOSS FORM

**SEND TO:** Alliant Insurance Services, Inc.

**BY MAIL:** 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

**BY FAX:** (415) 403-1466

**BY EMAIL:** [dwalizada@alliant.com](mailto:dwalizada@alliant.com)

**COPY AIP Claims Administrator:** [cathryn.omeara@mclarens.com](mailto:cathryn.omeara@mclarens.com) and your Alliant representative

**Today's Date:** \_\_\_\_\_

**Type of Claim: (check all that apply)**

- |  |                                   |
|--|-----------------------------------|
| <input type="checkbox"/> Real Property     | <input type="checkbox"/> Vehicles |
| <input type="checkbox"/> Personal Property | <input type="checkbox"/> Other    |

### Insured's Name & Contact Information

**Company Name:** \_\_\_\_\_  
**Point of Contact:** \_\_\_\_\_  
**Phone #:** \_\_\_\_\_  
**Address:** \_\_\_\_\_

### Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Diana Walizada

Address: 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

### Policy Information

Policy Number: \_\_\_\_\_ Policy Period: 07/01/2013 to 07/01/2014

Limits of Liability: \_\_\_\_\_ per \_\_\_\_\_ agg Self-Insured Retention/Deductible: \_\_\_\_\_

### Loss Information

Date of Incident/Claim: \_\_\_\_\_ Location: \_\_\_\_\_

Description of Loss: \_\_\_\_\_  
\_\_\_\_\_

**Please list all attached or enclosed documentation:** ☐ (check if none provided) \_\_\_\_\_  
\_\_\_\_\_

**Name of Person Completing This Form:** \_\_\_\_\_ **Signature:** \_\_\_\_\_

## **CYBER LOSS REPORTING:**

- 1) Follow your organization's procedures for reporting and responding to an incident*
- 2) Alert authorities, as appropriate*
- 3) Report the incident to Beazley Group immediately at:*

**646-943-5900**

**All Cyber losses must be reported as soon as practicable upon knowledge by the insured that a loss has occurred.**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) Report the incident to Alliant Claims Department and your Alliant representative*

### ***SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:***

The policy provides a \$500,000 Aggregate Limit for Privacy Notification Costs. If you utilize a Beazley claims response vendor, the limit is increased to \$1,000,000.

Please contact Beazley for a list of approved vendors.

