



President
Mr. Steve Baker
City of Yreka

Vice President
Mr. Wes
Heathcock

Secretary
Mr. John Duckett
City of Shasta Lake

Treasurer
Mr. Roger Carroll
Town of Loomis

SMALL CITIES ORGANIZED RISK EFFORT BOARD OF DIRECTORS MEETING

Date: Friday, June 26, 2020

Time: 10:00 AM

Location: TELECONFERENCE

Call in number: 404-397-1516 US TOLL 877-309-3457 US TOLL FREE

Conference Code: 161 746 1594

Conference Passcode (if needed): GBxrZdup345

VIDEO: <https://alliant.webex.com/alliant/j.php?mtid=m5472e93755c86eefcb8b43a7e4c6be80>

- A Action**
- I Information**
- 1 Attached**
- 2 Hand Out**
- 3 Separate Cover**
- 4 Verbal**

PAGE **A. CALL TO ORDER**

B. ROLL CALL

C. APPROVAL OF AGENDA AS POSTED

A 1

D. PUBLIC COMMENTS

This time is reserved for members of the public to address the Board of Directors on matters of SCORE that are of interest to them.

Pg. 4 **E. CONSENT CALENDAR**

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or Board of Directors may request an item to be considered separately. If not, the Board will take action to accept and file the items below.

A 1

Pg. 5 1. Board of Directors Meeting *Draft* Minutes – June 4, 2020

Pg. 11 2. US Bank Custodial Account Statement – May 2020

Pg. 16 3. Investment Statements from Chandler Asset Management – May 2020

Pg. 20 4. Local Agency Investment Fund Quarterly Statement of Investment – March 31, 2020

Pg. 21 5. Treasurer’s Report as of March 31, 2020

Pg. 22 6. SCORE Checking Account Transaction List – March – May 2020

Pg. 23 7. Target Solutions Utilization Report – March – May 2020

F. ADMINISTRATIVE REPORTS

1. President’s Report

Steve Baker will address the Board on items pertaining to SCORE.

I 4

2. Excess Pool Reports

The Board will receive updates from SCORE’s representative for each Pool.

a) CJPRMA (Rep. Roger Carroll) Minutes of the last meeting can be found at
www.cjprma.org.

I 4

b) ERMA Update (Rep. John Duckett) Minutes of the last meeting can be found at
www.ermajpa.org.

The Small Cities Organized Risk Effort or SCORE, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

- 3. Alliant Update** I 4
Marcus Beverly will update the Board on Alliant matters pertinent to SCORE.

G. JPA BUSINESS

- Pg. 24 **1. Loss Control Grant Funds FY 20/21 Allocation** A 1
The Board of Directors will receive status of funds used in FY 19/20 and will consider the FY 20/21 funding.
- Pg. 30 **2. Approval of SCORE Officer Positions** A 1
The Board is asked to approve the President, Vice President, Treasurer, Secretary and Member-at-Large for the SCORE Board to serve a 2 year term.
- Pg. 31 **3. Delegation of Investment Authority to SCORE Treasurer** A 1
The Board will review and may approve Resolution 20-02 Authorizing Investment of SCORE funds.
- Pg. 33 **4. Delegation of Treasurer Responsibilities** A 1
The Board will be asked to review and approve a resolution delegating responsibilities for managing funds to the Treasurer.
- Pg. 35 **5. DKF Risk Control Services Update** I 1
The Board will receive an update from the DKF team regarding the upcoming services that will be performed for the upcoming year.
- 6. FY 20/21 Property Program Renewal** A 1
- Pg. 37 **a. SCORE Property Renewal Proposal**
The Board of Directors will be asked to review and approve the renewal of the FY 20/21 Property coverage with Alliant Property Insurance Program.
- Pg. 185 **b. Flood Coverage Offering Special Notice**
Members will receive information regarding flood coverage and an offer to request or decline a quote.
- Pg. 187 **c. Excess Cyber Coverage Options**
The Board will review and may decide to purchase additional cyber coverage.
- Pg. 206 **d. Deadly Weapons Response Program**
The Board will be presented with a proposal for Deadly Weapons Response.
- Pg. 219 **e. APIP Claims Reporting Acknowledgements**
The Board of Directors will be provided with and be asked to acknowledge the reporting procedure guidelines that should be followed immediately after a Property, Pollution or Cyber Liability loss or incident.

| | | |
|---------|--|-----|
| | 7. Memoranda of Coverage (MOC) | |
| | <i>Annually, the Board reviews SCORE's Memorandums of Coverage and approves or makes changes to the current version.</i> | |
| Pg. 221 | a. Liability MOC Approval | A 1 |
| | <i>The Board will consider restricting coverage for communicable diseases.</i> | |
| Pg. 272 | b. Workers' Compensation MOC Approval | |
| | <i>The Board will receive information regarding a change to the excess coverage.</i> | |
| Pg. 285 | 8. Adoption of the FY 20/21 SCORE Program Budget | |
| | <i>Annually, the Board reviews and adopts the Program Budget which includes Administrative Operating expenses and expense of retaining risk and risk transfer.</i> | A 1 |
| | a. Liability Confidence Level (CL) 75% | |
| | b. WC Confidence Level (CL) 80% | |
| Pg. 294 | 9. Long Range Planning Meeting Topics | |
| | <i>Board members to provide feedback and direction regarding Long Range Planning Meeting Topics.</i> | I 4 |
| Pg. 295 | 10. ERMA Coverage Restriction – Training Requirements | |
| | <i>Members will receive information regarding a requirement to prove compliance with mandatory sexual harassment training when submitting a claim.</i> | I 1 |
| Pg. 298 | H. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES | I 4 |
| | J. INFORMATION ITEMS | I 1 |
| | 1. CAJPA Conference – September 10-13, 2020 in South Lake Tahoe, CA | |
| Pg. 301 | 2. SCORE Resource Contact Guide | |
| Pg. 309 | 3. SCORE Glossary of Terms | |
| | K. CLOSING COMMENTS | |
| | L. ADJOURNMENT | |

UPCOMING MEETING

Board of Directors Teleconference Meeting – August 23, 2019

IMPORTANT NOTICES AND DISCLAIMERS:

Per Government Code 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 Michelle Minnick at Alliant Insurance at (916) 643-2715. The Agenda packet will be posted on the SCORE website at www.scorejpa.org. Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815. Access to some buildings and offices may require routine provisions of identification to building security. However, SCORE 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.



CONSENT CALENDAR

ACTION ITEM

ISSUE: Items on the Consent Calendar should be reviewed by the Board, and if any item requires clarification or amendment, such item(s) should be pulled from the agenda for separate discussion.

Items pulled from the Consent Calendar will be placed back on the agenda in an order determined by the President.

RECOMMENDATION: Adoption of the Consent Calendar after review by the Board.

FISCAL IMPACT: None

BACKGROUND: Items of importance that may not require discussion are included on the Consent Calendar for adoption.

ATTACHMENTS:

1. Board of Directors Meeting *Draft* Minutes – June 4, 2020
2. US Bank Custodial Account Statement – May 2020
3. Investment Statements from Chandler Asset Management – May 2020
4. Local Agency Investment Fund Quarterly Statement of Investment – March 31, 2020
5. Treasurer’s Report as of March 31, 2020
6. SCORE Checking Account Transaction List – March – May 2020
7. Target Solutions Utilization Report – March – May 2020



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
June 4, 2020**

Member Cities Present:

Mark Sorensen, City of Biggs
Wes Heathcock, City of Colfax
Blake Michaelsen, City of Dunsmuir
Todd Juhasz, City of Dunsmuir
Karl Drexler, Town of Fort Jones
Robert Jankovitz, City of Isleton
Aaron Palmer, City of Live Oak
Roger Carroll, Town of Loomis
David Dunn, City of Montague

Lauren Knox, City of Portola
Kyle Knopp, City of Rio Dell
John Duckett, City of Shasta Lake
Debi Savage, City of Susanville
Paulette Velador, City of Tulelake
Jenny Coelho, City of Tulelake
Emily Coulter, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

City of Etna
City of Loyalton

City of Mount Shasta

Consultants & Guests

Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services

Jenna Wirkner, Alliant Insurance Services
Jennifer Zraick, Gilbert Associates, Inc.

A. CALL TO ORDER

Mr. Steve Baker called the meeting to order at 9:06 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

It was requested that the Board consider a LAWCX Representative as part of Item H.2.

A motion was made to approve the Agenda as amended.

MOTION: Roger Carroll

SECOND: Debi Savage

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There were no public comments

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – March 27, 2020
2. Executive Committee Meeting *Draft* Minutes – April 2, 2020
3. US Bank Custodial Account Statement –March – April 2020
4. Investment Statements from Chandler Asset Management – March – April 2020
5. Company Nurse Injury Summary Report – April 2020
6. ACI Utilization Report – January – March 2020
7. PRISM (fka CSAC EIA) Premium Payment Agreement
8. Loss Control Grant Fund FY 19/20 Usage
9. Bickmore Actuary – Letter of Engagement FY 2019-2022- approved by BOD 6/14/19
10. Gilbert Associates – Letter of Engagement FY 2019-2022- approved by BOD 3/29/19
11. ACI EAP Renewal Proposal – 2020-2022 – approved by EC on 4/2/20
12. Target Solutions Agreement FY 20-22– approved by EC on 4/2/20
13. Lexipol Memorandum of Understanding (MOU) FY 20-22– approved by EC on 4/2/20
14. Sedgwick Liability Claims Administration – approved by EC on 4/2/20
15. Sedgwick Workers’ Compensation Claims Administration– approved by EC on 4/2/20
16. Maze & Associates Financial Auditor FY 19-20 to FY 21-22 Engagement Letter – EC selected vendor on 4/2/20

A motion was made to approve the Consent Calendar as presented.

MOTION: Wes Heathcock

SECOND: Penny Velador

**MOTION CARRIED
UNANIMOUSLY**

F. ADMINISTRATIVE REPORTS

F1. President’s Report

Mr. Steven Baker hopefully we can move around safely moving forward as COVID-19 settles down.

F2. Excess Pool Reports

F.2.a. CJPRMA Update

Mr. Roger Carroll provided an update regarding the recent CJPRMA meeting and indicated that we fought to keep the \$500K SIA and it was mentioned the Excess Layer (re-insurance) is expensive.

F.2.b. ERMA Update

John Duckett provided the Board of Directors with a brief update of the ERMA meeting – noted the actuarial information was reviewed.



F.2.c. LAWCX Update

Marcus Beverly indicated that he attended the LAWCX Board meeting on Tuesday and mentioned that we received the final number but there will be some changes on the excess.

F.3. Alliant Update

There was nothing reported.

G. FINANCIAL

G.1. Quarterly Financial Report – Period Ended March 31, 2020

Jennifer Zraick provided a review of the Quarterly Financial Report for the Period Ended March 31, 2020. It was noted that SCORE has been seeing year over year growth.

A motion was made to accept and file the Quarterly Financial Report for the Period Ended March 31, 2020.

MOTION: Roger Carroll

SECOND: Debi Savage

**MOTION CARRIED
UNANIMOUSLY**

G.2.a. Premium Payment Plan Requests for FY 20/21 – City of Isleton

All payment plan items were reviewed as one item and members generally agreed to the payment plans presented.

A motion was made to accept all four Premium payment plan requests for Cities of Isleton, Loyalton, Tulelake, and Weed.

MOTION: Wes Heathcock

SECOND: Todd Juhasz

**MOTION CARRIED
UNANIMOUSLY**

G.2.b. Premium Payment Plan Requests for FY 20/21 – City of Loyalton

Included in motion made for Item G.2.a.

G.2.c. Premium Payment Plan Requests for FY 20/21 – City of Tulelake

Included in motion made for Item G.2.a.

G.2.d. Premium Payment Plan Requests for FY 20/21 – City of Weed

Included in motion made for Item G.2.a.



H. JPA BUSINESS

H.1. Identity Fraud Coverage FY 20/21

Marcus Beverly noted that this coverage is for all City employees including their families and the premium is included in the Administrative Expenses.

A motion was made to renew the ID Fraud coverage as presented.

MOTION: Wes Heathcock SECOND: John Duckett MOTION CARRIED UNANIMOUSLY

H.2. Nomination and Selection of SCORE Officer Positions

The board discussed and the following members were nominated to keep their current positions:

| | |
|------------------------------------|--------------------------------|
| President – Steve Baker | Vice President – Wes Heathcock |
| Treasurer – Roger Carroll | Secretary – John Duckett |
| Member at Large – Blake Michaelsen | |

Wes Heathcock was nominated as the LAWCX Representative—after a review of the responsibilities that are shared with Marcus Beverly (who is the Designated Alternate) he agreed to the nomination.

A motion was made to accept the Wes Heathcock as the LAWCX Representative.

MOTION: Roger Carroll SECOND: John Duckett MOTION CARRIED UNANIMOUSLY

Marcus Beverly noted we will bring the nominated members back on the next agenda for final vote.

H.3. Crime Coverage for SCORE Treasurer

Marcus Beverly provided a review of the ACIP Crime coverage and noted the price has increased slightly.

A motion was made to renew the ACIP Crime coverage for FY 2020-2021.

MOTION: Kyle Knopp SECOND: Lauren Knox MOTION CARRIED UNANIMOUSLY

H.4. CAJPA Requests for Donation – Data Collection

The Board was presented a letter requesting donations from CAJPA members for a data collection process “Tort Liability Data Analysis Project” – the Board generally agreed.

A motion was made to approve the \$5,000 donation to CAJPA for Tort Reform data project.

MOTION: Roger Carroll SECOND: Kyle Knopp MOTION CARRIED UNANIMOUSLY



H.5.a. Excess Coverage Update - CJPRMA Coverage Options & Changes - Self-Insured Retention (SIR) Choices

Marcus Beverly informed the Board that we had been warned there may be a change in the SIR as CJPRMA would be eliminating the \$500k SIR effective July 1, 2020 but they have opted to keep it for FY 20-21 with the potential to remove the option for FY 21-22. After a review of the allocations at both the \$500k and \$750K SIR members generally agreed they would like to stay at the \$500K SIR. It was suggested the SCORE should explore funding at the \$750k SIR but stay at the \$500K SIR – this was requested to be brought back to the October meeting for discussion.

A motion was made for SCORE to stay at the \$500K SIR in CJPRMA.

MOTION: Debi Savage

SECOND: Todd Juhasz

**MOTION CARRIED
UNANIMOUSLY**

H.5.b. Excess Coverage Update - CJPRMA Coverage Options & Changes - Communicable Disease Exclusion

It was noted that the first layer has coverage for Communicable Disease but we have receive notice that there are excess carriers above the first layer which now have Communicable Disease Exclusions. It was requested that the Board review this again at the October meeting.

A motion was made to reserve rights effective July 1, 2020 in the event we need to limit coverage for communicable disease and staff was directed to research the best avenue at the next board meeting.

MOTION: Roger Carroll

SECOND: Debi Savage

**MOTION CARRIED
UNANIMOUSLY**

H.6.a. FY 20/21 SCORE Program Budget - Administrative Expenses

Members were presented with a preliminary draft of the SCORE Administrative Expenses budget and it was mentioned that numbers could change due to the potential removal of Fort Jones.

A motion was made to accept the Administrative Expenses budget as presented.

MOTION: John Duckett

SECOND: Lauren Knox

**MOTION CARRIED
UNANIMOUSLY**

H.6.b. FY 20/21 SCORE Program Budget – Liability Program Funding

The Board was presented with the draft of the FY 20/21 Liability Program Funding and it was mentioned that the numbers could change if Fort Jones leaves effective 7/1/20.



A motion was made to accept the liability funding as presented.

MOTION: Kyle Knopp

SECOND: Wes Heathcock

**MOTION CARRIED
UNANIMOUSLY**

H.6.c. FY 20/21 SCORE Program Budget – Workers’ Compensation Program Funding

The Board was presented with the draft of the FY 20/21 Liability Program Funding and it was mentioned that the numbers could change if Fort Jones leaves effective 7/1/20.

A motion was made to accept the Workers’ Compensation funding as presented.

MOTION: John Duckett

SECOND: Jenny Coelho

**MOTION CARRIED
UNANIMOUSLY**

I. INFORMATION ITEMS

I1. FY 19/20 Resource Contact Guide

This was provided as an information item only.

I2. Glossary of Terms

This was provided as an information item only.

J. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

It was noted that the start of the next meeting may be early and members will be notified.

K. CLOSING COMMENTS

There were no closing comments.

L. AJOURNMENT

The meeting was adjourned at 11:00 A.M.

NEXT MEETING DATE: June 26, 2020 in Anderson, CA

Respectfully Submitted,

John Duckett, Secretary

Date



QUESTIONS?

If you have any questions regarding your account or this statement, please contact your Administrator.

KYLE TOLLE
CN-OH-W5IT
CN-OH-W5IT
425 WALNUT STREET
CINCINNATI OH 45202
Phone 513-629-8233
E-mail kyle.tolle@usbank.com

Portfolio Manager:
TRADE SERVICES PORTLAND #4

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from May 1, 2020 to May 31, 2020

|||
000001847 04 SP 000638478583954 P
SMALL CITIES ORGANIZED RISK EFFORT
2180 HARVARD STREET, SUITE 460
SACRAMENTO, CA 95815-3329

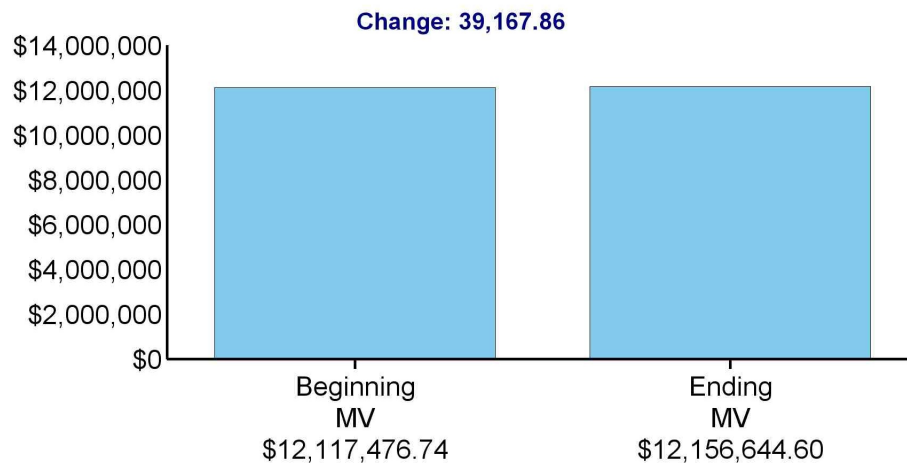


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 1 of 23
May 1, 2020 to May 31, 2020

MARKET VALUE SUMMARY

| | Current Period 05/01/20 to 05/31/20 |
|-------------------------------|--|
| Beginning Market Value | \$12,117,476.74 |
| Taxable Interest | 14,166.45 |
| Fees and Expenses | -1,318.89 |
| Long Term Gains/Losses | 748.30 |
| Short Term Gains/Losses | 0.30 |
| Change in Investment Value | 25,571.70 |
| Ending Market Value | \$12,156,644.60 |



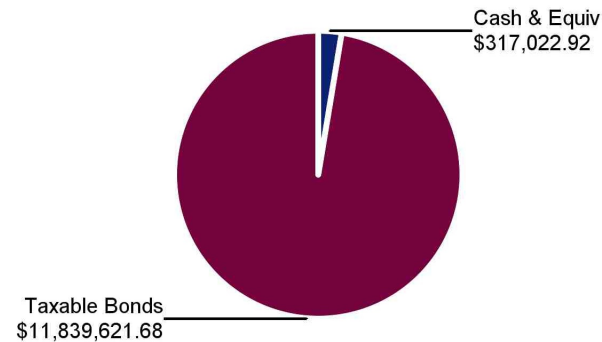


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

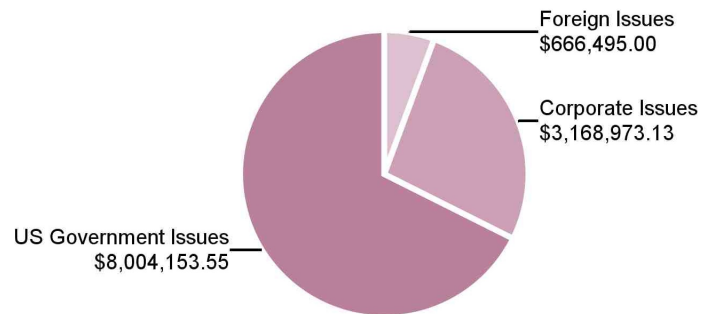
Page 2 of 23
May 1, 2020 to May 31, 2020

ASSET SUMMARY

| Assets | Current Period Market Value | % of Total | Estimated Annual Income |
|---------------------------|------------------------------------|-------------------|--------------------------------|
| Cash & Equivalents | 317,022.92 | 2.60 | 1,386.60 |
| Taxable Bonds | 11,839,621.68 | 97.40 | 243,100.46 |
| Total Market Value | \$12,156,644.60 | 100.00 | \$244,487.06 |



Fixed Income Summary





SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 3 of 23
May 1, 2020 to May 31, 2020

INCOME SUMMARY

| | Income Received Current Period |
|------------------------------------|---|
| Taxable Interest | 14,166.45 |
| Total Current Period Income | \$14,166.45 |

SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308Page 4 of 23
May 1, 2020 to May 31, 2020**CASH SUMMARY**

| | Principal Cash | Income Cash | Total Cash |
|----------------------------------|------------------------|-----------------------|---------------|
| Beginning Cash 05/01/2020 | -\$1,225,608.49 | \$1,225,608.49 | \$0.00 |
| Taxable Interest | | 14,166.45 | 14,166.45 |
| Fees and Expenses | -1,318.89 | | -1,318.89 |
| Purchases | -155,689.80 | | -155,689.80 |
| Sales | 190,419.45 | | 190,419.45 |
| Net Money Market Activity | -47,577.21 | | -47,577.21 |
| Ending Cash 05/31/2020 | -\$1,239,774.94 | \$1,239,774.94 | \$0.00 |



Small Cities Organized Risk Effort - Account #590

MONTHLY ACCOUNT STATEMENT

MAY 1, 2020 THROUGH MAY 31, 2020

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact operations@chandlerasset.com

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

| | |
|---------------------------|----------|
| Average Modified Duration | 2.50 |
| Average Coupon | 2.10% |
| Average Purchase YTM | 2.02% |
| Average Market YTM | 0.41% |
| Average S&P/Moody Rating | AA/Aa1 |
| Average Final Maturity | 2.71 yrs |
| Average Life | 2.60 yrs |

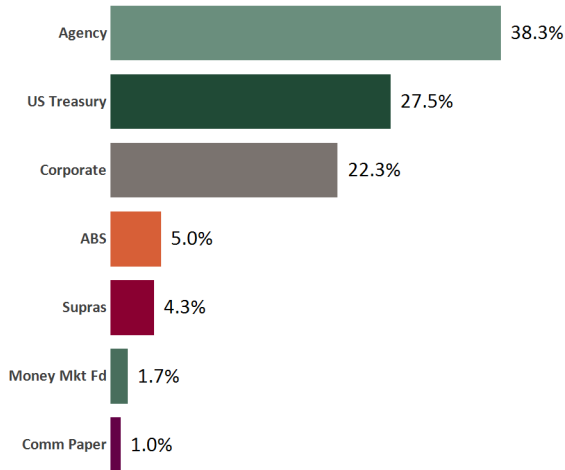
ACCOUNT SUMMARY

| | Beg. Values as of 4/30/20 | End Values as of 5/31/20 |
|---------------------------|------------------------------|-----------------------------|
| Market Value | 12,117,291 | 12,164,204 |
| Accrued Interest | 59,058 | 57,416 |
| Total Market Value | 12,176,349 | 12,221,620 |
| Income Earned | 21,332 | 19,947 |
| Cont/WD | | -1,319 |
| Par | 11,640,452 | 11,645,391 |
| Book Value | 11,680,640 | 11,700,910 |
| Cost Value | 11,663,149 | 11,684,526 |

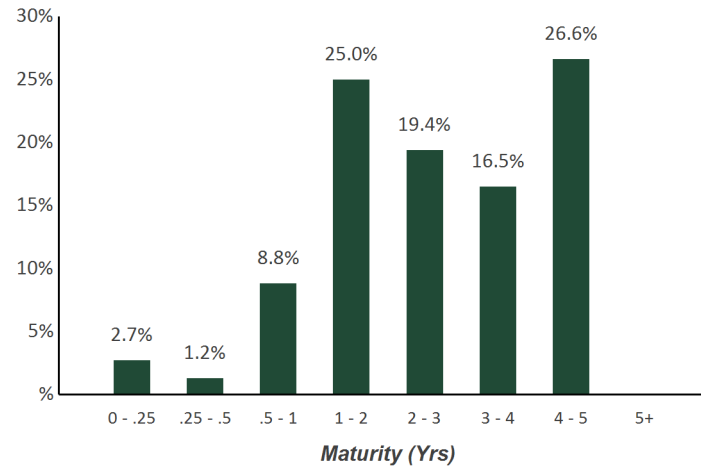
TOP ISSUERS

| | |
|---------------------------------|--------------|
| Government of United States | 27.5% |
| Federal Home Loan Bank | 16.3% |
| Federal National Mortgage Assoc | 14.6% |
| Federal Home Loan Mortgage Corp | 6.1% |
| Intl Bank Recon and Development | 2.8% |
| Honda ABS | 2.0% |
| First American Govt Oblig Fund | 1.7% |
| John Deere ABS | 1.5% |
| Total | 72.4% |

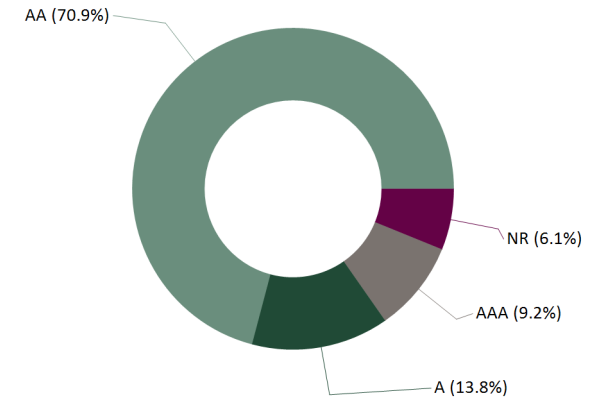
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

| TOTAL RATE OF RETURN | Annualized | | | | | | | | | |
|--|------------|-------|-------|-------|-------|-------|-------|-------|-----------|--|
| | 1M | 3M | YTD | 1YR | 2YRS | 3YRS | 5YRS | 10YRS | 3/31/2006 | |
| Small Cities Organized Risk Effort | 0.38% | 1.81% | 3.67% | 5.81% | 4.99% | 3.27% | 2.43% | 2.06% | 3.16% | |
| ICE BAML 1-5 Year US Treasury/Agency Index | 0.14% | 1.92% | 3.99% | 5.82% | 5.00% | 3.15% | 2.27% | 1.90% | 2.95% | |
| ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx | 0.27% | 1.90% | 3.92% | 5.90% | 5.08% | 3.22% | 2.37% | 2.05% | 3.02% | |

Statement of Compliance

As of May 31, 2020



Small Cities Organized Risk Effort

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy.

| Category | Standard | Comment |
|----------------------------------|--|----------|
| U.S. Treasury Issues | No limitations | Complies |
| Government Agencies | No limitations | Complies |
| Municipal Securities | "A-" rated by a NRSRO; 20% maximum; 5% per issuer | Complies |
| Supranationals | Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% per issuer | Complies |
| Negotiable CDs | "A" or better by a NRSRO; 30% maximum; 5% per issuer | Complies |
| Banker's Acceptances | A-1 rated or equivalent by a NRSRO; 30% maximum; 5% per issuer; 180 days max maturity | Complies |
| Commercial Paper | A-1 rated or equivalent by a NRSRO; 25% maximum; 5% per issuer; 270 days max maturity; Issuing Corp must be organized and operating within U.S., having total assets in excess of \$500 million. | Complies |
| Medium Term Notes | "A-" or better by a NRSRO; 30% maximum; 5% per issuer | Complies |
| Asset-Backed Securities | AAA rated or equivalent by a NRSRO; 20% maximum with Mort. Pass-Throughs; 5% per issuer | Complies |
| Mortgage Pass-Through Securities | AAA rated or equivalent by a NRSRO; 20% maximum with Asset Backs; 5% per issuer | Complies |
| Money Market Funds | AAA/Aaa rated by two NRSROs; 20% maximum; 10 per fund | Complies |
| Repurchase Agreements | 5% per issuer; 1 year max maturity; Not used by investment adviser | Complies |
| LAIF | Not used by investment adviser | Complies |
| Max Per Issuer | 5% per issuer (except US Government, Agencies, Supranationals, and LAIF) | Complies |
| Maximum maturity | 5 years | Complies |



| BOOK VALUE RECONCILIATION | | |
|----------------------------------|--------------|------------------------|
| BEGINNING BOOK VALUE | | \$11,680,639.96 |
| Acquisition | | |
| + Security Purchases | \$155,689.80 | |
| + Money Market Fund Purchases | \$212,487.91 | |
| + Money Market Contributions | \$0.00 | |
| + Security Contributions | \$0.00 | |
| + Security Transfers | \$0.00 | |
| Total Acquisitions | | \$368,177.71 |
| Dispositions | | |
| - Security Sales | \$0.00 | |
| - Money Market Fund Sales | \$155,810.55 | |
| - MMF Withdrawals | \$1,318.89 | |
| - Security Withdrawals | \$0.00 | |
| - Security Transfers | \$0.00 | |
| - Other Dispositions | \$0.00 | |
| - Maturities | \$140,000.00 | |
| - Calls | \$0.00 | |
| - Principal Paydowns | \$50,419.45 | |
| Total Dispositions | | \$347,548.89 |
| Amortization/Accretion | | |
| +/- Net Accretion | (\$358.44) | |
| | | (\$358.44) |
| Gain/Loss on Dispositions | | |
| +/- Realized Gain/Loss | \$0.00 | |
| | | \$0.00 |
| ENDING BOOK VALUE | | \$11,700,910.34 |

| CASH TRANSACTION SUMMARY | | |
|--------------------------------|---------------------|---------------------|
| BEGINNING BALANCE | | \$149,455.31 |
| Acquisition | | |
| Contributions | \$0.00 | |
| Security Sale Proceeds | \$0.00 | |
| Accrued Interest Received | \$0.00 | |
| Interest Received | \$22,067.65 | |
| Dividend Received | \$0.81 | |
| Principal on Maturities | \$140,000.00 | |
| Interest on Maturities | \$0.00 | |
| Calls/Redemption (Principal) | \$0.00 | |
| Interest from Calls/Redemption | \$0.00 | |
| Principal Paydown | \$50,419.45 | |
| Total Acquisitions | \$212,487.91 | |
| Dispositions | | |
| Withdrawals | \$1,318.89 | |
| Security Purchase | \$155,689.80 | |
| Accrued Interest Paid | \$120.75 | |
| Total Dispositions | \$157,129.44 | |
| ENDING BOOK VALUE | | \$204,813.78 |



BETTY T. YEE
California State Controller

**LOCAL AGENCY INVESTMENT FUND
 REMITTANCE ADVICE**

| | |
|----------------|------------|
| Agency Name | S.C.O.R.E. |
| Account Number | 40-04-001 |

As of 04/15/2020, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2020.

| | | |
|-------------------------------|----|--------------------|
| Earnings Ratio | | .00005535460693046 |
| Interest Rate | | 2.03% |
| Dollar Day Total | \$ | 247,199,369.34 |
| Quarter End Principal Balance | \$ | 2,718,632.00 |
| Quarterly Interest Earned | \$ | 13,683.62 |



Small Cities Organized Risk Effort
A Joint Powers Authority

**SCORE TREASURER INVESTMENT REPORT
FOR THE QUARTER ENDING MARCH 31, 2020**

| | MARKET VALUE |
|---|------------------------|
| CASH: | |
| (1) Mechanics Bank Checking | \$360,932.62 |
| (2) Local Agency Inv Fund (LAIF) | \$2,718,632.00 |
| TOTAL CASH | \$3,079,564.62 |
| | |
| INVESTMENTS (Unrestricted): | |
| (3) Chandler Investments Account no. 590 | \$11,595,557.90 |
| TOTAL UNRESTRICTED INVESTMENTS | \$11,595,557.90 |
| | |
| TOTAL CASH AND INVESTMENTS | \$14,675,122.52 |

- (1) This consists of one checking account and two pass-thru accounts (Liability and Workers' Compensation claims).
- (2) The LAIF rate of return as of quarter ended March 31, 2020 2.03%
- (3) See attached Investment Activity Reports.

THIS PORTFOLIO IS IN COMPLIANCE WITH SCORE'S INVESTMENT POLICY AND IS LIQUID ENOUGH TO MEET EXPECTED CASH FLOW NEEDS OVER THE NEXT SIX MONTHS.



Roger Carroll, SCORE Treasurer



Date

**Small Cities Organized Risk Effort
Transactions by Account
3/20/20 - 5/31/20**

| Type | Date | Num | Adj | Name | Memo | Class | Cir | Split | Debit | Credit | Balance |
|--|------------|-----------------------|-----|--------------------------------|--|----------------|-----|------------------------------------|------------|------------|---------------------|
| 100-01 · Mechanics Bank - Main | | | | | | | | | | | 373,413.80 |
| General Journal | 03/30/2020 | 27650 | | Bickmore Actuarial | Bickmore Actuarial | | Ö | 1072 · Bill.com Money Out Clearing | | 11,140.00 | 362,273.80 |
| General Journal | 03/30/2020 | 52244993 | | Gaia Hotel | Gaia Hotel | | Ö | 1072 · Bill.com Money Out Clearing | | 1,344.72 | 360,929.08 |
| Deposit | 03/31/2020 | | | | Interest | ADMINISTRATIVE | Ö | Mechanics Bank | 3.54 | | 360,932.62 |
| General Journal | 04/01/2020 | 15045 | | DKF Solutions | DKF Solutions | | Ö | 1072 · Bill.com Money Out Clearing | | 8,750.00 | 352,182.62 |
| Transfer | 04/02/2020 | | | | Funds Transfer | | Ö | 106-02 · Trust - WC - MB 7379 | | 12,628.85 | 339,553.77 |
| Transfer | 04/02/2020 | | | | Funds Transfer | | Ö | 106-01 · Trust - Liab - MB 7380 | | 8,221.23 | 331,332.54 |
| General Journal | 04/08/2020 | 20MARCH756 | | Gibbons & Conley | Gibbons & Conley | | Ö | 1072 · Bill.com Money Out Clearing | | 910.20 | 330,422.34 |
| Deposit | 04/10/2020 | | | | Deposit | | Ö | -SPLIT- | 129,278.98 | | 459,701.32 |
| Transfer | 04/16/2020 | | | | Funds Transfer | | Ö | 106-02 · Trust - WC - MB 7379 | | 18,830.55 | 440,870.77 |
| Transfer | 04/16/2020 | | | | Funds Transfer | | Ö | 106-01 · Trust - Liab - MB 7380 | | 21,573.10 | 419,297.67 |
| Deposit | 04/17/2020 | | | | Deposit | | Ö | -SPLIT- | 199,823.44 | | 619,121.11 |
| General Journal | 04/17/2020 | GrantFund | | City of Susanville | City of Susan Ville | | Ö | 1072 · Bill.com Money Out Clearing | | 6,323.75 | 612,797.36 |
| General Journal | 04/17/2020 | Multiple | | York Risk Services Group, Inc. | York Risk Services Group, Inc. | | Ö | 1072 · Bill.com Money Out Clearing | | 16,997.49 | 595,799.87 |
| Check | 04/19/2020 | | | | Service Charge | ADMINISTRATIVE | Ö | 601 · Checking Account Bank Fees | | 0.30 | 595,799.57 |
| General Journal | 04/21/2020 | GrantFund | | City of Shasta Lake | City of Shasta Lake | | Ö | 1072 · Bill.com Money Out Clearing | | 11,702.56 | 584,097.01 |
| General Journal | 04/21/2020 | GrantFund | | City of Weed | City of Weed | | Ö | 1072 · Bill.com Money Out Clearing | | 12,862.07 | 571,234.94 |
| Deposit | 04/22/2020 | | | | Deposit | | Ö | 180-01 · Recovery WC | 4,945.91 | | 576,180.85 |
| Deposit | 04/24/2020 | | | | Deposit | | Ö | -SPLIT- | 141,058.63 | | 717,239.48 |
| Transfer | 04/28/2020 | | | | SCWA-61038 | | Ö | 106-02 · Trust - WC - MB 7379 | | 64,694.34 | 652,545.14 |
| Deposit | 04/30/2020 | | | | Interest | ADMINISTRATIVE | Ö | Mechanics Bank | 4.14 | | 652,549.28 |
| Deposit | 05/01/2020 | | | | Deposit | | Ö | -SPLIT- | 93,854.37 | | 746,403.65 |
| General Journal | 05/05/2020 | 15106 | | DKF Solutions | DKF Solutions | | Ö | 1072 · Bill.com Money Out Clearing | | 8,750.00 | 737,653.65 |
| General Journal | 05/13/2020 | GrantFund | | City of Loyalton | City of Loyalton | | Ö | 1072 · Bill.com Money Out Clearing | | 184.70 | 737,468.95 |
| General Journal | 05/14/2020 | JLZ 4-25 | | | Bill.com 05/14/20 Credit P20021001 - 4952956 | | Ö | 1072 · Bill.com Money Out Clearing | 758.00 | | 738,226.95 |
| General Journal | 05/18/2020 | loneDAP Div | | City of lone | City of lone | | Ö | 1072 · Bill.com Money Out Clearing | | 758.00 | 737,468.95 |
| General Journal | 05/21/2020 | 20April795 | | Gibbons & Conley | Gibbons & Conley | | Ö | 1072 · Bill.com Money Out Clearing | | 1,782.47 | 735,686.48 |
| General Journal | 05/26/2020 | 5000020131 & 50000201 | | York Risk Services Group, Inc. | York Risk Services Group, Inc. | | Ö | 1072 · Bill.com Money Out Clearing | | 16,997.49 | 718,688.99 |
| Total 100-01 · Mechanics Bank - Main | | | | | | | | | 569,727.01 | 224,451.82 | 718,688.99 |
| 106-00 · TRUST ACCOUNTS | | | | | | | | | | | |
| 106-01 · Trust - Liab - MB 7380 | | | | | | | | | | | 47,308.89 |
| Check | 03/31/2020 | 5577-5583 | | York Risk Services Group, Inc. | Checks 42232-42287 | | | Liability Claim Payments | | 15,529.81 | 31,779.08 |
| General Journal | 03/31/2020 | JLZ 3-20 | √ | | Mechanics Bank Interest | Liability | | -SPLIT- | 0.35 | | 31,779.43 |
| Transfer | 04/02/2020 | | | | Funds Transfer | Liability | | 100-01 · Mechanics Bank - Main | 8,221.23 | | 40,000.66 |
| Transfer | 04/16/2020 | | | | Funds Transfer | Liability | | 100-01 · Mechanics Bank - Main | 21,573.10 | | 61,573.76 |
| Check | 04/30/2020 | 5584-5587 | | York Risk Services Group, Inc. | Checks 5584-5587 | | | Liability Claim Payments | | 41,577.43 | 19,996.33 |
| General Journal | 04/30/2020 | JLZ 4-20 | √ | | Mechanics Bank Interest | Liability | | -SPLIT- | 0.36 | | 19,996.69 |
| Total 106-01 · Trust - Liab - MB 7380 | | | | | | | | | 29,795.04 | 57,107.24 | 19,996.69 |
| 106-02 · Trust - WC - MB 7379 | | | | | | | | | | | 83,620.91 |
| General Journal | 03/31/2020 | JLZ 3-20 | √ | | Mechanics Bank Interest | Workers' Comp | | 106-01 · Trust - Liab - MB 7380 | 0.50 | | 83,621.41 |
| Check | 03/31/2020 | 42288-42358 | | York Risk Services Group, Inc. | Checks 42288-42358 | | | Workers' Comp Claims Payments | | 36,249.76 | 47,371.65 |
| Transfer | 04/02/2020 | | | | Funds Transfer | Workers' Comp | | 100-01 · Mechanics Bank - Main | 12,628.85 | | 60,000.50 |
| Transfer | 04/16/2020 | | | | Funds Transfer | Workers' Comp | | 100-01 · Mechanics Bank - Main | 18,830.55 | | 78,831.05 |
| Transfer | 04/28/2020 | | | | SCWA-61038 | Workers' Comp | | 100-01 · Mechanics Bank - Main | 64,694.34 | | 143,525.39 |
| Check | 04/30/2020 | 42359-42420 | | York Risk Services Group, Inc. | Checks 42359-42420 | | | Workers' Comp Claims Payments | | 103,262.40 | 40,262.99 |
| General Journal | 04/30/2020 | JLZ 4-20 | √ | | Mechanics Bank Interest | Workers' Comp | | 106-01 · Trust - Liab - MB 7380 | 0.54 | | 40,263.53 |
| Total 106-02 · Trust - WC - MB 7379 | | | | | | | | | 96,154.78 | 139,512.16 | 40,263.53 |
| Total 106-00 · TRUST ACCOUNTS | | | | | | | | | 125,949.82 | 196,619.40 | 60,260.22 |
| 150 · LAIF | | | | | | | | | | | 2,704,621.61 |
| General Journal | 03/31/2020 | LAIF 03-20 | √ | | Interest received | Other Programs | | -SPLIT- | 14,010.43 | | 2,718,632.04 |
| General Journal | 03/31/2020 | LAIF 03-20 | √ | | Adjust interest to statement | Other Programs | | 150 · LAIF | | 0.04 | 2,718,632.00 |
| Total 150 · LAIF | | | | | | | | | 14,010.43 | 0.04 | 2,718,632.00 |

SCORE – TargetSolutions Utilization Report Summary

| | This Year | Last Year |
|--|----------------------|----------------------|
| | 3/1/2020 – 5/31/2020 | 3/1/2019 – 5/31/2019 |
| Active Entities | 11 | 6 |
| # of Potential Active Entities | 20 | 20 |
| % Entities Active | 55.0% | 30.0% |
| # of Licenses | n/a | n/a |
| Total Active/Offline Users | 610 | 511 |
| Registered Users | 408 | 344 |
| % Users Active | 66.9% | 67.3% |
| Users Completing One or More Course | 50 | 36 |
| Courses Completed - Total | 170 | 173 |
| Users Completing One or More Custom Activities | 0 | 7 |
| Custom Activities Completed - Total | 0 | 28 |

| Member Organization | Total Active and Offline Employees | Registered Users | Courses Completed-Total | Users Completing One or More Courses | Custom Activities Completed-Total | Users Completing One or More Custom Activity |
|--|------------------------------------|------------------|-------------------------|--------------------------------------|-----------------------------------|--|
| City of Biggs | 14 | 7 | 2 | 2 | 0 | 0 |
| City of Colfax | 16 | 14 | 1 | 1 | 0 | 0 |
| City of Dunsmuir | 41 | 31 | 34 | 20 | 0 | 0 |
| City of Etna | 43 | 33 | 47 | 5 | 0 | 0 |
| City of Isleton | 4 | 3 | 1 | 1 | 0 | 0 |
| City of Live Oak | 36 | 16 | 0 | 0 | 0 | 0 |
| City of Loyalton | 1 | 1 | 0 | 0 | 0 | 0 |
| City of Montague | 30 | 24 | 0 | 0 | 0 | 0 |
| City of Mount Shasta | 101 | 78 | 1 | 1 | 0 | 0 |
| City of Portola | 30 | 9 | 0 | 0 | 0 | 0 |
| City of Rio Dell | 17 | 9 | 0 | 0 | 0 | 0 |
| City of Shasta Lake | 34 | 18 | 22 | 4 | 0 | 0 |
| City of Susanville | 27 | 17 | 0 | 0 | 0 | 0 |
| City of Tulelake | 16 | 2 | 0 | 0 | 0 | 0 |
| City of Weed | 35 | 16 | 0 | 0 | 0 | 0 |
| City of Yreka | 51 | 43 | 12 | 6 | 0 | 0 |
| Fort Jones Volunteer Fire Department | 25 | 22 | 13 | 2 | 0 | 0 |
| SCORE - Small Cities Organized Risk Effort | 7 | 7 | 0 | 0 | 0 | 0 |
| Town of Fort Jones | 16 | 8 | 5 | 2 | 0 | 0 |
| Town of Loomis | 28 | 25 | 0 | 0 | 0 | 0 |
| Weed City Fire | 38 | 25 | 32 | 6 | 0 | 0 |
| TOTAL | 610 | 408 | 170 | 50 | 0 | 0 |



Agenda Item G.1.