## CYBER FIRST NOTICE OF LOSS FORM

**SEND TO:** Beazley Group

**BY MAIL:** 1270 Avenue of the America's, Suite 1200, New York, NY 10020

**BY FAX:** (546) 378-4039

**BY EMAIL:** [tmbclaims@beazley.com](mailto:tmbclaims@beazley.com)

**CC Alliant Claims Department:** [ekim@alliant.com](mailto:ekim@alliant.com) And your Alliant representative

**Today's Date:** \_\_\_\_\_

### Insured's Name & Contact Information

**Company Name:** \_\_\_\_\_ **Point of Contact:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

### Broker/Agent's Name & Contact Information

**Company Name:** Alliant Insurance Services - Claims **Point of Contact:** Elaine G. Kim, CISR

**Address:** 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

**Phone #:** 877-725-7695 **Fax #:** 415-403-1466

### Policy Information

**Policy Number:** C121280 **Policy Period:** 7/1/13 to 7/1/14

**Limits of Liability:** \_\_\_\_\_ **per** \_\_\_\_\_ **agg** **Self-Insured Retention/Deductible** \_\_\_\_\_

### Loss Information

**Date of Incident/Claim:** \_\_\_\_\_ **Location:** \_\_\_\_\_

**Description of Loss:** \_\_\_\_\_

**Please list all attached or enclosed documentation:** ☐ (check if none provided) \_\_\_\_\_

**Name of Person Completing This Form:** \_\_\_\_\_ **Signature:** \_\_\_\_\_

## CYBER LOSS REPORTING

**A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS**

**B. IMPORTANT POLICY LANGUAGE REGARDING:**

**NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**

1. If any **Claim** is made against the **Insured**, the **Insured** shall, as soon as practicable upon knowledge by the **Insured**, forward to the Underwriters through persons named in Item 9.A. of the Declarations written notice of such **Claim** in the form of a telecopy, or express or certified mail together with every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative; provided that with regard to coverage provided under Insuring Agreements I.A. and I.C., all **Claims** made against any **Insured** must be reported no later than the end of the **Policy Period**, in accordance with the requirements of the **Optional Extension Period** (if applicable), or within thirty (30) days after the expiration date of the **Policy Period** in the case of **Claims** first made against the Insured during the last thirty (30) days of the **Policy Period**.
2. With respect to Insuring Agreement I.B. for a legal obligation to comply with a **Breach Notice Law** because of an incident (or reasonably suspected incident) described in Insuring Clause I.A.1 or I.A.2, such incident or reasonably suspected incident must be reported as soon as practicable during the **Policy Period** after discovery by the Insured. For such incidents or suspected incidents discovered by the **Insured** within 60 days prior to expiration of the Policy, such incident shall be reported as soon as practicable, but in no event later than 60 days after the end the **Policy Period**, provided; if this Policy is renewed by Underwriters and covered **Privacy Notification Costs** are incurred because of such incident or suspected incident reported during the 60 day post **Policy Period** reporting period, then any subsequent **Claim** arising out of such incident or suspected incident is deemed to have been made during the **Policy Period**.
3. With respect to Insuring Agreements I.A. and I.C., if during the **Policy Period**, the **Insured** first becomes aware of any circumstance that could reasonably be the basis for a **Claim** it may give written notice to Underwriters in the form of a telecopy, or express or certified mail through persons named in Item 9.A. of the Declarations as soon as practicable during the **Policy Period** of:
  - a. the specific details of the act, error, omission, or **Security Breach** that could reasonably be the basis for a **Claim**;
  - b. the injury or damage which may result or has resulted from the circumstance; and
  - c. the facts by which the **Insured** first became aware of the act, error, omission or **Security Breach**

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.
4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

## POLLUTION CLAIMS REPORTING



Environmental Risk

### IN THE EVENT OF AN ENVIRONMENTAL EMERGENCY:

- 1) *Follow your organization's procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to ACE Environmental Risk immediately at:*

**888-310-9553**

**All pollution incidents must be reported within 7 days of discovery**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident. You will be contacted by a trained representative of ACE to discuss further response steps as soon as possible.

- 4) *Report the incident to your Alliant representative*

**DO follow your organization's detailed response plan**  
**DO contact your management as well as appropriate authorities**  
**DO ensure anyone who could come in contact with a spill or release is kept away**

**DO NOT ignore a potential spill or leak**  
**DO NOT attempt to respond beyond your level of training or certification**

## POLLUTION CLAIMS REPORTING



### ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

**SEND TO:** ACE Environmental Risk Claims Manager

**BY MAIL:** ACE USA Claims, P.O. Box 5103, Scranton, PA 18505-0510

**BY FAX:** (800) 951-4119

**BY EMAIL:** [CasualtyRiskEnvironmentalFirstNotice@acegroup.com](mailto:CasualtyRiskEnvironmentalFirstNotice@acegroup.com)

**CC Alliant Insurance:** [dsutton@alliant.com](mailto:dsutton@alliant.com) And your Alliant representative

**Today's Date:** \_\_\_\_\_

**Notice of: (check all that apply)**

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> <b>Pollution Incident</b> | <input type="checkbox"/> <b>Potential Claim</b>      | <input type="checkbox"/> <b>Other</b> _____ |
| <input type="checkbox"/> <b>Third-Party Claim</b>  | <input type="checkbox"/> <b>Litigation Initiated</b> |   |

#### Insured's Name & Contact Information

**Company Name:** \_\_\_\_\_ **Point of Contact:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

#### Broker/Agent's Name & Contact Information

**Company Name:** Alliant Insurance Services - Claims **Point of Contact:** David Sutton

**Address:** 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

**Phone #:** 415-403-1400

#### Policy Information

**Policy Number:** PPL G24544837 002 **Policy Period:** 7/1/13 to 7/1/14

**Limits of Liability:** \_\_\_\_\_ **per** \_\_\_\_\_ **agg** **Self-Insured Retention/Deductible** \_\_\_\_\_

#### Loss Information

**Date of Incident/Claim:** \_\_\_\_\_ **Location:** \_\_\_\_\_

**Claimant Name/Address:** \_\_\_\_\_

**Description of Loss:** \_\_\_\_\_  
\_\_\_\_\_

## POLLUTION CLAIMS REPORTING

Please list all attached or enclosed documentation: ☐ (check if none provided) \_\_\_\_\_

Name of Person Completing This Form: \_\_\_\_\_ Signature: \_\_\_\_\_

### A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

### B. IMPORTANT POLICY LANGUAGE REGARDING:

#### VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” must also take all reasonable measures to provide immediate verbal notice to the Insurer.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)**

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

## Alliant Property Insurance Program (APIP)

### CYBER COVERAGE SUMMARY

**TYPE OF INSURANCE:** ☒ Insurance ☐ Reinsurance

**TYPE OF COVERAGE:** Information Security & Privacy Insurance with Electronic Media Liability Coverage

**PROGRAM:** Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)

**NAMED INSURED:** Any member(s), entity (ies), agency(ies), organizations(s), enterprise(s) and/or individuals(s) attached to each Declaration insured as per schedule on file with Insurer.

**DECLARATION:** Various Declarations as on file with Insurer

**POLICY PERIOD:** July 1, 2013 to July 1, 2014

**RETROACTIVE DATE:** APIP/PEPIP  
*For new members – the retro active date will be the date of addition*  
 July 1, 2013 For existing members included on the July 1, 2013/14 policy  
 July 1, 2012 For existing members included on the July 1, 2012/13 policy  
 July 1, 2011 For existing members included on the July 1, 2011/12 policy  
 July 1, 2010 For existing members included on the July 1, 2010/11 policy

HARPP  
*For new members – the retro active date will be the date of addition*  
 July 1, 2009 For members endorsed onto the July 1, 2009/10 policy at a \$500,000 limit except for those members who did not provide a “No Known Losses Letter” then the retro date is the date that the member was added  
 July 1, 2010 For \$1,500,000 excess \$500,000

CSU  
 July 1, 2008 California State University and CSU Auxiliary Organizations.

**COMPANIES:** Lloyd’s of London - Beazley Syndicate:  
 Syndicates 2623 - 623 - 100%

**COVERAGES & LIMITS:**

<b>THIRD PARTY LIABILITY</b>	Ai.	\$	20,000,000	<b>Annual Policy and Program Aggregate Limit of Liability</b> (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted.
	Aii.	\$	2,000,000	<b>Annual Aggregate Limit of Liability</b> for each Insured/Member for <b>Information Security &amp; Privacy Liability</b> (Aggregate for all coverages combined, including Claim Expenses) but sublimited to:



**THIRD PARTY LIABILITY**  
(Continued)

**B.** \$ 500,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member **Privacy Notification Costs** coverage. Limit is \$1,000,000 if Beazley vendor services are used.

**C.** \$ 2,000,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member for all Claims Expenses and **Penalties for Regulatory Defense and Penalties** **PCI Fines and Penalties** coverage added with sub-limit of \$100,000.

**D.** \$ 2,000,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Website Media Content Liability** (Occurrence Based)

**FIRST PARTY COMPUTER SECURITY**

**E.** \$ 2,000,000 **Policy Aggregate Sublimit of Liability** for each Insured/Member for **Cyber Extortion Loss**

**F.** \$ 2,000,000 **Policy Aggregate Sublimit of Liability** for each Insured/Member for **Data Protection Loss and Business Interruption Loss**

**G.** **First Party Business Interruption Sub-Limits of Liability** for each Insured/Member

\$ 50,000 1) Hourly Sublimit

\$ 50,000 2) Forensic Expense Sublimit

\$ 150,000 3) Dependent Business Interruption Sublimit.

The sub-limits of liability displayed above in Items B, C, D, E, F and G are part of, and not in addition to, the overall Annual Aggregate Limit of Liability for each Insured/Member (Item Aii)

**RETENTION:** \$ 25,000 CSU Auxiliary Organizations only  
\$ 50,000 Per Occurrence for each Insured/Member with TIV up to \$500,000,000 at the time of loss  
\$ 100,000 Per Occurrence for each Insured/Member with TIV greater than \$500,000,000 at time of loss  
8 Eight hour waiting period for first party claims

Single Retention Endorsement added at the July 1, 2013 renewal.