LOSS CONTROL GRANT FUND PROGRAM

ACTION ITEM

ISSUE: SCORE's Loss Control Grant Fund Program provides member funding on an annual basis for risk management related products and services. The Board must approve funding for the Loss Control Grant Program to continue in FY 2020/21.

Traditionally the total fund for the year is \$100,000 and comes equally from the Shared Layer of each Program. This year the Workers' Compensation Shared Layer did not have enough assets to distribute a portion to members, so the Board agreed to fund the total grant for FY 2020/21 from the Liability Shared Layer if approved.

RECOMMENDATION: Continue the program based on Board review and recommended budget.

FISCAL IMPACT: \$100,000 from the Liability Program's Shared Layer reserves.

BACKGROUND: At the January 24, 2014 Board of Directors Meeting, SCORE implemented a Loss Control Grant Fund Program funding it with \$100,000; \$50,000 out of each of the Liability and Workers' Compensation programs. The funding has been provided from the Pool's net position, before the distribution of any dividends. The Board has continued the Loss Control Grant Fund Program every year since its inception in 2014.

Members of each Program were allocated an amount directly related to their percentage contribution into that Program, subject to a minimum of \$1,000 per Program for each participating Member. The funds are available for use on a combined basis. Projects can also span over multiple years although the disbursement of monies will be limited to the member's annual allocation in any given year, and the continuation of the Loss Control Grant Program by the Board of Directors. *The deadline for submitting reimbursement requests is June 15th of every Fiscal Year.*

ATTACHMENTS:

1. Loss Control Grant Fund Policy and Procedure Document
2. Loss Control Grant Fund Member Utilization for FY 19/20
3. Loss Control Grant Fund Member Allocation for FY 20/21



ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: LOSS CONTROL GRANT FUNDS

Policy Statement:

This policy is effective when adopted by the Board of Directors and expires June 30, 2015, unless renewed on an annual basis by the Board of Directors. It shall be the policy of the Small Cities Organized Risk Effort to establish a “Loss Control Grant Fund” to reimburse members for costs of activities undertaken to:

- Bring member facilities into compliance with Americans with Disabilities Act (ADA) standards,
- Purchase equipment that promotes employee or premises safety,
- Purchase equipment, materials, training and professional services that facilitate OSHA or other regulatory compliance,
- Address other top frequency and/or severity risk management issues as needed.

Within the Loss Control Services (previously Safety Services) annual budget, a line item will contain the total amount of funds available for Loss Control Grants.

1. Funding will be secured from the Liability and Workers’ Compensation program’s equity. As such, members of the Liability Program will share the annual allocation for that program, and members of the Workers’ Compensation Program will share the allocation for that program. The Authority will adopt the amount of funds available for this budgeted line item on an annual basis.
2. Allocation of funds will be based on percentage of contributions annually made by members to each program, with a minimum of \$1,000 per program for each member.
3. The funds will be available for use on a combined basis.
4. Projects can span multiple years as long as approved in advance and funds continue to be available.
5. A Member may make up to three (3) requests per year, and each request needs to be comprehensive - - specifically stating how funds will be used to the benefit of the Member to achieve a reduction in losses.
6. Any unused funds will ultimately be rolled back into available equity for the Program where the fund allocation originated from. The deadline for submitting a request for reimbursement shall be **June 15th** of each fiscal year.
7. In addition, the Program Administrator shall monitor the use of grant funds throughout the year and present a usage summary to the Board of Directors on a quarterly basis.

Funding that is converted to this program shall be secured from surplus available equity, prior to declaration and distribution of dividends. (*Unused funds ultimately return to Members' Equity in each of the programs*).

Procedure:

A Member Agency may apply for Loss Control Grant Funds by following these procedures:

1. A Member will write a request to the Program Administrators for the use of grant funds involving an expenditure. The Request will:
 - a. Include a justification of the funds, and
 - b. How these funds will lead to the reduction of frequency or severity or will mitigate liability risks of the Member Agency.
 - c. State the specific amount needed and not just request their full allocation.
2. The Program Administrator will determine if the funding request is within the member's fund allocation for the program year and facilitates the return of money to another good purpose – that of reducing future claims. If the requested amount is determined to fall within the member's grant fund allocation, the administrator and Board President (or the Executive Committee if requested or if the President has a conflict) will review each request and, if found to be appropriate and consistent with the purpose of the Grant Program, will approve the request and funds will be disbursed to the member agency. ***If funds requested exceed a member's allocation, continue to #3 below, otherwise move on to #4.***
3. In the event that the requested amount exceeds the member's total or remaining allocated grant funds, the Administrator will contact the Member to advise them that their request exceeds their allocation and ask if they:
 - a) Wish to submit a revised request; or
 - b) Request that SCORE consider payment over multiple years as outlined in the Policy Item #4 above.
4. Once approved, the Member Agency will become eligible for reimbursement by SCORE upon submitting the supplier or service provider invoice to the Program Administrator.
5. The Program Administrator will submit the reimbursement request and appropriate documentation to SCORE's accountant and/or treasurer.
6. SCORE's accountant and/or Treasurer will reimburse the Member up to the maximum allowable amount and debit the reimbursement expense from the Grant Program Budget within the Loss Control Services Budget.

- a) If a request exceeds the grant funds available to a member, only the amount available for reimbursement will be paid.
- 7. If any request is denied, the member may submit a new or amended request, or appeal the denial to the Board of Directors, which will make the final determination on whether the request should be granted. The Board decision shall be final.
- 8. After the funds are put to use, the Member should provide a brief verbal report to the Board (as agenda item) confirming this and relaying any information that may be helpful to the Board, so that it can monitor the Grant Program and consider the merits of future additions of funds.

The Loss Control Grant Fund Program will begin as a standalone program, with no matching contribution required from the requesting Member. Its composition may change, at the Board's discretion, to include a requirement for the requesting Member to co-finance or share the cost of the good or service being reimbursed.

Adopted on: March 29, 2019
Effective Date: March 29, 2019

SCORE Loss Control Grant Fund Member Utilization FY 2019/20 as of 6/19/2020

| Member Entity | TOTAL Grant Fund Allocation | Amount requested during FY 19-20 (or FY 18-19) | Remaining amount available in FY 19-20 | Notes |
|---------------|-----------------------------|--|--|--|
| Biggs * | \$2,547.50 | \$2,724.55 | -\$177.05 | *Request made 5/9/19 for Protective Glass for Customer Counter (total requested \$5,307.94) *NOTE: Amount Requested exceeded amount available - \$2,724.55 will be used from FY 19/20 Loss Control Grant Funds. *NOTE: Amount to be used from FY 19/20 Funds exceeded the amount available by \$177.05. |
| Colfax | \$3,180.66 | | | |
| Dunsmuir | \$6,732.84 | | | *Request made 6/6/19 by Blake Michaelsen to roll over \$1,448.06 into FY 19/20 Loss Control Grant Funds |
| Etna * | \$5,066.68 | | | *Request made 6/12/19 by Sarah Griggs for 3 employee to Transite/Asbestos Pipe Training (\$575) - same letter also requested remaining FY 18/19 Funds be rolled over into FY 19/20 (\$2,170.72) |
| Fort Jones * | \$2,608.20 | \$1,165.95 | \$1,442.25 | *Request made 6/5/19 by Karl Drexler for High Vis. Safety gear (\$1,930) and Ergonomic chairs (1,900) - total requested \$3,830 *NOTE: Amount Requested exceeded amount available - \$1,405.51 will be used from FY 19/20 Loss Control Grant Funds -- **invoices actually totaled to only \$1,165.95. |
| Isleton | \$2,105.18 | | | |
| Live Oak | \$4,927.91 | | | |
| Loomis | \$4,826.01 | \$4,826.01 | | *Request made 8/20/19 by Roger Carroll for Sidewalk repair (\$4,826.01) |
| Loyalton * | \$1,292.59 | | | |
| Montague * | \$2,008.71 | \$1,838.22 | \$170.49 | *Request made 4/2/20 by David Dunn for purchase of First Aid kit, repair of playground equipment (\$1,838.22) and in same request to roll over any un-used amount into FY 20/21 if approved by BOD. |
| Mt. Shasta | \$23,746.17 | | | *Request made 5/21/19 by Muriel Terrell to roll over all unused funds (\$12,471.21) into FY 19/20 Loss Control Grant Funds for Pedestrian Flashing Lights |
| Portola | \$3,095.80 | \$1,277.55 | \$1,818.25 | *Request made 8/2/18 by Melissa Klundby for Street Barricades & reflective cones (\$4,411.66) - this request was updated on 9/19/18 when total invoice submitted was \$3,907.69 *NOTE: Amount Requested exceeded amount available - \$316.74 will be used from FY 19/20 Loss Control Grant Funds *Request made 11/20/19 by Tara Kindall for 10 Ergonomic Chairs (\$1,059.90) - invoices provided totaled \$960.81 per 2/6/20 email from Tara Kindall the request was amended to \$960.81 |
| Rio Dell | \$3,994.18 | | | |
| Shasta Lake | \$11,702.56 | \$11,702.56 | \$0.00 | *Request made 4/10/20 by Jason Peterson for Bullet Resistant Glass and Touchless water systems for bathrooms (\$11,702.56) |
| Susanville | \$19,639.21 | \$19,639.21 | \$0.00 | *Request made 5/1/19 by Deborah Savage to roll over all unused funds from FY 18/19 into FY 19/20 (total to roll over is \$7,265.43) *Request made 10/29/19 by Deborah Savage for Replacement of Flooring at 3 entrances (\$6,323.75) **Request made 5/21/20 by Deborah Savage to roll over all unused funds from FY 19/20 into FY 20/21 if approved by BOD (total to roll over is \$13,315.46) |
| Tulelake* | \$4,366.55 | \$4,500.00 | -\$133.45 | *Request made 6/14/18 by Jenny Coelho requesting to roll all FY 18/19 Loss Control Funds into FY 19/20 for purchase of Ergonomic furniture - total requested \$4,500 *NOTE: Amount Requested exceeded amount available - \$2,364.23 will be used from FY 19/20 Loss Control Grant Funds *NOTE: Amount to be used from FY 19/20 Funds exceeded the amount available by \$133.45 |
| Weed | \$10,831.46 | \$10,831.46 | \$0.00 | *Request made 4/15/20 by Craig Sharp for handicap ramp & pedestrian walkway signal project (\$10,831.46) |
| Yreka | \$12,819.01 | \$36,867.55 | -\$24,048.54 | *Request made by Renee Hoisington for purchase of 2 Floor Jacks (\$20,257)*NOTE: Amount requested exceeded amount available - \$7,447.28 will be used from FY 19/20 Loss Control Grant Funds *Request made by Renee Hoisington for purchase of Fork Lift (\$29,420.27) *NOTE: Amount requested exceeded amount available - \$5,371.73 to be payout of FY 19-20 funds and \$24,048.54 will be paid from FY 20-21 if approved by BOD) |
| Total: | \$125,491.22 | | | |

* Mini-Cities

SCORE Loss Control Grand Fund Program Allocation for FY 20/21 as of 6/19/20

| Member Entity | Liability Program Contribution | Liability Program Percentage of Total Contribution | Liability Grant Fund Allocation | TOTAL Grant Fund Allocation |
|---------------|--------------------------------|--|---------------------------------|-----------------------------|
| Biggs * | \$39,940 | 2.43% | \$2,428 | \$2,427.80 |
| Colfax | \$55,354 | 3.36% | \$3,365 | \$3,364.75 |
| Dunsmuir | \$87,695 | 5.33% | \$5,331 | \$5,330.64 |
| Etna | \$40,374 | 2.45% | \$2,454 | \$2,454.20 |
| Isleton | \$35,175 | 2.14% | \$2,138 | \$2,138.17 |
| Live Oak | \$78,543 | 4.77% | \$4,774 | \$4,774.33 |
| Loomis | \$87,361 | 5.31% | \$5,310 | \$5,310.32 |
| Loyalton * | \$22,259 | 1.35% | \$1,353 | \$1,353.01 |
| Montague * | \$35,064 | 2.13% | \$2,131 | \$2,131.43 |
| Mt. Shasta | \$208,216 | 12.66% | \$12,657 | \$12,656.66 |
| Portola | \$58,812 | 3.57% | \$3,575 | \$3,574.97 |
| Rio Dell | \$70,081 | 4.26% | \$4,260 | \$4,259.93 |
| Shasta Lake | \$198,951 | 12.09% | \$12,093 | \$12,093.45 |
| Susanville | \$206,633 | 12.56% | \$12,560 | \$12,560.44 |
| Tulelake * | \$35,518 | 2.16% | \$2,159 | \$2,159.03 |
| Weed | \$168,535 | 10.24% | \$10,245 | \$10,244.58 |
| Yreka | \$216,600 | 13.17% | \$13,166 | \$13,166.29 |
| Total: | \$1,645,113 | 100.00% | \$100,000 | \$100,000 |

* Mini-Cities

| | |
|-----------------------------|------------------|
| Liability Allocation | \$100,000 |
|-----------------------------|------------------|



**Small Cities Organized Risk Effort
Board of Directors Meeting
June 26, 2020**

Agenda Item G.2.

APPROVAL OF SCORE OFFICER POSITIONS

ACTION ITEM

ISSUE: The Board may approve the nominated candidates for SCORE officer positions whose two-year terms of office begin July 1, 2020 (concludes July 1, 2022).

Nominations were solicited at the last Board meeting, with each of the current officers being nominated for their respective positions and no other nominations received. If no other nominations are made at the meeting the candidates are:

President - Steve Baker, City of Yreka; Vice President, Wes Heathcock, City of Colfax; Treasurer, Roger Carroll, Town of Loomis; Secretary, John Duckett, City of Shasta Lake; and Blake Michaelsen, City of Dunsmuir, Executive Committee Member-At-Large.

RECOMMENDATION: Approve slate of candidates as presented if no other nomination are received.

FISCAL IMPACT: None

BACKGROUND: The President, Vice President, Secretary, Treasurer and Member-At-Large are elected in each even numbered year and serve for a term of two years, beginning in July of the year elected. Currently, Mr. Steve Baker holds the office of the President of SCORE, Mr. Wes Heathcock holds the office of Vice-President, Mr. Roger Carroll holds the office of Treasurer and Mr. John Duckett holds the office of Secretary and Blake Michaelsen is the Executive Committee Member-At-Large.

Members are welcome to nominate anyone from the Board for an officer position.

ATTACHMENT(S): None.



DELEGATION OF INVESTMENT AUTHORITY TO SCORE TREASURER

ACTION ITEM

ISSUE: Annually, the Board is asked to review and approve a resolution authorizing the SCORE Treasurer to invest or reinvest funds, including the sale or exchange of securities.

RECOMMENDATION: Delegate investment authority to the Treasurer by approving Resolution 20-02.

FISCAL IMPACT: None

BACKGROUND: Government Code 53607 provides for delegation of the authority of the legislative body of a local agency to invest funds to the Treasurer. However, such delegation cannot exist beyond one year, so the Board needs to re-authorize the Treasurer to invest the funds for SCORE.

ATTACHMENTS: SCORE Resolution 20-02

REFERENCE: Government Code Sections:

- 53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.
- 16429.1.(b) Notwithstanding any other law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.



RESOLUTION 20-02

**RESOLUTION AUTHORIZING INVESTMENT OF MONIES IN
THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer, and

WHEREAS, The Small Cities Organized Risk Effort (SCORE) Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment stated therein is in the best interest of Small Cities Organized Risk Effort.

NOW THEREFORE, BE IT RESOLVED, that the SCORE Board of Directors does hereby authorize the deposit and withdrawal of Small Cities Organized Risk Effort monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16428.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer’s Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following Small Cities Organized Risk Effort officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund effective immediately:

- SCORE Treasurer – Roger Carroll

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 20-02 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Small Cities Organized Risk Effort held on the 26th day of June 2020, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SCORE President, Steve Baker

SCORE Secretary, John Duckett



**SCORE RESOLUTION 20-03 –
DELEGATION OF TREASURER RESPONSIBILITIES**

ACTION ITEM

ISSUE: The Board is asked to review and approve an annual resolution delegating authority to the SCORE Treasurer to invest or reinvest funds of the group. The Resolution also designates the SCORE Treasurer and President by name as authorized to sign checks and make deposits or withdrawals of SCORE funds.

RECOMMENDATION: Review and approve the attached Resolution as presented or amended.

FISCAL IMPACT: None.

BACKGROUND: SCORE's relatively new bank requires a formal document which annually establishes who is authorized to sign checks for SCORE. In the past this Resolution was passed only when the officers changed but now will become an annual routine.

ATTACHMENT(S): Resolution 20-03 Delegation of Treasurer Responsibilities



RESOLUTION 20-03

RESOLUTION DELEGATION OF TREASURER RESPONSIBILITIES

WHEREAS, The Small Cities Organized Risk Effort (SCORE) Board of Directors does hereby find that the elected position of Treasurer shall act in accordance with the provisions of Sections 6505.5 or 6505.6 of the California Government Code for the purposes of investment stated therein is in the best interest of Small Cities Organized Risk Effort.

WHEREAS, Pursuant to 53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW THEREFORE, BE IT RESOLVED, that the SCORE Board of Directors does hereby authorize the President and Treasurer authority to deposit and withdraw Small Cities Organized Risk Effort monies.

BE IT FURTHER RESOLVED, that the following Small Cities Organized Risk Effort officers or their successors in office shall be authorized to sign checks, and order the deposit or withdrawal of Small Cities Organized Risk Effort monies effective immediately:

- SCORE President – Steven Baker
- SCORE Treasurer – Roger Carroll

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 20-03 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Small Cities Organized Risk Effort held on the 26th day of June 2020, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SCORE President, Steve Baker

SCORE Secretary, John Duckett



DKF RISK CONTROL SERVICES UPDATE

INFORMATION ITEM

ISSUE: DKF Risk Solutions has been adapting their training and risk control services to meet the needs of members during the recent period of virus related restrictions. They will present the attached overview of their planned activities over the next six months for discussion and feedback.

RECOMMENDATION: Review, discuss and provide feedback and direction as needed.

FISCAL IMPACT: None.

BACKGROUND: DKF Risk Solutions provides risk control services and training, including online training, electronic SOP software, and a hotline for answering questions. Members receive on-site risk assessments, services and training as scheduled throughout the year.

ATTACHMENT(S): SCORE Risk Control Services Plan, July – December, 2020.

SCORE
Risk Control Service Plan
July-December 2020
DKF Solutions Group, LLC

1. Liability

- Perform the tri-annual loss analysis of workers' compensation and liability claims to identify trends and emerging exposures to better tailor risk control services to target losses.
- Work to obtain greater member use of Smart SOP
 - Available on Smart SOP for member use (ETA July-October):
 - SSO Response eSOP
 - SSO Volume Calculators
 - Confined Space eSOP
 - Fall Protection eSOP
 - Vehicle Accident eSOP
 - Excavation Competent Person eSOP

2. Workers' Compensation

- On site meetings to be scheduled as conditions warrant and members allow
- Develop 1 new policy/update 1-2 policies per member
 - companion online training courses to be developed/updated
- In light of the pandemic, each member to be provided with 2 free seats at each DKF-provided live, online workshop (2-3hours in length per topic)
 - Online class must reach minimum enrollment
 - Offer to be communicated by John Balestrini (*John*) the week of 6/15
 - Online class registrations to be made directly with John
- Covid-19 Exposure Control Plans and companion custom online training module completed for all members. Updates to be made as new information from the Centers for Disease Control becomes available
- Library of online training expanded by 20 courses by 10/1/20 (available to members on their My Safety Officer web page)
- John to provide two webinars/month on CalOSHA topics
- Risk Control Survey to be updated and administered to each member 7/1-6/30/21
- Continuing services:
 - My Safety Officer
 - Risk Control Hotline
 - Monthly Did You Know e-newsletter



Agenda Item G.6.a

PROPERTY PROGRAM RENEWAL PROPOSAL

ACTION ITEM

ISSUE: The Board of Directors annually reviews and approves SCORE’s Property Program renewal, currently placed through the Alliant Property Insurance Program (APIP). For FY 20/21 SCORE’s Total Insurable Values (TIV) increased .62%, to \$352,181,876. SCORE’s recent loss history has improved and with had a small increase in TIV but due to hardening market of the industry as a whole, the Program Administrator’s previously budgeted for approximately 20% increase - the total increase to renew as expiring is 22%. For comparison, the values and premiums for a \$5,000 property deductible are listed below:

| <u>Small Cities Organized Risk Effort (SCORE)</u> | <u>2018/19</u> <u>\$5,000 Deductible</u> | <u>2019/20</u> <u>\$5,000 Deductible</u> | <u>2020/21</u> <u>\$5,000 Deductible</u> | <u>Variance</u> <u>2019 to 2020</u> |
|---|---|---|---|--|
| Total Insurable Values: | \$ 345,963,476 | \$ 350,006,110 | \$ 352,181,876 | \$2,175,766 |
| Total Annual Premium: | \$510,658 | \$610,849 | \$744,146 | \$143,508 |

The attached Executive Summary provides a listing of changes to the Property coverage for FY 20/21. In addition, a redline strikeout version of the master wording is included for review of the changes.