**COINSURANCE FOR SPECIFIC COVERAGES:** 10%For Public Relations Consultancy  
10%For Credit File Monitoring

**NOTICE:** **Policy coverage sections I.A - Information Security & Privacy Liability, I.B.- Privacy Notification Costs and I.C.-Regulatory Defense & Penalties of this policy provide coverage on a claims made and reported basis; except as otherwise provided, coverage under these insuring agreements applies only to claims first made against the insured and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.**

**EXTENDED REPORTING PERIOD:** For First Named Insured - To be determined at the time of election (additional premium will apply)

**SPECIFIC  
COVERAGE  
PROVISIONS:**

- A. Information Security and Privacy Liability** pays on behalf of the Insured/Member damages and claims expenses excess of the retention which the Insured/Member shall become legally obligated to pay because of any claim, including a claim for violation of a privacy law first made against the Insured/Member and reported to underwriters during the policy period for
- theft, loss or unauthorized disclosure of personally identifiable non-public information or third party corporate information that is in the care, custody or control of the Insured/Member, or an independent contractor that is holding, processing or transferring such information on behalf of the Insured/Member.
  - Acts or incidents that directly result from the failure of computer security to prevent a security breach including
    - Alteration, corruption, destruction, deletion, or damage to a data asset stored on computer systems
    - Failure to prevent transmission of malicious code from computer systems to third party computer systems
    - Participation in a denial of service attack directed against a third party computer system
  - The failure to timely disclose any of the above in violation of any breach notice law
  - The failure to comply with a privacy policy involving the disclosure, sharing or selling of personally identifiable non-public information
  - The failure to administer an identity theft prevention program
- B. Privacy Notification Costs** pay the Insured/Member for reasonable and necessary costs to comply with a breach notice law because of an incident that first takes place on or after the retroactive date and before the end of the policy period. Privacy Notification Costs means costs incurred within one year of the reporting of the incident or suspected incident to the Underwriters:
- To hire security experts;
  - Notification provisions,
  - Public relations mitigation up to \$50,000 subject to 10% coinsurance
  - Credit monitoring for the purpose of mitigating potential damages and are subject to 10% coinsurance
    - Credit file monitoring,
    - Mailing and third party administrative costs
- C. Regulatory Defense and Penalties** pays on behalf of the Insured/Member claims expenses and penalties which the Insured/Member shall become legally obligated to pay because of any claim in the form of a regulatory proceeding resulting from a violation of a privacy law and caused by an incident described under certain sections of the information security and privacy liability section of the policy.
- D. Website Media Content Liability** (occurrence based) pays on behalf of the insured damages and claims expenses resulting from any claim made against the Insured/Member for one or more of the following acts committed in the course of covered media activities:
- Defamation, libel, slander, trade libel
  - Privacy violation
  - Invasion or interference with publicity
  - Plagiarism, piracy, misappropriation of ideas under implied contract
  - Infringement of copyright
  - Infringement of domain name, trademark
  - Improper deep-linking or framing within electronic content

**SPECIFIC  
COVERAGE  
PROVISIONS:  
(Continued)**

- E. Cyber Extortion** indemnifies the Insured/Member for costs incurred as a result of an extortion threat by a person other than employees, directors, officers, principals, trustees, governors, managers, members, etc.
- F. First Party Data Protection** indemnifies the Insured/Member for data protection loss as a result of alteration, corruption, destruction, deletion, damage or inability to access data assets.
- G. First Party Network Business Interruption** indemnifies the Insured/Member for business interruption loss as a direct result of the actual and necessary interruption or suspension of computer systems and is directly caused by a failure of computer security to prevent a security breach.

**EXCLUSIONS  
(Including but not  
limited to):**

Coverage does not apply to any claim or loss from

- Bodily Injury or Property Damage
- Any employer-employee relations, policies, practices
- Contractual Liability or Obligation
- Any actual or alleged act, error or omission or breach of duty by any director, officer, manager if claim is brought by principals, officers, directors, stockholders and the like
- Anti-Trust violations
- Unfair trade practices
- Unlawful collection or acquisition of Personally Identifiable Non-Public Information
- Distribution of unsolicited e-mails, facsimile, audio or video recording
- Prior knowledge or previously reported incidents
- Incidents occurring prior to retroactive date/continuity date
- Any act, error, omission, of computer security if occurred prior to policy inception
- Collusion
- Securities Act Violations
- Fair Labor Act Violations
- Discrimination
- Intentional Acts with regard to Privacy and Security Breach
- Infringement - Patent and Copyright
- Federal Trade Commission and related state, federal, local and foreign governmental activities
- Insured vs. Insured
- Money/Securities/Funds Transfer
- Broadcasting, Publications and Advertising
- War and Terrorism
- Pollution
- Nuclear
- Radioactive

**NOTICE OF CLAIM:**

- **IMMEDIATE NOTICE** must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)
- Claim notification under this policy is to:  
Beazley Group  
Attn: Beth Diamond  
1270 Avenue of the Americas  
New York, NY 10020  
tmbclaims@beazley.com

<b>NOTICE OF CANCELLATION:</b>	60 days except 10 days for non-payment of premium
<b>REINSTATEMENT PROVISIONS:</b>	Optional reinstatement at 125% of the annual premium
<b>CYBER COST:</b>	Cost is included in Total Property Premium 100% Earned Premium at Inception
<b>OTHER SERVICES</b>	Unlimited Access to e-Place Solutions as per attached brochure.
<b>QUOTE VALID UNTIL:</b>	July 1, 2013
<b>BROKER:</b>	<b>ALLIANT INSURANCE SERVICES, INC.</b> <b>License No. 0C36861</b>

**NOTES:** Coverage outlined in this Summary is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

**This Summary of insurance is provided as a matter of convenience and information only. All information included in this Summary, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This summary does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this summary is also expressly conditioned on there being no material change in the risk between the date of this summary and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this summary whether or not this offer has already been accepted.**

**This summary is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this summary of insurance**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

### *NY Regulation 194 Disclosure*

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

## POLICYHOLDER SERVICES

### NEW SERVICES INCLUDE

- Training and Awareness Programs
- Animated Staff Training Programs
- Expanded HIPAA Compliance Tools

## DATA SECURITY RISK MANAGEMENT

NoDataBreach.com provides risk management policies, procedures, training, and other tools to help insureds prevent a breach of confidential data.

As a Beazley Breach Response® policyholder, you have unlimited access to:

### ON-LINE COMPLIANCE MATERIALS

Federal and state compliance materials regarding data security, data breaches, and data privacy, including:

- Quick Tips on many subjects; Summaries of federal/state laws
- Links to statutes & regulations; Sample policies & procedures
- Continuing updates and electronic notification of significant changes to the on-line materials

### QUARTERLY NEWSLETTER & "INSTANT ALERTS"

Sent by email, learn about changes in federal and state laws regarding data security, data breach, and data privacy issues; Instant Alerts sent by email for events require immediate attention.

### EXPERT SUPPORT ON-LINE

Experts support from consultants/attorneys on data security issues; including:

- Health care & HIPAA compliance issues
- Data breach prevention issues
- Data Security best practices
- Computer forensic issues

### STEP-BY-STEP PROCEDURES TO LOWER RISK

Procedures and on-line forms help you:

- Understand the scope of "personal information" ("PI")
- Determine where PI is stored
- Collect and/or retain the minimum amount of PI as required for business needs
- Properly destroy PI that is no longer needed
- Implement an Incident Response Plan

### TRAINING MODULES

- Comic Strip training
- Online training programs; Employee training bulletins
- Webinars for privacy compliance and IT staff
- Audio and PodCast training for managers and/or employees

### HANDLING DATA BREACHES

Guidance provided to:

- Help prevent data security incidents
- Respond to a data breach



NoDataBreach.com

Powered by ePlace Solutions, Inc.

## Alliant Property Insurance Program (APIP)

### POLLUTION LIABILITY COVERAGE SUMMARY

**TYPE OF INSURANCE:** ☒ Insurance ☐ Reinsurance

**TYPE OF COVERAGE:** Claims Made and Reported Pollution Liability

**PROGRAM:** Alliant Property Insurance Program (APIP)

**NAMED INSURED:** Any member(s), entity(ies), agency(ies), organization(s), enterprise(s), pool(s), Joint Powers Authority(ies) and/or individuals(s) attached to each Declaration insured as per schedule on file with Insurer, listed below.

**POLICY PERIOD:** July 1, 2013 to July 1, 2014

**RETROACTIVE DATE:** July 1, 2011 for existing members included on the 2011-2012 policy at inception; For all other members the Retroactive date is the date of addition to the Program.