The most significant changes include a decrease in overall total limit from \$1B to \$500M and the addition of more specific Communicable Disease and Cyber exclusionary endorsements.

RECOMMENDATION: Approve the FY 20/21 Property Insurance Renewal and the FY 20/21 Property Premium Deposit Calculations per the attached.

FISCAL IMPACT: The projected total premium for a \$5,000 property deductible, with \$10,000 auto physical damage deductible, is \$744,146.

BACKGROUND: SCORE provides optional property insurance for their members through the Alliant Property Insurance Program. This is a joint purchase insurance program currently providing members up to \$1,000,000,000 in all risk limits. Premiums are based on each member’s exposures which are provided via a schedule of insured locations.

For the last three years SCORE has received notices to anticipate rates increasing as a result of the group’s loss history – while this year SCORE did not receive notice of rates increasing due to loss history the market has hardened and rates are increasing, even for insureds with good loss history. In 2017 SCORE



**Small Cities Organized Risk Effort
Board of Directors Meeting
June 26, 2020**

Agenda Item G.6.a. (Continued)

increased the deductible from \$5,000 to \$10,000 *and* received a 20% increase due to losses coupled with an increase in Total Insured Values. In 2018 members elected to decrease their deductible back to \$5,000. The Program Administrators requested proposals for a \$5,000 property and auto deductible for FY 20/21 but the \$5,000 auto option was not available.

ATTACHMENT(S):

\$5,000 Deductible

1. Property Deposit Calculations
2. Executive Summary
3. SCORE Property Proposal
4. SCORE Boiler and Machinery Proposal
5. SCORE Cyber Liability Proposal
6. SCORE Pollution Liability Proposal
7. List of Named Insureds
8. APIP Proposal Schedule of Carriers
9. APIP Proposal Invoice
10. SCORE – TIV as of 6-12-20
11. TRIA Selection
12. Surplus Lines Disclosure
13. Claims Acknowledgement and Procedures
14. PEPiP USA FORM No 16 Red Line Strike Out (RLSO)

SCORE APIP Property Renewal FY 2020-2021

**\$5K All Risk
DEDUCTIBLE**

| Formula/Allocation | Determined by BOD vote | Pulled from Oasys | Pulled from Oasys | Pulled from Oasys | Pulled from Oasys | Pulled from Oasys | | Total Values x Rate | TIV x Excess Rate | | Pulled from Oasys | B&M Values x Rate | |
|----------------------|------------------------|----------------------|--------------------------|--|---|---|--|--------------------------------|-------------------|-------------------------|-------------------------------|---------------------------|-----------------------------------|
| MEMBER ENTITY | Property Deductible | Real Property Values | Personal Property Values | Income & Rents (incl Tax Interruption) | Total Values (NOT incld Vehicles & Contractor Eq) | Total Insured Values incld Real, Personal, BI, COC (TIV) (includes Vehicles & CE) | Actual Course of Construction (COC) Values | Course of Construction Premium | Property Premium | Excess Property Premium | Boiler & Machinery Deductible | Boiler & Machinery Values | Excess Boiler & Machinery Premium |
| Rate/Amount | | | | | | | | 0.1209359 | 0.1363745 | 0.0368275 | | | 0.0011413 |
| Biggs | \$5,000 | \$7,204,149 | \$2,805,260 | \$0 | \$10,009,409 | \$10,587,709 | \$0 | \$0 | \$13,650 | \$3,899 | \$10,000 | \$10,009,409 | \$114 |
| Colfax | \$5,000 | \$9,467,845 | \$3,524,412 | \$0 | \$12,992,257 | \$15,560,426 | \$0 | \$0 | \$17,718 | \$5,731 | \$10,000 | \$12,992,257 | \$148 |
| Dunsmuir | \$5,000 | \$15,700,836 | \$2,412,850 | \$18,000 | \$18,131,686 | \$19,257,211 | \$0 | \$0 | \$24,727 | \$7,092 | \$10,000 | \$18,131,686 | \$207 |
| Etna | \$5,000 | \$8,033,800 | \$630,413 | \$8,000 | \$8,672,213 | \$9,223,960 | \$0 | \$0 | \$11,827 | \$3,397 | \$10,000 | \$8,672,213 | \$99 |
| Isleton | \$5,000 | \$4,789,600 | \$646,834 | \$0 | \$5,436,434 | \$6,806,084 | \$0 | \$0 | \$7,414 | \$2,507 | \$10,000 | \$5,436,434 | \$62 |
| Live Oak | \$5,000 | \$24,414,626 | \$10,802,959 | \$131,000 | \$35,348,585 | \$37,618,165 | \$0 | \$0 | \$48,206 | \$13,854 | \$10,000 | \$35,348,585 | \$403 |
| Loomis | \$5,000 | \$2,888,600 | \$401,314 | \$0 | \$3,289,914 | \$3,631,852 | \$0 | \$0 | \$4,487 | \$1,338 | \$10,000 | \$3,289,914 | \$38 |
| Loyalton | \$5,000 | \$7,778,900 | \$1,615,472 | \$10,000 | \$9,404,372 | \$11,377,724 | \$0 | \$0 | \$12,825 | \$4,190 | \$10,000 | \$9,404,372 | \$107 |
| Montague | \$5,000 | \$9,553,000 | \$3,461,151 | \$0 | \$13,014,151 | \$14,862,151 | \$0 | \$0 | \$17,748 | \$5,473 | \$10,000 | \$13,014,151 | \$149 |
| Mt. Shasta | \$5,000 | \$8,610,693 | \$2,992,861 | \$459,000 | \$12,062,554 | \$12,070,354 | \$0 | \$0 | \$16,450 | \$4,445 | \$10,000 | \$12,062,554 | \$138 |
| Portola | \$5,000 | \$6,101,500 | \$1,045,768 | \$0 | \$7,147,268 | \$8,852,768 | \$0 | \$0 | \$9,747 | \$3,260 | \$10,000 | \$7,147,268 | \$82 |
| Rio Dell | \$5,000 | \$9,535,400 | \$6,134,720 | \$5,000 | \$14,866,149 | \$16,197,531 | \$808,971 | \$978 | \$20,274 | \$5,965 | \$10,000 | \$15,675,120 | \$179 |
| Shasta Lake | \$5,000 | \$42,507,707 | \$19,962,987 | \$50,874 | \$53,836,695 | \$64,710,601 | \$8,684,873 | \$10,503 | \$73,420 | \$23,831 | \$10,000 | \$62,521,568 | \$714 |
| Susanville | \$5,000 | \$18,528,225 | \$5,657,726 | \$139,000 | \$24,324,951 | \$29,403,593 | \$0 | \$0 | \$33,173 | \$10,829 | \$10,000 | \$24,324,951 | \$278 |
| Tulelake | \$5,000 | \$7,862,400 | \$2,518,900 | \$127,902 | \$10,509,202 | \$11,084,202 | \$0 | \$0 | \$14,332 | \$4,082 | \$10,000 | \$10,509,202 | \$120 |
| Weed | \$5,000 | \$11,915,022 | \$2,630,922 | \$0 | \$14,545,944 | \$22,219,253 | \$0 | \$0 | \$19,837 | \$8,183 | \$10,000 | \$14,545,944 | \$166 |
| Yreka | \$5,000 | \$39,941,782 | \$12,117,025 | \$47,300 | \$52,106,107 | \$58,718,292 | \$0 | \$0 | \$71,059 | \$21,624 | \$10,000 | \$52,106,107 | \$595 |
| Grand Total | | \$234,834,085 | \$79,361,574 | \$996,076 | \$305,697,891 | \$352,181,876 | \$9,493,844 | \$11,481 | \$416,894 | \$129,700 | | \$315,191,735 | \$3,597 |
| Grand Total FY 19-20 | | \$238,945,606 | \$78,768,046 | \$971,032 | \$309,239,784 | \$350,006,110 | \$9,444,900 | \$9,324 | \$344,265 | \$105,504 | | \$318,684,684 | \$3,372 |
| \$ Change | | -\$4,111,521 | \$593,528 | \$25,044 | -\$3,541,893 | \$2,175,766 | \$48,944 | \$2,157 | \$72,629 | \$24,196 | | -\$3,492,949 | \$226 |
| % Change | | -2% | 1% | 3% | -1% | 0.62% | 1% | 23% | 21% | 23% | | -1% | 7% |

SCORE APIP Property Renewal FY 2020-2021

**\$5K All Risk
DEDUCTIBLE**

| Formula/Allocation | Pulled from Oasys | CEV x Rate | Pulled from Oasys | Auto Values x Rate | TIV x Rate | TIV x Rate | TIV x Rate | % of TIV | % of TIV | | | | | | |
|----------------------|---|--------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|----------------------|-------------------------------|----------------------|--------------------|----------------|---|--------------------------------|----------------------|---------------------|-------------------|
| MEMBER ENTITY | Contractor's Equipment Values (CEV) | Contractor's Equipment Premium | Auto Physical Damage Deductible | Auto Physical Damage Values | Auto Physical Damage Premium | Terrorism Premium | Cyber Liability Premium | Pollution Premium | SL Taxes & Fees | ABS Fees | 2020-2021 TOTAL PROPOSED DEPOSIT @ \$5K Deductible | 2019-2020 ACTUAL Deposit | \$ Change Overall | % Change Overall | % of Total TIV |
| Rate/Amount | | 0.091619 | | | 0.621962 | 0.0002221 | 0.000495 | 0.000589 | \$23,148 | \$8,754 | | | | | |
| Biggs | \$243,300 | \$223 | \$10,000 | \$335,000 | \$2,084 | \$24 | \$52 | \$62 | \$696 | \$263 | \$21,068 | \$17,150 | \$3,917 | 0.228416 | 0.030063 |
| Colfax | \$1,000,554 | \$917 | \$10,000 | \$1,567,615 | \$9,750 | \$35 | \$77 | \$92 | \$1,023 | \$387 | \$35,876 | \$29,337 | \$6,540 | 0.22292 | 0.044183 |
| Dunsmuir | \$0 | \$0 | \$10,000 | \$1,125,525 | \$7,000 | \$43 | \$95 | \$113 | \$1,266 | \$479 | \$41,022 | \$33,655 | \$7,367 | 0.218908 | 0.05468 |
| Etna | \$0 | \$0 | \$10,000 | \$551,747 | \$3,432 | \$20 | \$46 | \$54 | \$606 | \$229 | \$19,710 | \$16,182 | \$3,529 | 0.218064 | 0.026191 |
| Isleton | \$207,468 | \$190 | \$5,000 | \$1,162,182 | \$7,228 | \$15 | \$34 | \$40 | \$447 | \$169 | \$18,106 | \$14,014 | \$4,092 | 0.292031 | 0.019325 |
| Live Oak | \$855,600 | \$784 | \$10,000 | \$1,413,980 | \$8,794 | \$84 | \$186 | \$222 | \$2,473 | \$935 | \$75,941 | \$62,080 | \$13,861 | 0.223272 | 0.106815 |
| Loomis | \$0 | \$0 | \$10,000 | \$341,938 | \$2,127 | \$8 | \$18 | \$21 | \$239 | \$90 | \$8,365 | \$7,082 | \$1,283 | 0.18118 | 0.010312 |
| Loyalton | \$380,000 | \$348 | \$10,000 | \$1,593,352 | \$9,910 | \$25 | \$56 | \$67 | \$748 | \$283 | \$28,560 | \$22,180 | \$6,380 | 0.287636 | 0.032306 |
| Montague | \$120,500 | \$110 | \$10,000 | \$1,727,500 | \$10,744 | \$33 | \$74 | \$88 | \$977 | \$369 | \$35,765 | \$29,294 | \$6,471 | 0.220913 | 0.0422 |
| Mt. Shasta | \$7,800 | \$7 | N/A | \$0 | \$0 | \$27 | \$60 | \$71 | \$793 | \$300 | \$22,291 | \$18,277 | \$4,014 | 0.219611 | 0.034273 |
| Portola | \$490,000 | \$449 | \$10,000 | \$1,215,500 | \$7,560 | \$20 | \$44 | \$52 | \$582 | \$220 | \$22,015 | \$16,638 | \$5,377 | 0.323195 | 0.025137 |
| Rio Dell | \$371,700 | \$341 | \$10,000 | \$150,711 | \$937 | \$36 | \$80 | \$95 | \$1,065 | \$403 | \$30,353 | \$24,767 | \$5,586 | 0.225554 | 0.045992 |
| Shasta Lake | \$234,003 | \$214 | \$10,000 | \$1,955,030 | \$12,160 | \$144 | \$320 | \$381 | \$4,253 | \$1,608 | \$127,548 | \$103,461 | \$24,087 | 0.232817 | 0.183742 |
| Susanville | \$117,300 | \$107 | \$10,000 | \$4,961,342 | \$30,858 | \$65 | \$146 | \$173 | \$1,933 | \$731 | \$78,292 | \$61,425 | \$16,867 | 0.274586 | 0.08349 |
| Tulelake | \$0 | \$0 | \$10,000 | \$575,000 | \$3,576 | \$25 | \$55 | \$65 | \$729 | \$276 | \$23,259 | \$19,074 | \$4,185 | 0.219429 | 0.031473 |
| Weed | \$6,462,146 | \$5,921 | \$10,000 | \$1,211,163 | \$7,533 | \$49 | \$110 | \$131 | \$1,460 | \$552 | \$43,942 | \$34,152 | \$9,790 | 0.286656 | 0.06309 |
| Yreka | \$5,366,089 | \$4,916 | \$10,000 | \$1,246,096 | \$7,750 | \$130 | \$291 | \$346 | \$3,859 | \$1,460 | \$112,031 | \$91,870 | \$20,161 | 0.219454 | 0.166727 |
| Grand Total | \$15,856,460 | \$14,528 | | \$21,133,681 | \$131,443 | \$782 | \$1,744 | \$2,075 | \$23,148 | \$8,754 | \$744,146 | \$610,849 | \$143,508 | 4.09464 | 1 |
| Grand Total FY 19-20 | \$10,050,667 | \$7,517 | | \$21,270,759 | \$107,791 | \$761 | \$1,612 | \$1,972 | \$18,628 | \$10,104 | \$610,849 | | | | |
| \$ Change | \$5,805,793 | \$7,011 | | -\$137,078 | \$23,653 | \$22 | \$132 | \$103 | \$4,520 | -\$1,350 | \$133,297 | | | | |
| % Change | 58% | 93% | | -1% | 22% | 3% | 8% | 5% | 24% | -13% | 22% | | | | |

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

July 1, 2020 – July 1, 2021

EXECUTIVE SUMMARY

Attached please find the renewal summary of the Alliant Property Insurance Program (APIP) for the 2020-2021 period. An overview of the most significant issues concerning this year's renewal are discussed here.

The challenging market conditions that began in 2018 have worsened through the first half of 2020 and are expected to remain very difficult through the remainder of the year. Prior to the market change in 2018, the Property insurance market was in a "soft" cycle with record amounts of capacity entering the market in search of financial return. Historic natural catastrophe losses such as Hurricanes Harvey, Irma and Maria in 2017 and the California Wildfires in 2018 were key drivers of the shift in the market. These catastrophes along with increased attritional losses resulted in an unprofitable commercial insurance industry over the last several years. Lack of profitability resulted in carriers re-evaluating their books and seeking increased pricing while offering reduced terms and conditions. Rate increases were sought for most insureds in 2018 and 2019, but were more severe for insureds that experienced losses or had significant natural catastrophe exposure. This general trend has continued into early 2020; however, the market has recently become even more challenging due to the Coronavirus pandemic. As a result, insureds will continue to realize rate increases over expiring and, in many cases, a reduction in limits. Those insureds that have significant shock loss(es) or persistent attritional losses will experience even larger rate increases. In keeping with the programs' general history; however, we still expect overall rates to, in most cases, remain below that which can be achieved in the open market for similar coverage.

Due to capacity restrictions in the market, it should also be highlighted that in addition to the coverage changes detailed later in this proposal, insureds may see their overall declaration limit reduced from \$1,000,000,000 to \$500,000,000.

For the 2020/21 renewal, Lexington, Lloyd's and U.S. domestic underwriters will continue to provide coverage for the first \$25,000,000 of the program. Excess limits up to \$1,000,000,000 will be placed with London, Bermudian, European, and U.S domestic markets with all A.M. Best Rated at least A- VII. Insureds should note several key highlights for this year's renewal:

- Boiler & Machinery cover for participating insureds of the APIP Boiler Program will be maintained with Hartford Steam Boiler (HSB), who will also continue to perform required jurisdictional inspections.
- Cyber (Privacy Liability) Coverage for both 1st and 3rd parties from the Beazley Syndicate at Lloyd's, A.M. Best Rated A XV, (for those eligible insureds) with coverage as outlined on the following proposal will be maintained. Additional excess options are available, if requested. **Please note claims reporting timeframe limitations for this coverage**
- Pollution Coverage for both 1st and 3rd parties from Interstate Fire & Casualty Insurance Company, A.M. Best Rated A+ XV, (for those eligible insureds) with coverage as outlined on the following proposal will be maintained. **Please note claims reporting timeframe limitations for this coverage**
- Vehicles/Contractor's Equipment – please note on the attached proposal whether the vehicle/contractors equipment valuation is Replacement Cost (new) or Actual Cash Value (ACV). If Replacement Cost (new) valuation is needed, the insured must submit a schedule of vehicles or a vehicle valuation reporting form (provided in the pre-renewal packet) and vehicles must be valued at today's Replacement Cost (new). If values are not reported at Replacement Cost (new), the vehicle/contractor's equipment valuation basis will be ACV

Alliant Business Services (ABS) continues to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the program, property valuations continue to be a key focus. As a reminder, it is underwriters' intent to have all buildings with a scheduled value of \$5,000,000 or more appraised once every seven years. This service is included in the total program cost. Insureds may also choose to have lower valued buildings appraised. The cost to have all, or specific buildings appraised that are valued on an insureds schedule between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

Please review important Disclosure and Loss Notification information included in your renewal materials. Your review and acknowledgement of these documents are required via your signature, once you authorize a request to bind coverage with your Alliant representative.

The following table depicts key financial statistics relative to last year:

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)
July 1, 2020 – July 1, 2021
EXECUTIVE SUMMARY

Year-over-Year Rate and Premium Comparison

| <u>Small Cities Organized Risk Effort</u> | <u>2019-2020</u> | <u>2020-2021</u> | <u>Variance</u> |
|--|-------------------------|-------------------------|------------------------|
| Total Insured Values: | \$ 350,006,110 | \$ 352,222,099 | 0.63% |
| Account Rate (per hundred dollars): | 0.1745255 | 0.2112718 | 21.05% |
| Earthquake TIV: | \$ 0 | \$ 0 | N/A |
| Earthquake Limit: | Not Covered | Not Covered | N/A |
| *Total Annual Cost: | \$ 610,849.76 | \$ 744,145.93 | 21.82% |

* TOTAL COST includes: all premiums (except Cyber BBR option, if purchased), underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes

The following pages are coverage items currently under review with the APIP markets to be effective on July 1, 2020.

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.