**COMPANY:** Illinois Union Insurance Company

**A.M. BEST INSURANCE RATING::** A+, Superior, Financial Category XV  
(\$2 Billion or greater)  
Effective June 12, 2012

**STANDARD & POORS RATING:** AA- (Very Strong) *Pulled as of May 3, 2013*

**ADMITTED STATUS:** Non-Admitted in all states except Illinois

**POLICY NUMBER:** PPE G24544837 003

**COVERAGE LOCATION:** Per the following SOVs submitted on 6/30/2013:

1. PEPIC DEC 1 – SOVs
2. PEPIC DEC 2 – SOVs
3. PEPIC DEC 3 – SOVs
4. PEPIC DEC 4 – SOVs
5. PEPIC DEC 5 – SOVs
6. PEPIC DEC 8 – SOVs (Excludes SPIP)
7. PEPIC DEC 11 – SOVs
8. PEPIC DEC 12 – SOVs
9. PEPIC DEC 19 – SOVs
10. PEPIC DEC 20 – SOVs
11. PEPIC DEC 21 – SOVs
12. PEPIC DEC 26 – SOVs
13. PEPIC DEC 28 – SOVs
14. PEPIC DEC 30 – SOVs
15. PEPIC DEC 33 – SOVs
16. PEPIC DEC 34 – SOVs

Any properly permitted and licensed non-owned disposal sites that has not been identified by the United States EPA National Priorities List, CERCLIS list or any functional equivalent of those listings, and is not undergoing voluntary or regulatory required remediation at the time the waste was received for disposal.

## COVERAGES & LIMITS:

\$ 1,000,000 **Per Pollution Condition**  
\$ 1,000,000 Per Pool Member Aggregate  
\$ 2,000,000 Per Pool Aggregate  
  
\$ 200,000 Fungi & Legionella Sublimit  
  
\$25,000,000 **Policy Aggregate**

## EXTENDED REPORTING PERIOD:

For First Named Insured - To be determined at the time of election (additional premium can apply); Sixty (60) day basic extended reporting period available without additional premium

## SPECIFIC COVERAGE PROVISIONS:

### CLAIMS MADE AND REPORTED

Coverage A – New Pollution Conditions:

Third party bodily injury and property damage, first party and third party remediation costs and associated legal defense expense arising out of a pollution condition on, at, under, or migrating from a covered location, provided that the pollution condition commences on or after the retroactive date.

Coverage B – New Pollution Conditions From Covered Operations:

Third party bodily injury, property damage, remediation costs and associated legal defense expense resulting from a covered operation, provided that the pollution condition commences on or after the retroactive date.

Covered operations means (1) transportation and (2) street construction and repair services, utility construction and repair services, refuse collection, and spraying operations, including but not limited to the application of pesticides, herbicides or fertilizers in liquid or dry form, which are performed by or on behalf of a “named insured” outside the physical boundaries of a covered location.

Blanket Non-Owned Disposal Site (NODS) coverage, third party trigger only.

First and third party transportation of waste coverage

Defense Costs and Expenses are within Limits of Liability

The insurance afforded by this Policy shall apply in excess of and shall not contribute with any other such insurance.

Loss covered pursuant to a Federal, State, County or Municipality administered underground storage tank fund, or any functional equivalent to such fund, shall be considered primary insurance, to which the coverage afforded pursuant to this Policy shall only apply in excess. *This includes storage tank pollution liability insurance.*

Underlying SIR shall erode the SIR on this policy, in the event there is an underlying policy where the SIR is paid and limits are exhausted there would be no SIR in order to access the PEP coverage limits.



**SPECIFIC  
COVERAGE  
PROVISIONS (cont.):**

Coverage for mid-term transactions for values that are less than \$25,000,000, shall automatically be added as a covered location.

Automatic Acquisition and Due Diligence – Property purchased in the amount of or in excess of \$25,000,000 need to be reported within 90 days, along with a Phase I Environmental Site Assessment, or two (2) years of property insurance loss runs or a completed, signed application

Solely with respect to “fungi”, the definition of “remediation costs” shall not include restoration costs

**EXCLUSIONS  
(Including but not  
limited to):**

Coverage does not apply to any claim or loss from:

- Asbestos and Lead Based Paint. *This exclusion does not apply to Third-party claims for Bodily Injury, Property Damage (non-governmental claims for property damage only) and any associated legal defense costs. Also does not apply to remediation costs for asbestos or lead-based paint discovered in soil or groundwater (not arising out of a water storage tank).*
- Contractual Liability
- Divested Property
- Employer’s Liability
- Fines and Penalties
- First Party Property Damage – *Does not apply to remediation costs*
- Fraud or Misrepresentation
- Insured’s Internal Expenses
- Insured vs. Insured
- Intentional Non-Compliance
- Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities
- Ports – *defined as a location on the coast or any other body of water where ships or watercraft can dock and transfer cargo to or from land and engages in the business of importing/exporting of goods*
- Airports – *defined as a location whereby enplanement occurs and/or cargo is transported for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions*
- Material Change in Risk
- Naturally Occurring Materials
- Pre-Existing Conditions
- Products Liability. *Does not apply to pollution conditions directly related to reclaimed or recycled water processed at any covered location that is also a wastewater treatment plant.*
- Professional Liability
- Regulatory Compliance
- Work Product
- Failure to Follow Fungi and/or Legionella Management Plans
- Use, maintenance or operation of an automobile, aircraft, watercraft or other conveyance beyond the boundaries of a covered location. *This exclusion does not apply to transportation and the loading/unloading of an automobile.*
- War or Terrorism