APIP SUMMARY OF PROPOSED CHANGES

BELOW IS A SUMMARY OF PROPOSED CHANGES FOR THE 2020-2021 POLICY PERIOD AS OF JUNE 4, 2020

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 Sub-limit Wording | 2020-2021 Proposed Changes | Status |
|------------------------------------|--|---|---------------|
| Automatic Acquisition | \$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sub-limit of \$2,500,000 <u>applies for</u> Tier 1 Wind Counties, Parishes and Independent Cities for <u>60 days</u> 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. | \$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally, <u>automatic coverage is granted for up to 60 days, subject to</u> a sub-limit of \$2,500,000 <u>for additional property and/or interests in</u> Tier 1 Wind Counties, Parishes and Independent Cities 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. | Clarification |
| Communicable Disease | \$500,000 Per Occurrence and Annual Aggregate per Named Insured for Communicable Disease subject to an APIP Program aggregate of \$10,000,000 for all declarations combined except Hospital declarations. | Not Covered | Limitation |
| Unscheduled Infrastructure | Unscheduled infrastructure including but not limited to Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets (including guardrails), Sidewalks (including guardrails), Culverts, Channels, Levees, Dikes, Berms, Embankments, Street Lights, Traffic Signals, Meters, Roadway or Highway Fencing, and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs). | Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, <u>landfills (as more fully defined in the Policy), docks, piers, wharves,</u> street lights, traffic signals, meters, roadway or highway fencing <u>(including guardrails)</u> , and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs). | Limitation |
| ISO CAT Deductible when applicable | Per Occurrence for ISO CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: ISO's Property Claims Service (PCS) declaration of a numbered catastrophic event. | Per Occurrence for CAT Losses (Excluding Flood and Earthquake) as defined by meeting the following trigger: Property Claims Service (PCS) declaration of a numbered catastrophic event. | Update |
| Storm Deductible when applicable | Per Occurrence for Storm | Per Occurrence for Windstorm | Clarification |
| Program Declarations | Twenty four declarations | Twenty six declarations | Update |

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| Pollution Policy | Summary of Proposed changes is provided with the Pollution Proposal for those who request the coverage. |
| Cyber Policy | Summary of Proposed changes is provided with the Cyber Proposal for those who request the coverage. |

MASTER POLICY FORM WORDING PROPOSED CHANGES

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|--|---|---|---------------|
| Policy Period | July 1, 2019 to July 1,2020 | July 1, 2020 to July 1,2021 | Update |
| Section I, B Named Insured | Lessors <u>and other part(ies)</u> of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability. | Lessors interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability. | Update |
| Section I, E., 2. o. Unscheduled Infrastructure | Unscheduled infrastructure including but not limited to Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets (including guardrails), sidewalks (including guardrails), culverts, channels, levees, dikes, berms, embankments, street lights, traffic signals, meters, roadway or highway fencing, and all similar property unless specific values for such items have been reported as part of a Named Insured(s) schedule of values held on file in the offices of Alliant Insurance Services, Inc. Unscheduled infrastructure coverage is excluded for the peril of Earthquake, and for Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs; | <i>Refer to the redline version of the Policy for full details.</i> Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, <u>landfills, docks, piers, wharves,</u> street lights, traffic signals, meters, roadway or highway fencing (<u>including guardrails</u>), and all similar property unless specific values for..... | Limitation |
| Section II, B. 4. Off Premises Service Interruption | It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, <u>and Section 1 (General Provisions) of this form.</u> | It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing <u>incoming electricity, fuel, gas, water, steam or refrigeration or outgoing sewerage,</u> heat light, power, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page. | Clarification |
| Section II, B. 8. Building Laws | Included in first paragraph | Delete reference to " <u>local or state</u> " | Enhancement |
| Section II, B. 9. Demolition Cost | In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any <u>local or state</u> ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition. | In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the cost of, <u>and the additional period of time required for,</u> demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition. | Enhancement |

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|---|---|--|---------------------------------------|
| <p>Section II, B.10. Increased Cost of Construction</p> | <p>In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement <u>occasioned</u> by the enforcement of any <u>local or state</u> ordinance or law including written guidelines used by the department of corrections in any state regulating.....</p> | <p>Refer to the redline version of the Policy for full details.</p> <p>In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of, <u>and the additional period of time required for repair or replacement caused by the enforcement of any ordinance or law (including written guidelines used by the department of corrections in any state) regulating.....</u></p> <p><u>Insurance under this section does not apply to:</u></p> <p>a. <u>Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or</u></p> <p>b. <u>Loss due to any ordinance or law that:</u></p> <p style="padding-left: 20px;">i. <u>The Named Insured was required to comply with before the loss even if the building was undamaged; and</u></p> <p style="padding-left: 20px;">ii. <u>The Named Insured failed to comply with.</u></p> <p><u>The coverage provided by this clause is sub-limited to USD as per Declaration Page.</u></p> | <p>Enhancement /Clarification</p> |
| <p>Section II, B. 14 Transit</p> | <p>This policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.</p> <p>The coverage provided by this clause is sub-limited to <u>USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.</u></p> | <p>This Policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.</p> <p><u>Permission is hereby granted to the Named Insured without prejudice to this insurance to accept the ordinary Bill-of-Lading used by carriers, including released and/or under-valued Bill-of-Lading and/or Shipping or Messenger receipts; and the Named Insured may waive subrogation against railroads under side track agreements; and except as otherwise provided, the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.</u></p> <p><u>This Policy also covers damage and loss of use:</u></p> <p>a. <u>Occasioned by the acceptance by the Named Insured, Insured's agent, customer or consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger receipts;</u></p> <p>b. <u>Obtained by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery.</u></p> <p>The coverage provided by this clause is sub-limited to <u>USD as per Declaration Page</u></p> | <p>Update</p> |

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|---|---|--|----------------------------|
| Section II, B. 17 Protection and Preservation of Property | <p>Last paragraph:</p> <p>Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, <u>all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.</u></p> | <p>Due to the unique nature of Health Care Facilities, <u>Education Facilities</u> and Jails where it is deemed necessary to evacuate <u>designated persons</u> from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, <u>the company will pay reasonable and necessary evacuation expenses incurred by the Named Insured. The following additional definitions apply to this Additional Time Element Coverage:</u></p> <p>a. Designated persons means:</p> <p>(1) Patients, residents and lawful occupants at a covered location, and/or</p> <p>(2) Those employees who are essential to implement the mandatory evacuation order at a covered location.</p> <p>b. Evacuation expenses means expenses incurred during the evacuation period to:</p> <p>(1) Transport designated persons to another location;</p> <p>(2) House and maintain designated persons at another location;</p> <p>(3) Return designated persons to the covered location or, if the covered location is not habitable, to a suitable alternative location.</p> | Enhancement /Clarification |
| Section II, B. 19 Automatic Acquisition and Reporting Conditions | <p>End of first paragraph:</p> <p>Additionally a sub-limit of \$2,500,000 applies to Tier 1 wind counties, parishes and independent cities <u>for 60 days</u> 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.</p> | <p>End of first paragraph:</p> <p>Additionally, <u>automatic coverage is granted for up to 60 days, subject to a sub-limit of \$2,500,000 for additional property and/or interests in</u> Tier 1 wind counties, parishes and independent cities 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..</p> | Clarification |
| Section II, B. 21 Accidental Contamination | <p>This Policy is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to USD as per Declaration page.</p> <p>If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.</p> <p>For the purposes of this Accidental Contamination clause only, the term "Covered Property", as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.</p> | <p><i>Refer to the redline version of the Policy for full details</i></p> <p>Coverage will be restricted to "cleanup, removal and disposal of the actual not suspected presence of Pollutants of Contaminant(s)."</p> <p>Pollutants or Contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances listed in applicable environmental state, federal or foreign law or regulation, or as designated by the U.S. Environmental Protection Agency or similar applicable state or foreign governmental authority. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants or Contaminants does not include Fungus, Mold or Spore.</p> | Limitation |

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|---|--|--|-------------|
| Section II, C. 2 Property Not Covered | Standing timber, <u>bodies of water</u> , growing crops. | Standing timber, growing crops, water, <u>except water which is normally contained within any type of tank, piping system or other process equipment.</u> | Update |
| Section II, C. 8 Property Not Covered | Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Named Insured. | Offshore property, oilrigs, underground mines, caverns, <u>or underground storage facilities</u> and their contents. Railroad track is excluded unless values have been reported by the Named Insured. | Update |
| Section III, B. 1 Ingress/Egress | This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a <u>20</u> mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period. | This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a <u>10</u> mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period. | Pending |
| Section III, B. 2 Interruption by Civil Authority | This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a <u>20</u> mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period. | This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a <u>10</u> mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period. | Pending |
| Section III, B. 3 Demolition and Increased Time to Rebuild | The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any <u>local or state</u> ordinance or law regulating the construction, repair or demolition of buildings or structures and in force | The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any ordinance or law regulating the construction, repair or demolition of buildings or structures and in force | Enhancement |

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|--|--|--|---------------|
| Section III, B. 5 Tax Revenue Interruption | First paragraph Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured <u>caused by</u> damage or destruction to property which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured. | Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured <u>as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period</u> which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured. | Clarification |
| Section IV, B. 2 Exclusions | Physical loss or damage by normal settling, shrinkage or expansion in building or foundation. | Physical loss or damage by settling, <u>cracking</u> , shrinkage, <u>bulging</u> , or expansion of <u>pavements, foundations, walls, floors, roofs or ceilings; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.</u> | Limitation |
| Section IV, B. 21 Exclusions | | <i>Addition of the following exclusion to the General Conditions section:</i> Lack of the following services: a. incoming electricity, fuel, gas, water, steam or refrigeration; b. outgoing sewerage; or c. incoming or outgoing telephone or similar services; all when caused by loss or damage to any property outside Insured Location(s). However, the above do not apply to OFF PREMISES SERVICE INTERRUPTION. | Update |
| Section IV, New J. No Benefit to Bailee | | <i>Addition of the following item to the General Conditions:</i> NO BENEFIT TO BAILEE This Policy shall in no way inure directly or indirectly to the benefit of any carrier or other bailee. | Update |

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|---|--|---|---------------|
| Section IV, L Arbitration of Value | <p><u>n case</u> the Named Insured and the Company <u>shall</u> fail to agree as to the amount of loss, <u>then</u>, on the written demand of <u>either, each shall</u> select a competent and disinterested appraiser and <u>notify the other of</u> the appraisers selected. <u>The appraiser</u> shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which <u>the property covered is located</u>.</p> <p>The appraisers shall as soon as practicable, appraise the loss stating separately the <u>loss of each item</u> and failing to agree, shall submit their differences <u>only</u> to the umpire. An award in writing <u>so itemized</u>, of any two <u>appraisers when filed with the Company</u> shall determine the amount of loss. The <u>party selecting him</u> shall pay <u>each</u> appraiser and the expenses of appraisal and umpire <u>shall be paid by the parties equally</u>.</p> | <p>If the Named Insured and the company fail to agree as to the amount of loss, <u>each shall</u> on the written demand of <u>other, made within sixty (60) days after receipt of proof of loss by the Company</u>, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and <u>place</u>. The appraisers shall first select a competent and disinterested umpire, and failing <u>for fifteen (15) days</u> to agree upon such umpire, then on <u>the</u> request of the Named Insured or the company, such umpire shall be selected by <u>a</u> judge of a court of record in the state in which <u>such appraisal</u> is <u>pending</u>. The appraisers shall <u>then</u> appraise the loss, stating separately the <u>fair market value at the time of loss</u> and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. <u>The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.</u></p> | Clarification |
| Section IV, N. Settlement of Loss | | <p><i>Addition of the following item to the General Conditions section:</i></p> <p>SETTLEMENT OF LOSS</p> <p>All adjusted claims shall be paid or made good to the Named Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the company. No loss shall be paid or made good if the Named Insured has collected the same from others</p> | Update |
| Section IV, AG Service of Suit Clause (USA) Applicable to Excess Carriers | <p>FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 (applicable to all markets except as noted below)</p> | <p><u>Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017 in respect of Insurers identified in Security Details section as "Lloyd's Stamp:" followed by 4 digits.</u></p> <p><u>Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829 are the nominee in respect of any non-Lloyd's participation on this Contract.</u></p> <p><u>Note: FLWA Service Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 are the nominee for CA (applicable to all markets except as noted</u></p> <p><u>XL Catlin Insurance Company UK Limited, LIRMA C7509: Sarah Mims, XL Global Services Inc, 505 Eagleview Boulevard, Exton, PA 19341</u></p> | Update |

Master Policy Form Wording Proposed Changes Continued
PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|--|--|--|---------------|
| Section IV, AH. 5 Tier I Windstorm Counties | Tier 1 Windstorm Counties not listed in the Policy, but are a part of market agreement | <p><u>Tier 1 Windstorm Counties now defined in the policy:</u></p> <p><u>Connecticut: Fairfield, Middlesex, New Haven, New London</u></p> <p><u>Delaware: Entire State, All Counties</u></p> <p><u>Maine: Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York</u></p> <p><u>Maryland: Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester</u></p> <p><u>Massachusetts: Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk</u></p> <p><u>New Hampshire: Rockingham, Strafford</u></p> <p><u>New Jersey: Atlantic, Burlington, Cape May, Cumberland, Middlesex, Monmouth, Ocean, Salem, Union</u></p> <p><u>New York: Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk</u></p> <p><u>Rhode Island: Entire State, All Counties</u></p> | Update |
| Section IV, AH. 6 Tier II Windstorm Counties | Tier 2 Windstorm Counties not listed in the Policy, but are a part of market agreement | <p><u>Tier 2 Windstorm Counties now defined in the policy:</u></p> <p><u>Georgia: Brantley, Charlton, Effingham, Long, Wayne</u></p> <p><u>Louisiana: Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington, West Baton Rouge</u></p> <p><u>Mississippi: George, Pearl River, Stone</u></p> <p><u>North Carolina: Bladen, Duplin, Gates, Hertford, Lenoir, Martin, Pitt</u></p> <p><u>South Carolina: Florence, Marion, Williamsburg</u></p> <p><u>Texas: Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton</u></p> | Update |
| Section V, D. 7. Special Conditions | Loss Clause: Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon. | Deleted in its entirety | Update |
| Section VIII, A. Coverage | This Policy insures <u>only Unmanned Aircraft</u> , that are usual to <u>your</u> business that <u>you</u> own or are required to insure, <u>to pay for any physical damage loss</u> sustained while not In Flight or In Motion and which are not the result of fire or explosion following crash or collision while the Unmanned Aircraft was In Flight or In Motion that are: | This Policy insures <u>against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to Unmanned Aircraft</u> , that are usual to <u>the Named Insured's</u> business and that <u>the Named Insured</u> own or are required to insure, sustained while not In Flight or In Motion and which are not the result of fire or explosion following crash or collision while the Unmanned Aircraft was In Flight or In Motion that are: | Clarification |

Master Policy Form Wording Proposed Changes Continued

PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS

| Coverage | 2019-2020 | 2020-2021 | Status |
|--------------------------------------|--|---|---------------|
| Section IX General change | | Added the word <u>Covered</u> before the word property throughout item 2 | Clarification |
| Section IX, 6 Covered Property | Covered Property, as used in this Extension, means any property that: | Covered Property, as used in this Extension, means any property <u>not otherwise excluded in this Policy</u> that: | Clarification |
| Section IX, 10. D Conditions | In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risks policy that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable <u>Boiler & Machinery</u> deductible. | In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risk policy that this Extension attached to, the deductible to be applied to the total loss shall be the <u>highest</u> applicable deductible. | Clarification |
| Endorsement Section | Communicable Disease Endorsement 4 | <i>Refer to the redline version of the Policy for full details.</i> The previous Endorsement 4 which granted coverage for Communicable Disease has been replaced with LMA5393 which excludes Communicable Disease | Limitation |
| Endorsement Section | | <i>The following has been added to the Policy. Refer to the redline version of the Policy for full details.</i> Endorsement 5 – Property Cyber and Data Endorsement has been added to the policy. This Endorsement (LMA5400) is applicable only to capacity placed in the Lloyd's of London market and is a mandatory exclusion for all cyber. This exclusion extends to all damage (including ensuing physical damage) as a result of a malicious cyber act. Additionally, this endorsement restricts the valuation of Data processing Media to the cost of the media plus restoration from backup. | Limitation |



Small Cities Organized Risk Effort

2020 – 2021

Alliant Property Insurance Program (APIP)

Presented on June 12, 2020 by:

Marcus Beverly, CPCU, AIC, ARM-P
First Vice President

Michelle Minnick
Account Manager

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

TYPE OF INSURANCE: Insurance Reinsurance

NAMED INSURED: Small Cities Organized Risk Effort

DECLARATION: 4-Cities 4

POLICY PERIOD: July 1, 2020 to July 1, 2021

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 352,222,099 as of June 12, 2020

**ALL RISK
COVERAGES &
LIMITS:**

- \$ 500,000,000 Per Occurrence: all Perils, Coverages (subject to policy exclusions) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, coverages, extensions of coverage, or perils insured, subject to the following per occurrence and/or aggregate sub-limits as noted below.
- Not Covered Flood Limit - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
- Not Covered Per Occurrence and in the Annual Aggregate for scheduled locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sub-limit does not increase the specific flood limit of liability for those Named Insured(s) that purchase this optional dedicated coverage.
- Not Applicable Per Occurrence for losses to locations in Tier 1 and/or Tier 2 Counties and resulting from a Named Windstorm.
- Not Covered Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
- \$ 100,000,000 Combined Business Interruption, Rental Income and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$500,000 per Named Insured subject to maximum of \$2,500,000 Per Occurrence, Per Declaration for Business Interruption, Rental Income and Tuition Income combined. Coverage for power generating plants is excluded, unless otherwise specified.
- \$ 50,000,000 Extra Expense.

**ALL RISK
COVERAGES &
LIMITS: (continued)**

| | | |
|----|-----------------------|---|
| \$ | 25,000,000 | Miscellaneous Unnamed Locations for existing Named Insured's excluding Earthquake coverage for Alaska and California locations. If Flood coverage is purchased for 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 Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally, automatic coverage is granted for up to 60 days, subject to a sub-limit of \$2,500,000 for additional property and/or interests in Tier 1 Wind Counties, Parishes and Independent Cities 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, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item for existing Named Insureds excluding Earthquake coverage for Alaska and California locations. If Flood coverage is purchased for scheduled locations, this extension includes Flood coverage for any location not situated in Flood Zones A or V. |
| \$ | 5,000,000 | or 110% of the scheduled values, whichever is greater, for Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item. |
| \$ | 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 sub-limit shown. |
| \$ | 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 Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration. |

**ALL RISK
COVERAGES &
LIMITS: (continued)**

| | | |
|----|------------|--|
| \$ | 750,000 | Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs. |
| \$ | 50,000,000 | Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery). |
| \$ | 25,000,000 | Transit. |
| \$ | 2,500,000 | Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence. |
| \$ | 2,500,000 | Unscheduled Watercraft up to 27 feet. Included 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 Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Earthquake Shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc.. |
| \$ | 5,000,000 | Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc.. |
| \$ | 3,000,000 | Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately. |

ALL RISK COVERAGES & LIMITS: (continued)

| | | |
|----|-------------|--|
| \$ | 3,000,000 | Tax Revenue Interruption – Per Policy Provisions. However, if specific values for such coverage have not been reported as part of the Named Insured’s schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$1,000,000 Per Occurrence – Per Policy Provisions. |
| \$ | 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. |
| | 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. |
| | Not Covered | for Communicable Disease. |
| \$ | 100,000 | Per Occurrence while in Storage and In Transit coverage subject to \$10,000 Deductible for Unmanned Aircraft as more fully defined in the Policy. Not Covered while in Flight. |
| \$ | 100,000 | Per Occurrence with a \$1,000,000 Annual Aggregate per Declaration for Mold/Fungus Resultant Damage as more fully defined in the policy. |

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor’s Equipment /Vehicles 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 | Per Occurrence, which will 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 (inclusive of all 100 year exposures). |

**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES:
(continued)**

Not Applicable for losses to locations in Tier 1 and/or 2 Counties and resulting from a Named Windstorm.

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 minimum deductible per occurrence.

\$ 1,000 Per Occurrence for Specially Trained Animals.

\$ 500,000 Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, channels, levees, dikes, berms, embankments, landfills (as more fully defined in the policy), docks, piers, wharves, street lights, traffic signals, meters, roadway or highway fencing (including guardrails), and all similar property unless a specific value has been declared. Unscheduled infrastructure coverage is excluded for the peril of Earthquake and excluded for Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs.

\$ 10,000 Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits.

\$ 50,000 Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits.

\$ 10,000 Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.

\$ 50,000 Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.

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

2.5% of Annual Tax Revenue Value per Location for Tax Interruption.

\$ 10,000 except \$5,000 for the City of Isleton Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, 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/In-Yard coverage is subject to the All Risk (Basic) deductible.

Agreed Value Contractor's Equipment/Vehicle Valuation Basis

\$ 10,000 except \$5,000 for the City of Isleton Per Occurrence for Contractor's Equipment.

The following stand-alone coverages are provided by the APIP program but are not covered in the Limit of Liability or the Sub-Limits of Liability above or attached to the Master Policy Form Wording. However, the coverage costs are included in the APIP Total Cost noted below. Carriers providing these coverages are included in the Schedule of Carriers.

\$ 100,000,000 Per Named Insured Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-30 and 32-35 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer).

\$ 5,000 Per Occurrence Deductible for Primary Terrorism.

\$ 600,000,000 Per Named Insured for Terrorism (Excess Layer) subject to;

\$ 1,100,000,000 Per Occurrence, All Named Insureds combined in Declarations 1-14, 18-21, 23-30 and 32-35 for Terrorism (Excess Layer) subject to;

\$ 1,400,000,000 Annual Aggregate shared by all Named Insureds combined in Declarations 1-14, 18-21, 23-30 and 32-35, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer).

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

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See attached Cyber Coverage Summary for applicable Limits. (Cyber Liability) If, insured purchases such coverage.

Included Pollution Liability Insurance Coverage. See attached Pollution Liability Insurance Coverage Document for applicable limits and deductibles. If, insured purchases such coverage.

TERMS & CONDITIONS:

Sub-limits, terms and conditions are subject to change.

25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is calculated on a pro-rata basis, unless there is a claim in which case the premium is deemed fully earned. If, insured purchases such coverage.

Except Pollution Liability Premium is 25% Earned at Inception, unless there is a claim in which premium is deemed fully earned. If, insured purchases such coverage.