<b>RETENTION:</b>	\$ 75,000	Per Pollution Condition
	\$750,000	Underground Storage Tanks Specific
	\$10,000	In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10K SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.

<b>LOSS REPORTING REQUIREMENTS:</b>	<p>Written notice of any claim or pollution condition, within seven (7) days of discovery for pollution conditions requiring immediate emergency response. Concurrently, please send to:</p> <p>1) ACE Environmental Risk Claims Manager ACE USA Claims P.O. Box 5103 Scranton, PA 18505-0510 Environmental Emergency: 888-310-9553 (800) 951-4119(Fax) CasualtyRiskEnvironmentalFirstNotice@acegroup.com</p> <p>2) Robert Frey Alliant Insurance Services, Inc. 100 Pine Street, 11th Floor San Francisco, CA 94111-5101 415-403-1445 415-402-0773 – fax <a href="mailto:rfrey@alliant.com">rfrey@alliant.com</a></p> <p>3) David Sutton Alliant Insurance Services, Inc. 100 Pine Street, 11th Floor San Francisco, CA 94111-5101 415-403-1417 415-402-0773 – fax <a href="mailto:dsutton@alliant.com">dsutton@alliant.com</a></p>
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<b>NOTICE OF CANCELLATION:</b>	60 days except 15 days for non-payment of premium
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<b>REINSTATEMENT PROVISIONS:</b>	Not Provided.
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<b>POLLUTION LIABILITY COST:</b>	Cost is included in Total Property Premium 100% Earned Premium at Inception
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- OTHER SERVICES:** Value-Added Engineering Package:
- Mold Awareness Training
    - ACE will offer a single Mold Awareness Training Presentation, provided by ACE ESIS personnel, for little or no additional cost. Must be held at one central location or online.
  - Due Diligence Program Overview
    - ACE will provide up to 50 First Search Reports of government environmental databases for no additional charge
  - Asbestos-Containing Materials (ACM)/Lead Based Paint (LBP) Plan
    - ACE will assist the member in the creation of a single ACM/LBP plan for a minimal additional cost
  - Mold Operations & Maintenance (O&M) Plan
    - ACE will assist the member in the creation of a single Mold O&M plan for a minimal additional cost

**QUOTE VALID UNTIL:** July 1, 2013

**BROKER:** **ALLIANT INSURANCE SERVICES, INC.**  
**License No. 0C36861**

**NOTES:** Coverage outlined in this Summary is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

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The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

## Summary of Changes for 2013-2014 Policy Term

The following items have been revised for the 2013-2014 policy term.

Coverage	2012-2013 Pollution Coverage	2013-2014 Pollution Coverage
Coverages and Limits	<p><i>Tier 1 Entity with &lt; \$500M TIV</i></p> <p>\$ 500,000 Per Pollution Condition</p> <p>\$ 500,000 Per Member Aggregate</p> <p>\$ 200,000 Fungi &amp; Legionella Sublimit</p> <p><i>Entity with &gt; \$500M TIV</i></p> <p><i>Tier 2</i> Per Pollution Condition</p> <p>\$ 1,000,000 Per Member Aggregate</p> <p>\$ 1,000,000 Fungi &amp; Legionella Sublimit</p> <p>\$ 200,000</p> <p>Policy Aggregate</p> <p>\$25,000,000</p>	<p>\$ 1,000,000 Per Pollution Condition</p> <p>\$ 1,000,000 Per Pool Member Aggregate</p> <p>\$ 2,000,000 Per Pool Aggregate</p> <p>\$ 200,000 Fungi &amp; Legionella Sublimit</p> <p>\$25,000,000 Policy Aggregate</p>
Self-Insured Retention	<p><i>Tier 1 Entity with &lt; \$500M TIV</i></p> <p><b><u>\$ 50,000</u></b> Per Pollution Condition</p> <p>\$750,000 Underground Storage Tanks Specific</p> <p>\$10,000 In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10K SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.</p> <p><i>Entity with &gt; \$500M TIV</i></p> <p><i>Tier 2</i> Per Pollution Condition</p> <p><b><u>\$100,000</u></b> Underground Storage Tanks Specific</p> <p>\$750,000</p> <p>\$10,000 In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10K SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.</p>	<p><b><u>\$ 75,000</u></b> Per Pollution Condition</p> <p>\$750,000 Underground Storage Tanks Specific</p> <p>\$10,000 In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10K SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.</p>