NOTICE OF CANCELLATION:

90 Days except 10 Days for non-payment of premium

| | Annual Cost* |
|--|---------------|
| Total Property Premium: | \$ 708,647.00 |
| Excess Boiler: | \$ 3,597.00 |
| ABS Fee: | \$ 8,754.00 |
| SLT&F's (Estimate) | \$ 23,147.93 |
| Broker Fee: | \$ 0.00 |
| TOTAL COST †: (Including Taxes and Fees) | \$ 744,145.93 |
| *Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment. | |
| † TOTAL COST includes: premiums, underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes (excluding the Cyber Enhancement premium - should you have elected to purchase this coverage) | |

PRINT DATE: June 12, 2020

PROPOSAL VALID UNTIL: July 1, 2020

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

Marcus Beverly, CPCU, AIC, ARM-P
First Vice President

Michelle Minnick
Account Manager

NOTES:

- **Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms.**
- **Maximum All Risk limits estimated to bind between \$500,000,000 and \$1,000,000,000. If your All Risk limits are less than \$500,000,000 they are not expected to change.**
- **Major pending and approved changes to the APIP Program are described in the Executive Summary for renewing insureds.**
- **This indication is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event**
- **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**
- **Change in Total Insurable Values will result in adjustment in premium**
- **Each line of coverage is rated separately therefore increases in TIV's on highly rated coverages such as Vehicles, CE, EQ or 100 year Flood Zones, etc may increase the member average account rate**
- **The flood zones provided on the Schedule of Values (SOVs) are for rating purposes only. The actual flood zone will be determined at the time of loss.**

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

BOILER & MACHINERY PROPOSAL

NAMED INSURED: Small Cities Organized Risk Effort

POLICY PERIOD: July 1, 2020 to July 1, 2021

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: \$ 352,222,099 as of June 12, 2020

STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS:

| | | |
|----|-------------|---|
| \$ | 100,000,000 | Boiler Explosion and Machinery Breakdown, (for those Named Insureds 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 Named Insured and in the Annual Aggregate per Declaration for Earthquake Resultant Damage for Named Insureds 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. |

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 120 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

NOTICE OF CANCELLATION:

90 days except 10 days for non-payment of premium

DEDUCTIBLES:

| | |
|---|--|
| \$ 10,000 except \$5,000 for the City of Isleton | Except as shown for Specific Objects or Perils. |
| \$ 10,000 except \$5,000 for the City of Isleton | Electronic Data Processing Media. |
| \$ 10,000 except \$5,000 for the City of Isleton | Consequential Damage. |
| \$ 10,000 except \$5,000 for the City of Isleton | Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface. |
| \$ 50,000 except \$5,000 for the City of Isleton | Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface. |
| \$ 100,000 except \$5,000 for the City of Isleton | Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface. |
| \$ 250,000 except \$5,000 for the City of Isleton | Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface. |
| \$ 350,000 except \$5,000 for the City of Isleton | 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 Hour Waiting Period | Utility Interruption. |

| | |
|-------------------------|--|
| 24 Hours | Business Interruption/Extra Expense Except as noted below. |
| 30 Days | Business Interruption - Revenue Bond. |
| 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

COST: Cost is included on Property Proposal

PRINT DATE: June 12, 2020

PROPOSAL VALID UNTIL: July 1, 2020

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861
 Marcus Beverly, CPCU, AIC, ARM-P
 First Vice President

 Michelle Minnick
 Account Manager

NOTES:

- **Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms.**
- **Major pending and approved changes to the APIP Program are described in the Executive Summary for renewing insureds.**
- **This indication is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event**
- **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**
- **Change in Total Insurable Values will result in adjustment in premium**
- **Each line of coverage is rated separately therefore increases in TIV's on highly rated coverages such as Vehicles, CE, EQ or 100 year Flood Zones, etc may increase the member average account rate**
- **The flood zones provided on the Schedule of Values (SOVs) are for rating purposes only. The actual flood zone will be determined at the time of loss.**

ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)
CYBER INSURANCE SUMMARY PROPOSAL
CORE COVERAGE

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), organization(s), enterprise(s) and/or individual(s), attaching to each Declaration insured under the ALLIANT PROPERTY INSURANCE PROGRAM (APIP), inclusive of PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP) and HOSPITAL ALL RISK PROPERTY PROGRAM (HARPP) as their respective rights and interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern (all hereinafter referred to as Member(s) / Entity(ies)).

DECLARATION: Various Declarations as on file with Insurer

POLICY PERIOD: July 1, 2020 to July 1, 2021

POLICY #: TBD

TERRITORY: WORLD-WIDE

RETROACTIVE DATE: APIP/PEPIP
For new members – the retro active date will be the date of addition
July 1, 2020 For existing members included on the July 1, 2020/21 policy
July 1, 2019 For existing members included on the July 1, 2019/20 policy
July 1, 2018 For existing members included on the July 1, 2018/19 policy
July 1, 2017 For existing members included on the July 1, 2017/18 policy
July 1, 2016 For existing members included on the July 1, 2016/17 policy
July 1, 2015 For existing members included on the July 1, 2015/16 policy
July 1, 2014 For existing members included on the July 1, 2014/15 policy
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

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

INSURER: Lloyd's of London - Beazley Syndicate:
Syndicates 2623 - 623 - 100%

| | | | |
|--------------------------------|-------------|---------------|---|
| COVERAGES & LIMITS: | | | |
| | Ai. | \$ 25,000,000 | Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverage's combined, including Claims Expenses), subject to the following limits and sub-limits as noted. |
| | Aii. | \$ 2,000,000 | Insured/Member Annual Aggregate Limit of Liability (subject to policy exclusions) for each Insured/Member, within the Annual Policy and Program Aggregate Limit of Liability (Aggregate for all coverages combined, including Claim Expenses) subject to the following limits and sub-limits as noted. |

BREACH RESPONSE

| | | | |
|-------------------------------|--|------------|--|
| Breach Response Costs: | | \$ 500,000 | Aggregate Limit of Liability for each Insured/Member (Limit is increased to \$1,000,000 if Beazley Nominated Services Providers are used) |
|-------------------------------|--|------------|--|

FIRST PARTY LOSS

| | | | |
|---|--|--------------|---|
| Business Interruption Loss Resulting from Security Breach: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member |
| Business Interruption Loss Resulting from System Failure: | | \$ 500,000 | Aggregate Limit of Liability for each Insured/Member |
| Dependent Business Loss Resulting from Security Breach: | | \$ 750,000 | Aggregate Limit of Liability for each Insured/Member |
| Dependent Business Loss Resulting from System Failure: | | \$ 100,000 | Aggregate Limit of Liability for each Insured/Member |
| Cyber Extortion Loss: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member |
| Data Recovery Costs: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member |

LIABILITY

| | | | |
|--|--|--------------|---|
| Data & Network Liability: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member for all Damages and Claims Expenses |
| Regulatory Defense & Penalties: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member |
| Payment Card Liabilities & Costs: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member |
| Media Liability: | | \$ 2,000,000 | Aggregate Limit of Liability for each Insured/Member for all Damages and Claims Expenses |

eCRIME

| | | | |
|--------------------------------|----|--------|---|
| Fraudulent Instruction: | \$ | 75,000 | Aggregate Limit of Liability for each Insured/Member |
| Funds Transfer Fraud: | \$ | 75,000 | Aggregate Limit of Liability for each Insured/Member |
| Telephone Fraud: | \$ | 75,000 | Aggregate Limit of Liability for each Insured/Member |

CRIMINAL REWARD

| | | | |
|-------------------------|----|--------|---|
| Criminal Reward: | \$ | 25,000 | Aggregate Limit of Liability for each Insured/Member |
|-------------------------|----|--------|---|

**COVERAGE
ENDORSEMENT(S)**

| | | | |
|--|----|---------|---|
| Reputation Loss: | \$ | 50,000 | Aggregate Limit of Liability for each Insured/Member |
| Claims Preparation Costs for Reputation Loss Claims Only: | \$ | 50,000 | Aggregate Limit of Liability for each Insured/Member |
| Computer Hardware Replacement Costs: | \$ | 75,000 | Aggregate Limit of Liability for each Insured/Member |
| Invoice Manipulation: | \$ | 100,000 | Aggregate Limit of Liability for each Insured/Member |
| Cryptojacking: | \$ | 25,000 | Aggregate Limit of Liability for each Insured/Member |

| | | | |
|-------------------|----|---------|---|
| RETENTION: | \$ | 25,000 | CSU Auxiliary Organizations only |
| | \$ | 50,000 | Per Claim or Incident for each Insured/Member with TIV up to \$500,000,000 at the time of policy inception 8 Hour waiting period for Dependent/Business Interruption Loss |
| | \$ | 100,000 | Per Claim or Incident for each Insured/Member with TIV greater than \$500,000,000 at the time of policy inception 8 Hour waiting period for Dependent/Business Interruption Loss |

**Each Insured/Member with TIVs below \$262,500,000 will have the option to buy-down the retention from \$50,000 to \$5,000 with an additional premium of \$2,500 per Insured/Member. JPAs/Pools and members with larger TIVs may request a quote for a retention buy down option, quotes will be provided on a case by case basis.*

NOTICES:

Policy coverage of this policy provides coverage on a claims made and reported basis; except as otherwise provided, coverage under noted coverage schedule applies only to claims first made against the Insured/Member and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

This is a shared limit policy among the Named Insureds. The per Insured/Member policy limits are on a per claim or incident for each Insured/Member basis, sub-limits listed are aggregated per Insured/Member and are within the total Insured/Member aggregate limit. In the event of a claim/incident with multiple Insureds/Members exhausting the program aggregate limit provided by the Insurer to Insureds/Members, payment to all Insureds/Members for the claim/incident will be determined by the Insurer. Where coverages are aggregated, sub-limit and limits apply to all Insureds/Members for the entire Policy Period unless specifically stated otherwise. The policy aggregate limit is not a per Insured/Member maximum limit.

EXTENDED REPORTING PERIOD:

For Named Insured - To be determined at the time of election (additional premium will apply)

SPECIFIC COVERAGE PROVISIONS:

A. Breach Response indemnifies the Insured/Member for Breach Response Costs incurred by the Insured/Member because of an actual or reasonably suspected Data Breach or Security Breach that the Insured first discovers during the Policy Period.

B. First Party Loss

Business Interruption Loss indemnifies the Insured/Member for a Business Interruption Loss sustained as a result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

Dependent Business Interruption Loss indemnifies the Insured/Member for a Dependent Business Interruption Loss sustained as a result of a Security Breach or a System Failure that the Insured first discover during the Policy Period.

Cyber Extortion Loss indemnifies the Insured/Member for a Cyber Extortion Loss incurred as a result of an Extortion Threat first made against the Insured/Member during the Policy Period.

Data Recovery Costs indemnifies the Insured/Member for Data Recovery Costs incurred as a direct result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

C. Liability

Data & Network Liability pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for a Data Breach, a Security Breach, the Insured's failure to disclose a Data Breach or Security Breach, or failure of the Insured to comply with the part of a Privacy Policy that specifically is related to disclosure, access or procedures related to Personally Identifiable Information.

Regulatory Defense & Penalties pays Penalties and Claims Expenses, which the Insured is legally obligated to pay because of a Regulatory Proceeding first made against any Insured during the Policy Period for a Data Breach or a Security Breach.

Payment Card Liabilities & Costs indemnifies the Insured/Member for PCI Fines, Expenses and Costs which it is legally obligated to pay because of a Claim first made against any Insured during the Policy Period.

Media Liability pays Damages and Claims Expenses, which the Insured is legally obligated to pay because of any Claim first made against any Insured during the Policy Period for electronic Media Liability.

D. eCrime indemnifies the Insured/Member for any direct financial loss sustained resulting from:

- *Fraudulent Instruction*
- *Funds Transfer Fraud*
- *Telephone Fraud*

That the Insured first discovers during the Policy Period.

E. Criminal Reward indemnifies the Insured/Member for Criminal Reward Funds.

**Coverage
Endorsement(s)**

Reputational Loss indemnifies the Insured Organization for Reputation Loss that the Insured Organization sustains solely as a result of an Adverse Media Event that occurs during the Policy Period, concerning: a Data Breach, Security Breach, or Extortion Threat that the Insured first discovers during the Policy Period

Computer Hardware Replacement Costs indemnifies the Insured Organization for reasonable and necessary expenses incurred by the Insured Organization during the Period of Restoration to minimize, reduce or avoid Income Loss, over and above those expenses the Insured Organization would have incurred had no Security Breach, System Failure, Dependent Security Breach or Dependent System Failure occurred; which includes reasonable and necessary expenses incurred by the Insured Organization to replace computers or any associated devices or equipment operated by, and either owned by or leased to, the Insured Organization that are unable to function as intended due to corruption or destruction of software or firmware directly resulting from a Security Breach.

Invoice Manipulation indemnifies the Insured Organization for Direct Net Loss resulting directly from the Insured Organization's inability to collect Payment for any goods, products or services after such goods, products or services have been transferred to a third party, as a result of Invoice Manipulation that the Insured first discovers during the Policy Period. Invoice Manipulation means the release or distribution of any fraudulent invoice or fraudulent payment instruction to a third party as a direct result of a Security Breach or a Data Breach.

Cryptojacking indemnifies the Insured Organization for any direct financial loss sustained resulting from Cryptojacking that the Insured first discovers during the Policy Period. Cryptojacking means the Unauthorized Access or Use of Computer Systems to mine for Digital Currency that directly results in additional costs incurred by the Insured Organization for electricity, natural gas, oil, or internet.

EXCLUSIONS:
(Including but not limited to)

Coverage does not apply to any claim or loss from:

- Bodily Injury or Property Damage
- Trade Practices and Antitrust
- Gathering or Distribution of Information
- Prior Known Acts & Prior Noticed Claims
- Racketeering, Benefit Plans, Employment Liability & Discrimination
- Sale or Ownership of Securities & Violation of Securities Laws
- Criminal, Intentional or Fraudulent Acts
- Patent, Software Copyright, Misappropriation of Information
- Governmental Actions
- Other Insureds & Related Enterprises
- Trading Losses, Loss of Money & Discounts
- Media-Related Exposures – Contractual liability or obligation
- Nuclear Incident
- Radioactive Contamination
- First Party Loss – with respects: 1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority; 2. costs or expenses incurred by the Insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat; 3. failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the Insured Organization's direct operational control; or 4. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

- 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: TMB Claims Group
1270 Avenue of the Americas
New York, NY 10020
tmbclaims@beazley.com

NOTICE OF CANCELLATION: 10 days for non-payment of premium

CYBER COST: Cost is included in Total Property Premium
Premium is pro-rata as of July 1, 2020

OTHER SERVICES Unlimited Access to Beazley Breach Solutions website

BROKER: ALLIANT INSURANCE SERVICES, INC.

License No. 0C36861

NOTES:

- ***Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms***
- ***Major pending and approved changes to the APIP Cyber Program are described below in the Summary of Proposed Changes***
- ***This proposal is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event***
- ***Coverage outlined in this Summary are subject to the terms and conditions set forth in the policy***
- ***Please refer to Policy for specific terms, conditions and exclusions***
- ***Change in Total Insurable Values will result in adjustment in premium***

SUMMARY OF CYBER INSURANCE CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES FOR THE 2020-2021 POLICY TERM

| Coverage | 2019-2020 | 2020-2021 Proposed Changes | Status |
|--|--|--|----------------|
| Claims Preparation Costs for Reputation Loss Claims Only | N/A | \$50,000 | New Coverage |
| Cryptojacking | N/A | \$25,000 | New Coverage |
| Reinstatement Option | 125% of Total Annual Program Premium | Not offered | Option Removed |
| Reputation Loss | Consequential reputational loss coverage for Data Breach and Security Breach | Expanded to include additional perils, replaced consequential reputational loss coverage | Enhancement |

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

POLLUTION LIABILITY COVERAGE PROPOSAL

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 individual(s) attached to each Declaration insured as per Named Insured Schedule on file with Insurer, listed below.

POLICY PERIOD: July 1, 2020 to July 1, 2021

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

COMPANY: Interstate Fire & Casualty Insurance Company

**A.M. BEST
INSURANCE RATING::** A+, Superior, Financial Category XV
(\$2 Billion or greater)
Effective September 5, 2019

**STANDARD & POORS
RATING:** AA (Very Strong) as of May 30, 2019

ADMITTED STATUS: Non-Admitted in all states

**INSURED'S OWN
SITES:** Per the following SOVs submitted and on file with carrier:

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 11 – SOVs
7. PEPIC DEC 12 – SOVs
8. PEPIC DEC 14 – SOVs
9. PEPIC DEC 19 – SOVs
10. PEPIC DEC 23 – SOVs
11. PEPIC DEC 24 – SOVs
12. PEPIC DEC 25 – SOVs
13. PEPIC DEC 26 – SOVs
14. PEPIC DEC 27 – SOVs
15. PEPIC DEC 28 – SOVs
16. PEPIC DEC 29 – SOVs
17. PEPIC DEC 30 – SOVs
18. PEPIC DEC 32 – SOVs (Excludes SPIP, except as endorsed)
19. PEPIC DEC 33 – SOVs
20. PEPIC DEC 34 – SOVs
21. PEPIC DEC 35 – SOVs

**INSURED'S OWN
SITES:
CONTINUED** Covered locations include any real property owned, managed, leased, maintained or operated by the Insured at policy inception. Covered locations also include any subsurface potable water, wastewater or storm water pipes that are located within a one thousand (1,000) foot radius of such covered location as of policy inception.

COVERAGES & LIMITS:

\$25,000,000 Policy Program Aggregate (all insureds combined)
\$ 2,000,000 Per Pollution Incident
\$ 2,000,000 Per Named Insured Aggregate
\$ 2,000,000 Per JPA/Pool Aggregate

SUBLIMITS:

\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sublimit*

\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*

\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sublimit*

\$ 250,000 Per Named Insured Crisis Management Response Costs Sublimit

\$ 500,000 Per Named Insured Crisis Management Response Costs Aggregate

\$ 50,000 Per Named Insured Crisis Management Loss Sublimit

*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crisis Management sub-limits and aggregate, which are in addition to the limits of liability.

EXTENDED REPORTING PERIOD:

For First Named Insured - To be determined at the time of election (additional premium can apply); Ninety (90) day basic extended reporting period available without additional premium.

SPECIFIC COVERAGE PROVISIONS:

CLAIMS MADE AND REPORTED

Coverage A – Own Site Clean-up Costs:

Coverage for claims for clean-up costs resulting from a pollution condition on or under the insured's own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay for cleanup costs..

Coverage B – Off-Site Clean-Up Costs:

Coverage for third-party claims resulting from a pollution condition migrating from or through and beyond the boundaries of the Insured's own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay for cleanup costs.

Coverage C – Third-Party Claims for Bodily Injury or Property Damage:

Coverage for third-party claims for bodily injury or property damage resulting from a pollution condition on, under or migrating from or through and beyond the boundaries of the Insured's own site that first commenced on or after the retro date, provided that the claim is first made and reported during the policy period and is legally obligated to pay.

SPECIFIC COVERAGE PROVISIONS (cont.):

Coverage D – Emergency Response Costs: Coverage for emergency response costs incurred by or on behalf of the Insured in response to a pollution condition on, under or migrating from or through and beyond the boundaries of an Insured’s own site or arising from transportation or resulting from a covered operation, provided that the emergency response costs be incurred within one hundred sixty-eight (168) hours of the commencement of such pollution condition, and reported to the Insurer within fourteen (14) days of commencement of such a pollution condition.

Coverage E – Transportation: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition caused by transportation that first commenced on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay.

Coverage F – Non-Owned Locations: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition on, under or migrating from any non-owned location that first commenced on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay.

Coverage G – Covered Operations: Coverage for third-party claims for bodily injury, property damage, or clean-up costs resulting from a pollution condition caused by covered operations on or after the retro date, provided that the claim is first made and reported to the Insurer during the policy period and is legally obligated to pay. Covered operations are defined as any operations within the capacity of a public entity which are performed by or on behalf of a named insured outside the physical boundaries of a covered location. Covered operations do not include Transportation.

Coverage H – Business Interruption: Coverage for the Insured’s business interruption expense and extra expense during the interruption period, caused directly by a pollution condition on or under the Insured’s own site, on or after the retro date, provided such pollution condition results in clean-up costs covered under this policy, and the first-party claim is made and reported to the Insurer during the policy period.

Coverage I – Cyber Events: Coverage for third-party claims for bodily injury, property damage or clean-up costs resulting from a pollution condition arising from a cyber event, provided that the claim is first made and reported to the Insurer during the policy period.

A Cyber Event is defined as any unauthorized processing of data by an Insured; any breach of laws and infringement of regulations pertaining to the maintenance, or protection of data; and any network security failure in any system or device leased, owned, operated or lost by or which is made available or accessible to the Insured for the purpose of processing data. Insured must take reasonable precautions to prevent or cease any activity which may result in a claim, and take all reasonable steps to observe and comply with all statutory or local authority laws obligations and requirements.

SPECIFIC COVERAGE PROVISIONS (cont.):

Coverage for crisis management response costs (including medical expenses, funeral expenses, psychological counseling, travel expenses temporary living expenses, expenses to secure the scene of a crisis management event) included, provided that the costs have been pre-approved by the insurer and are associated with damages that would be covered by this policy.

Supplemental coverage for Products Pollution is included for potable, reclaimed and recycled water processed at any covered location that is also a potable water or wastewater treatment plant. This coverage covers third-party claims arising out of product pollution, provided the claim is first made and reported during the policy period. The Insured's product must have been manufactured, sold, handled or distributed on or after the retro date and the clean-up costs, bodily injury or property damage must be unexpected and unintended from the standpoint of the Insured. Coverage of lead contamination of potable water is excluded.

All Named Insureds scheduled on this policy have the same rights as the First Named Insured (except for those rights specifically reserved to the first named insured); this includes any member of a pool or Joint Powers Authority specifically scheduled onto this policy.

Automatic Acquisition – Coverage for mid-term transactions for values that are less than \$25,000,000 shall be added as a covered location, upon the closing date of such acquisition, or the effective date of such lease, management, operation or maintenance right or obligation, respectively, for no additional premium, automatically.

Property valued at more than \$25,000,000 but less than \$100,000,000, purchased, leased or otherwise acquired by the Insured needs to be reported to the Insurer within 180 days, along with two (2) years of currently valued property loss runs and shall be added as a covered location upon the closing date of such acquisition for an additional premium.

Property valued at more than \$100,000,000, purchased, leased or otherwise acquired by the Insured needs to be reported to the Insurer immediately, along with two (2) years of currently valued property loss runs. Additional premium applies. For acquired locations that have underground storage tanks, the Insured must determine that all operational underground storage tanks are in material compliance with all applicable environmental laws and regulations and must obtain the most recent tank tightness testing or leak detection data conducted within sixty (60) days prior to the effective date that the Insured acquires or leases the subject location.

Illicit Abandonment is included in the definition of pollution condition.

Microbial matter and legionella pneumophila are included in the definition of Pollutant. Microbial matter is defined as mold, mildew and fungi, whether or not such microbial matter is living.

Defense Costs and Expenses are within Limits of Liability.

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

The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, any stand-alone pollution insurance purchased by a named insured, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part due to microbial matter or legionella pneumophila.

Blanket Underground Storage Tank coverage included, with a self-insured retention of \$750,000. **Note: Does not meet financial assurance requirements.**

Loss covered pursuant to any state storage tank fund, state administered insurance program or restoration funding for any underground storage tank(s) whose owners qualify for reimbursement, or any self-insurance fund established for the purpose of funding clean-up costs for pollution conditions from any underground storage tank(s), shall be considered primary insurance, to which the coverage afforded pursuant to this policy shall apply in excess. Under such primary insurance policy shall erode the \$750,000 per pollution condition self-insured retention.