## Summary of Changes for 2013-2014 Policy Term Continued

Coverage	2012-2013 Pollution Coverage	2013-2014 Pollution Coverage
Automatic Acquisitions and Due Diligence	Values in excess of \$25,000,000 need to be reported within 90 days	<p>Coverage for mid-term transactions for values that are less than \$25,000,000, shall automatically be added as a covered location.</p> <p>Property purchased in the amount of or in excess of \$25,000,000 need to be reported within 90 days, along with a Phase I Environmental Site Assessment, or two (2) years of property insurance loss runs or a completed, signed application</p>
Exclusion for Failure to follow Asbestos and/or Lead-Based Paint Management Plan	Failure to follow Asbestos and/or Lead-Based Paint Management Plan	<Exclusion Deleted>
Exclusion for Landfills, Recycling Facilities, Ports, Airports or Oil and/or Gas Producing or Refining Facilities	<p>Landfills, Recycling Facilities, Ports, Airports or Oil and/or Gas Producing or Refining Facilities – <i>Exclusion for any such properties leased, owned or operated. However, ports, airports, and/or oil/gas producing properties may be submitted for UW review on a one-off basis. In the event that a port, airport, oil or gas producing property is scheduled onto the PEP/IP policy, such facility may not be subject to the same coverage terms or rates.</i></p>	<p>Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities</p> <p>Ports – <i>defined as a location on the coast or any other body of water where ships or watercraft can dock and transfer cargo to or from land and engages in the business of importing/exporting of goods</i></p> <p>Airports – <i>defined as a location whereby enplanement occurs and/or cargo is transported for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions</i></p>
Loss Reporting Requirements:	Written notice of any claim or pollution condition, as soon as practicable.	Written notice of any claim or pollution condition, within seven (7) days of discovery for pollution conditions requiring immediate emergency response

**Item No. D.3.e**  
**Board of Directors**  
**June 10, 2013**

## **FY 12/13 PROGRAM YEAR CALENDAR OF MEETINGS**

**ISSUE:** MBASIA does not have a set schedule of Board Meetings for FY 13/14. The following is our proposed Board of Directors Meeting schedule:

- Thursday, October 3, 2013 – Long Range Planning Meeting
- Friday, October 4, 2013 – Board of Directors Meeting
- Monday, February 10, 2014 – Board of Directors Meeting
- Monday, April 14, 2014 – Board of Directors Meeting
- Monday, June 16, 2014 – Board of Directors Meeting

In addition to the Board Meeting schedule outlined above, the Committees will meet as needed throughout the year.

**RECOMMENDATION:** The Program Administrators recommend the Board of Directors review the proposed meeting schedule and take action to approve the proposed schedule or give direction to amend.

**FISCAL IMPACT:** No financial impact is expected from the recommended action.

**BACKGROUND:** The proposed meeting schedule follows a quarterly Board of Directors Meeting format. We have strategically planned the timing of these meetings to accomplish several goals relating to renewals, audits, and the Board and Program Administrators availability.

**ATTACHMENT:** None

**Item No. F.1  
Board of Directors  
June 10, 2013**

## **NEXT BOARD MEETING & ERMA TRAINING SCHEDULE**

**ISSUE:** The following dates and times are provided for the Next Board Meeting and training opportunities offered through ERMA.

**Next Board Meeting:**

Friday, October 4, 2013 at Location TBD (Last Year was the Hotel Pacific in Monterey)

**Training Opportunities:**

The PY 2013-14 training calendar has not yet been released, Alliant will forward the calendar as soon as it becomes available.

**RECOMMENDATION:** No recommendation is provided, this is an information item.

**FINANCIAL IMPACT:** No fiscal impact is expected, this is an information item.

**BACKGROUND:** The Program Administrators are providing the next Board Meeting date and location as well as training opportunities offered by ERMA.

**ATTACHMENT:** None