Blanket Coverage included for Non-Owned Locations. Includes any transfer, storage, treatment or disposal facilities which are used by the Insured, but not owned or operated by the Insured, provided that:

- The waste materials are generated from the Insured's own site, transportation, or covered operations;
- The transfer, storage, treatment or disposal facility is properly licensed and permitted to accept and dispose of such waste and has not filed for bankruptcy as of the date of the transfer, storage, treatment or disposal of such waste;
- The transfer, storage, treatment or disposal facility is not listed or proposed to be listed on the Federal National Priorities List, or any equivalent state or local list as of policy inception.

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 claims for bodily injury or property damage, or clean-up costs for the remediation of soil, surface water, or groundwater, or clean-up costs that arise out of the inadvertent disturbance of asbestos or asbestos containing materials or lead-based paint.*
- Contractual Liability – *Does not apply liability that the Insured would have had in the absence of the contract or agreement, or the contract or agreement is an insured contract.*
- Employer Liability
- Criminal fines, penalties or assessments
- Internal Expenses - *Does not apply internal expenses incurred in response to emergency response costs, or pursuant to environmental laws that require immediate remediation of a pollution condition.*
- Insured vs. Insured

EXCLUSIONS
(including but not
limited to, cont.):

not

Coverage does not apply to any claim or loss from:

- Intentional Noncompliance – *does not apply to noncompliance based upon the Insured's good faith reliance upon the written advice of qualified outside counsel received in advance of such noncompliance, or the insured's reasonable response to mitigate a pollution condition or loss, provided that such circumstances are reported in writing to the Insurer within three (3) days of commencement.*
- Virus and Communicable Disease
- Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and Related Chemicals or Products – *includes any precursors, additives, daughter compounds or degradation by-products.*
- Prior Knowledge / Non-Disclosure
- Known Claims
- Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities
- Ports – *Defined as an Insured's own site 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 an Insured's own site whereby enplanement occurs and/or cargo is moved for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions.*
- Change in Intended Use or Operation – *Loss arising from a material change in use or operations. For purposes of determining whether a change is material, any change in use that results in more stringent remediation standards than those imposed on the insured's own site at the effective date of the period of insurance shall be considered material. This exclusion does not apply to covered operations that are performed with respect to uses and operations that are within the capacity of a public entity.*
- Professional Liability
- Regulatory Compliance – *Does not apply to any such non-compliance that occurs subsequent to release from a covered underground storage tank.*
- Cyber Event – *Does not apply to losses covered by the Cyber Event coverage in this policy.*
- Work Product – *Does not apply to covered operations.*
- Sewage Backup – *Does not apply to an Insured's own site.*
- Nuclear fuel, assemblies and components
- Offshore operations
- Property Damage to Conveyances – *does not apply to loss or claims arising from the Insured's negligence*
- Workers Compensation
- Lead Contaminated Water
- War

| | | |
|----------------------------|-----------|---|
| RETENTION: | \$150,000 | Per Pollution Incident retention except for specific retentions below |
| | \$450,000 | Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below |
| | \$ 50,000 | Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below |
| | 5 Days | Waiting Period for Business Interruption |
| SPECIFIC RETENTION: | \$250,000 | Per Named Insured retention applicable to microbial matter for K-12 school districts only – <i>does not erode the Aggregate retention</i> |
| | \$750,000 | Underground Storage Tanks Specific – <i>does not erode the Aggregate retention</i> |

CLAIMS REPORTING NOTICE

PLEASE NOTE THAT POLLUTION LIABILITY POLICIES CONTAIN EXTREMELY STRICT CLAIM REPORTING PROCEDURES. Below please find your policy specific claim reporting requirements - Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

THIS IS A CLAIMS MADE POLICY

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

LOSS REPORTING REQUIREMENTS:

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:

1) Allianz Global Corporate & Specialty
 Attn: FNOL Claims Unit
 1 Progress Point Parkway, 2nd Floor
 O'Fallon, MO 63368
 In emergency, call: (800) 558-1606
 Fax: (800) 323-6450
 Email: NewLoss@agcs.allianz.com
 Online Claims Reporting form available at:
www.agcs.allianz.com/global-offices/united-states

2) Akbar Sharif
 Alliant Insurance Services, Inc.
 1301 Dove Street, Suite 200
 Newport Beach, CA 92660
 949 260-5088
 949 756-2713 – fax
Akbar.Sharif@alliant.com

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

REINSTATEMENT PROVISIONS: Not Provided.

POLLUTION LIABILITY COST: Cost is included in Total Property Premium
25% Earned Premium at Inception; deemed 100% fully earned in the event of claim or loss

QUOTE VALID UNTIL: July 1, 2020

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

NOTES:

- *Some coverage, limits, sub-limits, terms and conditions could change. Changes will be documented and accompany the Binder Confirmation for July 1, 2020 bound terms*
- *Major pending and approved changes to the APIP Pollution Program are described below in the Summary of Proposed Changes*
- *This proposal is based on the current loss experience and is subject to change if this insured's loss ratio deteriorates further and/or if the markets suffer a catastrophic event*
- *Coverage outlined in this Summary are subject to the terms and conditions set forth in the policy*
- *Please refer to Policy for specific terms, conditions and exclusions*
- *Change in Total Insurable Values will result in adjustment in premium*

**Policyholder Information
Environmental Emergency Response and
Claim Investigation Services**

**(RETAIN FOR YOUR
RECORDS)**

Please read the information below, the Coverage Form and all attached endorsements in their entirety. If you have any questions, please contact your broker.

FOR EMERGENCY RESPONSE TO ENVIRONMENTAL INCIDENTS

As part of our commitment to customer service Allianz Global Corporate & Specialty (Allianz) has named HETI as an approved provider of environmental emergency response and claim investigation services to our insureds.

HETI is a full-service environmental company founded in 1986. Their staff of environmental engineers, industrial hygienists, geologists, hydrogeologists and remedial experts has developed specific expertise in environmental incidents.

As an Allianz insured, you can call on **HETI** twenty-four hours a day, seven days a week for emergency response services for environmental incidents.

HETI's 24/7, toll-free, emergency response hotline number is:

(1-800-347-HETI)

HETI can also respond to your questions about regulatory reporting issues/requirements, spill containment and remediation techniques. HETI will contact you directly with additional information.

ALWAYS REPORT THE INCIDENT TO US AND YOUR AGENT OR BROKER

In the event of any incident that may be covered under this policy, whether or not the HETI has been contacted, the incident should be reported to us by phone or email as soon as practicable by phone or email.

Phone: 1-800-557-1606
Email: NewLoss@agcs.allianz.com

REFER TO THE CLAIM AND NOTICE REQUIREMENTS WITHIN THE CONDITIONS OF YOUR POLICY WITH RESPECT TO ANY POLLUTION CONDITION THAT MAY RESULT IN A CLAIM.

SUMMARY OF PROPOSED CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES FOR THE 2020-2021 POLICY TERM

| Coverage | 2019-2020 | 2020-2021 Proposed Changes | Status |
|---------------------------------|--|---|-------------|
| Pollution Liability Policy Term | July 1, 2018 to July 1, 2019 | July 1, 2020 to July 1, 2021 | Update |
| Sub-limits: | <p>\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sub-limit*</p> <p>\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*</p> <p>\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sub-limit*</p> <p>\$ 250,000 Per Named Insured Crisis Management Response Costs Sub-limit</p> <p>\$ 50,000 Per Named Insured Crisis Management Loss Sub-limit</p> <p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability.</p> | <p>\$ 500,000 Per Named Insured that is a K-12 School District Per Pollution Incident Microbial Matter Sub-limit*</p> <p>\$ 500,000 Per Named Insured Aggregate that is a K-12 School District for Microbial Matter*</p> <p>\$ 100,000 Per Named Insured Per Pollution Incident Dedicated Legal Defense Sub-limit*</p> <p>\$ 250,000 Per Named Insured Crisis Management Response Costs Sub-limit</p> <p>\$ 500,000 Per Named Insured Crisis Management Response Costs Aggregate</p> <p>\$ 50,000 Per Named Insured Crisis Management Loss Sub-limit</p> <p>*Note: the above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crisis Management sub-limits and aggregate, which are in addition to the limits of liability.</p> | Enhancement |
| Other Insurance | The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part to microbial matter or legionella pneumophila. | The insurance afforded by this Policy shall apply as primary to any other valid, collectible insurance, with the exception of the following: policies specifically written to be in excess of this policy, any stand-alone pollution insurance purchased by a named insured, losses due to or associated with products pollution, any tank fund, or any loss arising in whole or in part due to microbial matter or legionella pneumophila. | Update |

SUMMARY OF PROPOSED CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES FOR THE 2020-2021 POLICY TERM

| Coverage | 2019-2020 | 2020-2021 Proposed Changes | Status |
|------------------------|---|---|-------------|
| Exclusions: | <i>Not Excluded</i> | Virus and Communicable Disease | Update |
| | <i>Not Excluded</i> | Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) and Related Chemicals or Products – <i>includes any precursors, additives, daughter compounds or degradation by-products.</i> | Update |
| Retention: | <p>\$ 100,000 Per Pollution Incident retention except for specific retentions below</p> <p>\$ 300,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below</p> <p>\$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below</p> <p>5 days Waiting Period for Business Interruption</p> | <p>\$ 150,000 Per Pollution Incident retention except for specific retentions below</p> <p>\$ 450,000 Per Named Insured Aggregate retention applicable to all Pollution Incidents except for specific retentions below</p> <p>\$ 50,000 Per Named Insured maintenance retention applicable to all Pollution Incidents except for specific retentions below</p> <p>5 days Waiting Period for Business Interruption</p> | Update |
| Minimum Earned Premium | 25% Earned Premium at Inception | 25% Earned Premium at Inception; deemed 100% fully earned in the event of claim or loss | Enhancement |

NAMED INSURED MEMBER(S):

Small Cities Organized Risk Effort

City of Biggs

City of Colfax

City of Dunsmuir

City of Etna

City of Isleton

City of Live Oak

City of Loyalton

City of Montague

City of Mt. Shasta

City of Portola

City of Rio Dell

City of Shasta Lake

City of Susanville

City of Tulelake

City of Weed

City of Yreka

Town of Loomis

**Alliant Property Insurance Program
2020-2021 Policy Year
Schedule of Insurers (Prospective)**

| Company | A.M. Best's I.D. # | A.M. Best's Guide Rating | Standard and Poor's |
|--|--------------------|--|-------------------------------|
| Allied World National Assurance Company | 012526 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 02/28/20) | A- (As of 04/03/20) |
| Arch Specialty Insurance Company | 012523 | A+, Superior; Financial Size Category 15; \$2,000,000,000 to greater (As of 10/17/19) | A+ (As of 03/26/20) |
| Aspen Specialty Insurance Company | 012630 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 04/01/20) | Not Rated (As of 05/06/20) |
| Ategrity Specialty Insurance Company | 020603 | A-, Excellent; Financial Size Category 8; \$100,000,000 to \$250,000,000 (As of 10/25/19) | Not Rated (As of 05/06/20) |
| Chubb European Group Limited | 086485 | A++ , Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 12/11/19) | AA (As of 06/24/16) |
| Endurance Worldwide Insurance Limited | 083234 | A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 08/16/19) | A+ (As of 04/26/18) |
| Evanston Insurance Co. | 003759 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/13/19) | A (As of 07/27/17) |
| Everest Indemnity Insurance Company | 012096 | A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 05/02/19) | A+ (As of 12/22/15) |
| Hallmark Specialty Insurance Co. | 010838 | A- u, (Excellent); Financial Size Category 9; \$250,000,000 to \$500,000,000 (As of 03/02/20) | Not Rated (As of 05/06/20) |
| Homeland Insurance Company of New York (OneBeacon) | 010604 | A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 04/23/20) | Not Rated (As of 05/06/20) |
| Interstate Fire and Casualty Ins. Co. (Pollution) | 002267 | A+, Superior; Financial Size Category 15; \$2,000,000,000 or greater (As of 09/05/19) | AA (As of 12/02/19) |
| Ironshore Specialty Insurance Company | 013866 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or greater (As of 05/30/19) | A (As of 05/02/17) |

**Alliant Property Insurance Program
2020-2021 Policy Year
Schedule of Insurers (Prospective)**

| Company | A.M. Best's I.D. # | A.M. Best's Guide Rating | Standard and Poor's |
|--|--------------------|---|-------------------------|
| Lancashire Insurance Company (UK) Ltd. | 078390 | A, Excellent; Financial Size Category 12; \$1,000,000,000 to \$1,250,000,000 (As of 09/26/19) | A- (As of 02/28/18) |
| Landmark American Insurance Co. | 012619 | A+, Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 10/30/19) | A+ (As of 04/18/18) |
| Lexington Insurance Company | 002350 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/12/19) | A+ (As of 05/17/19) |
| Liberty Mutual Fire Insurance Company | 002282 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 05/30/19) | A (As of 07/17/14) |
| Lloyd's of London | 085202 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/10/19) | A+ (As of 06/14/19) |
| National Union Fire Insurance Co. | 002351 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/12/19) | A+ (As of 05/17/19) |
| PartnerRe Ireland Insurance Ltd. | 088621 | A+ u, (Superior); Financial Size Category 15; \$2,000,000,000 or Greater (As of 03/05/20) | A+ (As of 03/03/20) |
| RSUI Indemnity Company | 012603 | A+, Superior; Financial Size Category 14; \$1,500,000,000 to \$2,000,000,000 (As of 10/30/19) | A+ (As of 04/18/18) |
| QBE Specialty Insurance Company | 012562 | A, Excellent; Financial Size Category 15; \$2,000,000,000 or Greater (As of 07/05/19) | A+ (As of 06/30/18) |
| Westport Insurance Corporation | 000347 | A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/20/19) | AA- (As of 10/28/11) |
| XL Insurance America Inc. | 002423 | A+, Superior; Financial Size Category 15; \$2,000,000,000 or Greater (As of 12/12/19) | AA- (As of 11/19/18) |



ALLIANT PROPERTY INSURANCE PROGRAM
PROPOSED LIST OF CARRIERS
JULY 1, 2020 TO JULY 1, 2021

| | |
|---|--|
| Arch Specialty Insurance Company | Lancashire Insurance Company (UK) Ltd. |
| Allied World National Assurance Company | Landmark American Insurance Co. (RSUI) |
| Ategrity Specialty Insurance Company | Lexington Insurance Company |
| Aspen Insurance UK Limited | Liberty Mutual Fire Insurance Company |
| Chubb European Group Limited | Lloyd's of London |
| Everest Indemnity Insurance Company | National Union Fire Insurance Company |
| Endurance Worldwide Insurance Limited | Partner Re Ireland Insurance Ltd |
| Evanston Insurance Company | RSUI Indemnity Company |
| Hallmark Specialty Insurance Company | QBE Specialty Insurance Company |
| Homeland Insurance Company of New York | Westport Insurance Corporation |
| Interstate Fire and Casualty Ins. Co. | XL Insurance America, Inc. |
| Ironshore Specialty Insurance Company | |

Alliant Insurance Services Inc.
2180 Harvard Street, Ste 460 Sacramento, CA 95815

| | |
|---|---|
| NAMED INSURED: Small Cities Organized Risk Effort | INVOICE DATE: June 12, 2020 CUSTOMER NUMBER: SMALCIT-02 EFFECTIVE DATE: July 1, 2020 |
|---|---|

| | |
|---|--------------------------|
| INSURANCE CO: Various POLICY NUMBER: PPROP2021 | INVOICE NUMBER: 10113468 |
| Total Property Premium: | \$ 708,647.00 |
| ABS Fee: | \$ 8,754.00 |
| Estimated SLT&F's | \$ 23,147.93 |
| Broker Fee: | \$ 0.00 |
| ALL RISK PROPERTY SUBTOTAL | \$ 740,548.93 |

| | |
|---|--------------------------|
| INSURANCE CO: Various POLICY NUMBER: PBOILER2021 | INVOICE NUMBER: 20113468 |
| EXCESS BOILER & MACHINERY SUBTOTAL | \$ 3,597.00 |

| | |
|-------------------------------|----------------------|
| TOTAL DUE AT THIS TIME | \$ 744,145.93 |
|-------------------------------|----------------------|

Total Due includes Premiums, Taxes and Fees where applicable. The Cyber Enhancement premium, should you have elected to purchase this coverage, is not included as part of this invoice.

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 20, 2020. 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. 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.

Coverages, limits, sub-limits, terms and conditions could change. All changes will be advised prior to binding and accompany the Binder Confirmation for July 1, 2020 bound terms.

Important Notice of Remittance Payment Address Change

We have implemented lockbox deposit services with our Bank. Please use this new address to avoid delays in processing your payments.

Effective Immediately, please mail all future checks along with your remittance detail invoice to the following:

Standard Mail Remittance Address:

Alliant Insurance Services, Inc. – NPB Main
P.O. Box 8473
Pasadena, Ca 91109-8473

Overnight/Courier Remittance Address:

Alliant Insurance Services, Inc. – Lockbox # 8473 – NPB Main
Comerica Bank
5th Floor
2321 Rosecrans Avenue
El Segundo, CA 90245

Trended Values

Not Trended

SUMMARY OF VALUES
AS OF JUNE 12, 2020

Filter: Selected records

| MEMBER | REAL PROPERTY | PERSONAL PROPERTY | BI / RENTS | VEHICLES | MOBILE EQUIPMENT | FINE ARTS | TAX INTERRUPTION | TOTAL VALUES | EARTHQUAKE | FLOOD |
|---|---------------|-------------------|------------|--------------|------------------|-----------|------------------|-------------------------|------------|-------|
| SMALL CITIES ORGANIZED RISK EFFORT | | | | | | | | | | |
| CITY OF BIGGS | \$7,204,149 | \$2,805,260 | \$0 | \$335,000 | \$243,300 | \$0 | \$0 | \$10,587,709 | \$0 | \$0 |
| CITY OF COLFAX | \$9,467,845 | \$3,524,412 | \$0 | \$1,567,615 | \$1,000,554 | \$0 | \$0 | \$15,560,426 | \$0 | \$0 |
| CITY OF DUNSMUIR | \$15,700,836 | \$2,412,850 | \$18,000 | \$1,125,525 | \$0 | \$0 | \$0 | \$19,257,211 | \$0 | \$0 |
| CITY OF ETNA | \$8,033,800 | \$630,413 | \$8,000 | \$551,747 | \$0 | \$0 | \$0 | \$9,223,960 | \$0 | \$0 |
| CITY OF ISLETON | \$4,789,600 | \$646,834 | \$0 | \$1,162,182 | \$207,468 | \$0 | \$0 | \$6,806,084 | \$0 | \$0 |
| CITY OF LIVE OAK | \$24,414,626 | \$10,802,959 | \$131,000 | \$1,413,980 | \$855,600 | \$0 | \$0 | \$37,618,165 | \$0 | \$0 |
| TOWN OF LOOMIS | \$2,888,600 | \$401,314 | \$0 | \$341,938 | \$0 | \$0 | \$0 | \$3,631,852 | \$0 | \$0 |
| CITY OF LOYALTON | \$7,778,900 | \$1,615,472 | \$10,000 | \$1,593,352 | \$380,000 | \$0 | \$0 | \$11,377,724 | \$0 | \$0 |
| CITY OF MONTAGUE | \$9,553,000 | \$3,461,151 | \$0 | \$1,727,500 | \$120,500 | \$0 | \$0 | \$14,862,151 | \$0 | \$0 |
| CITY OF MOUNT SHASTA | \$8,610,693 | \$2,992,861 | \$34,000 | \$0 | \$7,800 | \$0 | \$425,000 | \$12,070,354 | \$0 | \$0 |
| CITY OF PORTOLA | \$6,101,500 | \$1,045,768 | \$0 | \$1,215,500 | \$490,000 | \$0 | \$0 | \$8,852,768 | \$0 | \$0 |
| CITY OF RIO DELL | \$9,535,400 | \$6,134,720 | \$5,000 | \$150,711 | \$371,700 | \$0 | \$0 | \$16,197,531 | \$0 | \$0 |
| | | | | | | | | \$808,971 | | |
| | | | | | | | | * Value includes COC of | | |
| CITY OF SHASTA LAKE | \$42,507,707 | \$19,962,987 | \$50,874 | \$1,955,030 | \$234,003 | \$0 | \$0 | \$64,710,601 | \$0 | \$0 |
| | | | | | | | | \$8,684,873 | | |
| | | | | | | | | * Value includes COC of | | |
| CITY OF SUSANVILLE | \$18,528,225 | \$5,657,726 | \$139,000 | \$4,961,342 | \$117,300 | \$0 | \$0 | \$29,403,593 | \$0 | \$0 |
| CITY OF TULE LAKE | \$7,862,400 | \$2,518,900 | \$127,902 | \$575,000 | \$0 | \$0 | \$0 | \$11,084,202 | \$0 | \$0 |
| CITY OF WEED | \$11,915,022 | \$2,630,922 | \$0 | \$1,211,163 | \$6,462,146 | \$0 | \$0 | \$22,219,253 | \$0 | \$0 |
| CITY OF YREKA | \$39,941,782 | \$12,117,025 | \$47,300 | \$1,286,319 | \$5,366,089 | \$0 | \$0 | \$58,758,515 | \$0 | \$0 |
| SMALL CITIES ORGANIZED RISK EFFORT TOTALS: | \$234,834,085 | \$79,361,574 | \$571,076 | \$21,173,904 | \$15,856,460 | \$0 | \$425,000 | \$352,222,099 | \$0 | \$0 |
| GRAND TOTALS: | \$234,834,085 | \$79,361,574 | \$571,076 | \$21,173,904 | \$15,856,460 | \$0 | \$425,000 | \$352,222,099 | \$0 | \$0 |

ALLIANT INSURANCE SERVICES

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

June 12, 2020

Named Insured: **Small Cities Organized Risk Effort**

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance. The below is for TRIA coverage as issued by the United States of America and is not tied to or representative of the Terrorism coverage offered in our property insurance program.

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury--in consultation with the Secretary of Homeland Security, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS, WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES [85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020]OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE CAN BE REQUESTED BELOW AND WILL NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

**SELECTION OR REJECTION OF THE TERRORISM RISK INSURANCE ACT, as AMENDED
(A.K.A.: TRIA, TRIEA, TRIPRA, TRIP OR TRIPA. We refer to these collectively as "TRIA".)**

THIS COVERAGE IS OUTSIDE OF THE PROGRAM'S TERRORISM COVERAGES AND LIMITS. IT IS PROVIDED AND OVERSEEN BY THE U.S. GOVERNMENT.

THIS COVERAGE IS CONSIDERED RESTRICTIVE COMPARED TO THE APIP TERRORISM LIMITS AND COVERAGES AVAILABLE. THIS ACT DOES NOT FOLLOW OUR PROGRAM'S TERRORISM POLICIES.

HOWEVER IF YOU'D LIKE A QUOTE FOR TRIA COVERAGE, PLEASE CHECK THE "I AM INTERESTED" BOX. OTHERWISE, PLEASE CHECK THE "DECLINE" BOX. YOUR SIGNATURE FOR CONFIRMATION OF RECEIPT IS REQUIRED. ANY QUESTIONS? PLEASE CALL YOUR SERVICE TEAM MEMBER.

| | |
|--|---|
| | I am interested in receiving a quote for Terrorism Risk Insurance Act coverage as required by law to be offered under the last amended Act. Please provide me with a quote. |
| | I hereby decline to purchase Terrorism Risk Insurance Act coverage as required by law to be offered under the last amended Act. |

Policyholder/applicant signature

Print Name

Date

Small Cities Organized Risk Effort

IMPORTANT NOTICE:

- 1. The insurance policy that you are applying to purchase is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**
- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC’s**

International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or “surplus line” broker to obtain more information about that insurer.

7. California maintains a “List of Approved Surplus Line Insurers (LASLI).” Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker’s fee charged for this insurance will be returned to you.

Date: _____

Insured: _____

D-1 (Effective January 1, 2020)

Disclosures / Disclaimers

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 your organization. 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. 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 via this [AmBest Consumer Web link](#). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at 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 and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. 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.

Privacy

At Alliant, one of our top priorities is making sure that the information we have about you is protected and secure. We value our relationship with you and work hard to preserve your privacy and ensure that your preferences are honored. At the same time, the very nature of our relationship may result in Alliant's collecting or sharing certain types of information about you in order to provide the products and services you expect from us. Please take the time to read our full Privacy Policy posted at www.alliant.com, and contact your Alliant service team should you have any questions.

Other Disclosures / Disclaimers Cont.

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

NRRA:

(Applicable if the insurance company is non-admitted)

The Non-Admitted and 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 must be promptly remitted to Alliant Insurance Services, Inc.

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Mergers and/or acquisition and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Loss Notification Requirements:

Your policy will come with specific claim reporting requirements. Please make sure your organization understands these obligations and time limitations which are outlined in the attached Loss Notification documents. Contact your Alliant Service Team with any questions.

Coverages, limits, sub-limits, terms and conditions could change. All changes will be advised prior to binding and accompany the Binder Confirmation for July 1, 2020 bound terms.

Binding Requirements Recap

Required no later than June 28, 2020:

- Signed and dated Request to Bind Coverage form (below)
- Signed and dated Surplus Lines forms as required by your state and attached to this proposal*
- Signed and dated APIP Claims Reporting Acknowledgement(s) Receipt Form
- Signed and dated Terrorism Risk Insurance ACT of 2002 as amended (a.k.a. TRIPRA 2015)

*- only required for coverage in the following states: AR, CA, CT, FL, KS, MA, MT, NE, NY, NC, ND, OH, RI, WV, WY

Request to Bind Coverage

Small Cities Organized Risk Effort

We have reviewed the proposal and agree to the terms and conditions of the coverages presented.

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers, disclosures, and loss notification requirements including exposures used to develop insurance terms, contained within this proposal.

| | |
|--|----------------------|
| _____ Signature of Authorized Insured Representative | _____ Date |
| _____ Title | |
| _____ Printed / Typed Name | |

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.*

Did you know that Alliant works with premium financing companies?

Are you interested in financing your annual premium?

| | |
|---|---|
| Yes, please provide us with a financing quote. | No, we do not wish to finance our premium. |
|---|---|

LOSS NOTIFICATION REQUIREMENT

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

Claim notifications need to be sent to Robert Frey, Diana Walizada and Sandra Doig. In the event this is a *Cyber* loss please include item III contact, for a *Pollution* loss please include item IV contact in addition to Alliant Insurance Services contacts.

- I. During regular business hours (between 8:30 AM and 5:00 PM PST), First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Robert A. Frey, RPA
Senior Vice President, Regional Claims Director
Voice: (415) 403-1445 Cell: (415) 518-8490
Email: rfrey@alliant.com

Diana L. Walizada, AIC, CPIW, RPA, AINS
Vice President, Claims Unit Manager
Voice: (415) 403-1453
Email: dwalizada@alliant.com

Address:

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

- II. Please be sure to include APIP's Claim Administrator as a CC on all Claims correspondence:

Sandra Doig
McLaren's Global Claims Services
1301 Dove St., Suite 200
Newport Beach, CA 92660
Voice: (949) 757-1413 Fax: (949) 757-1692
Email: sandra.doig@mclarens.com

Address:

- III. Cyber Liability Carrier Beazley NY needs to also be provided with Notice of Claim immediately (if purchased):

Beth Diamond
Beazley Group
1270 Avenue of the America's, Suite 1200
New York, NY 10020
Fax: (546) 378-4039
Email: tmbclaims@beazley.com

Address:

Elaine G. Tizon, CISR
Assistant Vice President, Claims Advocate
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1458 Fax: (415) 403-1466
Email: elaine.tizon@alliant.com

Address:

- IV. Pollution Liability Carrier Allianz Global Corporate & Specialty (if purchased):

Allianz Global Corp. & Specialty Att: FNOL Claims Unit
1 Progress Point Parkway, 2nd Floor
O'Fallon, MO 63368
In emergency call: (800) 558-1606
Fax: (800) 323-6450
Email: NewLoss@agcs.allianz.com

Address:

Akbar Sharif
Claims Advocate
1301 Dove St. Ste. 200
Newport Beach, CA 92646
Voice: (949) 260-5088 Fax: (415) 403-1466
Email: Akbar.Sharif@alliant.com

Address:

Please include the Insured /JPA name along with the following information when reporting claims:

- Time, date and specific location of property damaged
- A description of the incident that caused the damage (such as fire, theft or water damage)
- Estimated amount of loss in dollars
- Contact person for claim including name, title, voice & fax numbers
- Complete and return the Property Loss Notice for processing.
- Mortgagee or Loss Payee name, address, and account number

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 as attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned e-mail or mail to have it be included in your insurance records.

- APIP Property Claims Reporting
- Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased
- Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs In effect: July 1, 2020 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: Small Cities Organized Risk Effort

Authorized Signature:

Print Name

Date

Title:

**IN THE EVENT OF A
PROPERTY LOSS:**

- 1) *Follow your organization 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 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 Global Claims Services AND your Alliant representative*

PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: rfrey@alliant.com AND dwalizada@alliant.com

Carbon Copy APIP Claims Administrator: sandra.doig@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

- Real Property
- Vehicles
- Personal Property
- Other

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____ Email Address: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Robert A. Frey & Diana L. Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: _____

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: _____

Per the PEPIP USA Form Master Policy Wording, Section IV General Conditions;

J. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

**IN THE EVENT OF A
CYBER LOSS:**

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

tmbclaims@beazley.com

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 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
CC Alliant Claims Department:
elaine.tizon@alliant.com , and your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____ Email Address: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services – Claims Point of Contact: Elaine Tizon

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

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

Policy Information

Policy Number: _____ Policy Period: _____

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: _____

A. 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.

ALLIANZ GLOBAL CORPORATE & SPECIALTY

IN THE EVENT OF AN

ENVIRONMENTAL EMERGENCY:

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

800-558-1606

- 4) *Report the incident to Alliant*

Akbar Sharif
Claims Advocate
949-260-5088
415-403-1466 – fax
Akbar.Sharif@alliant.com

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.

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

SEND TO: ALLIANZ GLOBAL CORPORATE & SPECIALTY
BY MAIL: 1 Progress Point Parkway, 2nd Floor
BY FAX: (800) 323-6450
BY EMAIL: NewLoss@agcs.allianz.com
CC Alliant Insurance: Akbar.Sharif@alliant.com and your Alliant Representative

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident Potential Claim Other _____
 Third-Party Claim Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ **Point of Contact:** _____

Address: _____

Phone #: _____ **Email Address:** _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims **Point of Contact:** Akbar Sharif

Address: 1301 Dove St. Ste. 200 Newport Beach, CA 92660

Phone #: 1-949-260-5088

Policy Information

Policy Number: _____ **Policy Period:** _____

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

Loss Information

Date of Incident/Claim: _____ **Location:** _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ **Signature:** _____



PEPIP USA FORM No. ~~1516~~
MASTER POLICY WORDING

COVERAGE INCEPTING
FROM JULY 1, ~~2019~~2020 TO JULY 1,
20202021

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-----------------------------|
| SECTION I | 5 |
| GENERAL PROVISIONS | 5 |
| A. INSURING AGREEMENT | 5 |
| B. NAMED INSURED | 5 |
| C. MAILING ADDRESS OF NAMED INSURED | 5 |
| D. POLICY PERIOD..... | 5 |
| E. LIMITS OF LIABILITY | 5 |
| F. OPTIONAL COVERAGE PARTICIPATION..... | 7 |
| G. DEDUCTIBLE PROVISIONS | 8 |
| H. UNIT OF INSURANCE DEFINED | 8 |
| I. PRIORITY OF PAYMENTS..... | 8 |
| SECTION II | 9 |
| PROPERTY DAMAGE | 9 |
| A. COVERAGE..... | 9 |
| B. EXTENSIONS OF COVERAGE | 9 |
| 1. PERSONAL EFFECTS | 9 |
| 2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS | 9 |
| 3. FIRE FIGHTING EXPENSES | 10 |
| 4. OFF PREMISES SERVICES INTERRUPTION..... | 10 |
| 5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES..... | 10 |
| 6. EXPEDITING EXPENSES..... | 11 |
| 7. DEBRIS REMOVAL..... | 11 |
| 8. BUILDING LAWS..... | 11 |
| 9. DEMOLITION COST | 11 |
| 10. INCREASED COST OF CONSTRUCTION..... | 11 |
| 11. ERRORS & OMISSIONS | 12 ¹³ |
| 12. ANIMALS | 12 ¹³ |
| 13. VALUABLE PAPERS | 12 ¹³ |
| 14. TRANSIT..... | 12 ¹³ |
| 15. VEHICLES WHILE ON INSURED PREMISES | 13 ¹⁴ |
| 16. ASBESTOS CLEAN UP AND REMOVAL..... | 13 ¹⁴ |
| 17. PROTECTION AND PRESERVATION OF PROPERTY | 13 ¹⁴ |
| 18. LEASEHOLD INTEREST | 14 ¹⁵ |
| 19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS..... | 14 ¹⁵ |
| 20. MISCELLANEOUS UNNAMED LOCATIONS..... | 15 ¹⁶ |
| 21. ACCIDENTAL CONTAMINATION..... | 16 ¹⁷ |
| C. PROPERTY NOT COVERED..... | 16 ¹⁷ |
| D. LOSS PAYMENT BASIS / VALUATION..... | 17 ¹⁸ |
| SECTION III..... | 20 ²¹ |
| BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL INCOME, TAX REVENUE INTERRUPTION AND TUITION INCOME..... | 20 ²¹ |

| | | |
|-----------|---|-------------|
| A. | COVERAGE..... | <u>2021</u> |
| 1. | BUSINESS INTERRUPTION | <u>2021</u> |
| 2. | EXTRA EXPENSE..... | <u>2122</u> |
| B. | EXTENSIONS OF COVERAGE | <u>2122</u> |
| 1. | INGRESS / EGRESS | <u>2122</u> |
| 2. | INTERRUPTION BY CIVIL AUTHORITY..... | <u>2122</u> |
| 3. | DEMOLITION AND INCREASED TIME TO REBUILD..... | <u>2122</u> |
| 4. | CONTINGENT TIME ELEMENT COVERAGE | <u>2223</u> |
| 5. | TAX REVENUE INTERRUPTION | <u>2223</u> |
| 6. | EXTENDED PERIOD OF INDEMNITY | <u>2324</u> |
| 7. | EXPENSES TO REDUCE LOSS..... | <u>2324</u> |
| C. | EXCLUSIONS..... | <u>2324</u> |
| D. | CONDITIONS APPLICABLE TO THIS SECTION..... | <u>2324</u> |
| E. | DEFINITIONS..... | <u>2425</u> |
| 1. | GROSS EARNINGS | <u>2425</u> |
| 2. | MERCHANDISE..... | <u>2425</u> |
| 3. | EXTRA EXPENSE..... | <u>2425</u> |
| 4. | RENTAL VALUE | <u>2526</u> |
| 5. | PERIOD OF RESTORATION | <u>2526</u> |
| | SECTION IV | <u>2627</u> |
| | GENERAL CONDITIONS | <u>2627</u> |
| A. | PERILS COVERED | <u>2627</u> |
| B. | EXCLUSIONS..... | <u>2627</u> |
| C. | STATUTES..... | <u>3132</u> |
| D. | TERRITORIAL LIMITS..... | <u>3132</u> |
| E. | REINSTATEMENT | <u>3132</u> |
| F. | FREE ON BOARD (F.O.B.) SHIPMENTS..... | <u>3132</u> |
| G. | BREACH OF CONDITIONS | <u>3132</u> |
| H. | PERMITS AND PRIVILEGES..... | <u>3132</u> |
| I. | PROTECTIVE SAFEGUARDS | <u>3233</u> |
| J. | NO BENEFIT TO BAILEE..... | <u>3233</u> |
| K. | NOTICE OF LOSS..... | <u>3233</u> |
| L. | ARBITRATION OF VALUE | <u>3233</u> |
| M. | PROOF OF LOSS..... | <u>3334</u> |
| N. | SETTLEMENT OF LOSS..... | <u>3435</u> |
| O. | SUBROGATION..... | <u>3435</u> |
| P. | CANCELLATION..... | <u>3435</u> |
| Q. | ABANDONMENT | <u>3435</u> |
| R. | ASSIGNMENT..... | <u>3536</u> |
| S. | SALVAGE..... | <u>3536</u> |

| | | |
|----------------------------|---|-------------|
| T. | OTHER INSURANCE | <u>3536</u> |
| U. | EXCESS INSURANCE | <u>3536</u> |
| V. | RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS | <u>3536</u> |
| W. | CONCEALMENT AND FRAUD..... | <u>3637</u> |
| X. | FULL WAIVER | <u>3637</u> |
| Y. | SUIT AGAINST COMPANY..... | <u>3637</u> |
| Z. | JOINT LOSS ADJUSTMENT – BOILER & MACHINERY | <u>3637</u> |
| AA. | JOINT LOSS ADJUSTMENT – EXCESS PROPERTY | <u>3738</u> |
| AB. | LENDER’S LOSS PAYABLE..... | <u>3738</u> |
| AC. | SEVERAL LIABILITY NOTICE..... | <u>3940</u> |
| AD. | LOSS PAYABLE PROVISIONS | <u>3940</u> |
| AE. | ELECTRONIC DATA | <u>4142</u> |
| AF. | LOSS ADJUSTMENT SERVICES..... | <u>4243</u> |
| AG. | SERVICE OF SUIT CLAUSE (USA) APPLICABLE TO EXCESS CARRIERS..... | <u>4243</u> |
| AH. | DEFINITIONS..... | <u>4445</u> |
| 1. | OCCURRENCE..... | <u>4445</u> |
| a. | <i>Windstorm</i> | <u>4445</u> |
| b. | <i>Flood</i> | <u>4445</u> |
| c. | <i>Flood Zone A and V</i> | <u>4546</u> |
| d. | <i>Earthquake Shock</i> | <u>4546</u> |
| 2. | PERSONAL PROPERTY OF OTHERS..... | <u>4647</u> |
| 3. | IMPROVEMENTS AND BETTERMENTS | <u>4647</u> |
| 4. | VALUABLE PAPERS AND RECORDS | <u>4647</u> |
| 5. | TIER I WINDSTORM COUNTIES..... | <u>4748</u> |
| 6. | TIER 2 WINDSTROM COUNTIES | <u>4849</u> |
| AI. | ADDITIONAL INSURED’S / LOSS PAYEES..... | <u>4950</u> |
| SECTION V | | <u>5051</u> |
| FINE ARTS | | <u>5051</u> |
| A. | COVERAGE..... | <u>5051</u> |
| 1. | PROPERTY COVERED | <u>5051</u> |
| 2. | “WALL TO WALL” (“NAIL TO NAIL”) COVERAGE | <u>5051</u> |
| B. | EXCLUSIONS..... | <u>5051</u> |
| C. | LOSS PAYMENT BASIS / VALUATION..... | <u>5152</u> |
| D. | SPECIAL CONDITIONS..... | <u>5253</u> |
| SECTION VI | | <u>5455</u> |
| CONTRACTORS EQUIPMENT..... | | <u>5455</u> |
| A. | COVERAGE..... | <u>5455</u> |
| B. | PERILS EXCLUDED | <u>5455</u> |
| C. | PROPERTY EXCLUDED | <u>5556</u> |

| | |
|--|-------------|
| D. LOSS PAYMENT BASIS / VALUATION..... | <u>5556</u> |
| E. SPECIAL CONDITIONS..... | <u>5657</u> |
| SECTION VII..... | <u>5758</u> |
| ACCOUNTS RECEIVABLE..... | <u>5758</u> |
| A. COVERAGE..... | <u>5758</u> |
| B. EXCLUSIONS..... | <u>5758</u> |
| C. LOSS PAYMENT BASIS / VALUATION..... | <u>5758</u> |
| D. DEFINITIONS: | <u>5859</u> |
| SECTION VIII..... | <u>5960</u> |
| UNMANNED AIRCRAFT | <u>5960</u> |
| A. COVERAGE..... | <u>5960</u> |
| B. PERILS EXCLUDED | <u>5960</u> |
| D. LOSS PAYMENT BASIS / VALUATION..... | <u>6061</u> |
| E. SPECIAL CONDITIONS..... | <u>6061</u> |
| F. DEFINITIONS..... | <u>6162</u> |
| SECTION IX | <u>6263</u> |
| BOILER AND MACHINERY BREAKDOWN EXTENSION | <u>6263</u> |
| ENDORSEMENT 1..... | <u>7273</u> |
| ENDORSEMENT 2..... | <u>7374</u> |
| ENDORSEMENT 3..... | <u>7475</u> |
| ENDORSEMENT 4..... | <u>7576</u> |
| ENDORSEMENT 5..... | <u>7677</u> |

SECTION I

GENERAL PROVISIONS

A. INSURING AGREEMENT

In consideration of the premium paid by the Named Insured to the Company, the Company agrees to insure the following per the terms and conditions herein.

B. NAMED INSURED

As shown on the Declaration page, or as listed in the Declaration Schedule Addendum attached to this ~~policy~~ Policy.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required or has agreed to provide coverage, or as so named in the "Named Insured Schedule" on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern, are covered within the limits provided to the individual Named Insured.

Lessors ~~and other party(ies)~~ of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability.

Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

C. MAILING ADDRESS OF NAMED INSURED

AS PER DECLARATION PAGE

D. POLICY PERIOD

AS PER DECLARATION PAGE

E. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of ~~the of~~ whether one or more of the coverages of this Policy are involved shall not exceed:

1. LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item.

- a. Per occurrence, and in the annual aggregate as respects the peril of flood (for those Named Insured(s) that participate in this optional dedicated coverage);
- b. Per occurrence, and in the annual aggregate as respects the peril of earthquake shock for those Named Insured(s) that participate in this optional dedicated coverage;
- c. Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees) ;
- d. Extra Expense;
- e. Miscellaneous Unscheduled Property;
- f. Automatic Acquisition. As per policy provisions;
- g. Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf if specific values for such items have not been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc. This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V;
- h. Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf if specific values for such items have been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- i. Errors & Omissions;
- j. Course of Construction and Additions;
- k. Money and Securities for Fire, Wind, Hail, Explosion, Smoke, Lightning, Riot, Civil Commotion, Impact by Aircraft or Objects falling there from, Impact by Vehicles, Water Damage and Theft (other than by an employee of the Named Insured(s));
- l. Prize Giveaways solely as respects Named Insured(s) that participate in this optional coverage;
- m. Unscheduled Fine Arts (as more fully defined herein);
- n. Accidental Contamination including owned land, land values and water owned by the Named Insured(s);
- o. Unscheduled infrastructure including but not limited to tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets ~~(including guardrails)~~, sidewalks ~~(including guardrails)~~, culverts, channels, levees, dikes, berms, embankments, landfills, docks, piers, wharves, street lights, traffic signals, meters, road way or highway fencing, (including guardrails), and all similar property unless specific values for such items have been reported as part of a Named Insured(s) schedule of values held on file in the offices of Alliant Insurance Services, Inc. Unscheduled Infrastructure coverage is excluded for the peril of Earthquake Shock, and for Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters, providing said declaration provides funding for repairs; Landfills include underground liners, installed liners, or liners while being installed; installed geotextile mats or geotextile mats while being installed; installed collection pipes or collection pipes while being installed; any material or substance that make up the landfill; embankments; or material deposited or disposed thereon. Landfills do not include the following located at a landfill site:
 1. buildings

2. machinery and equipment

3. stock and supplies

4. contractor's equipment

5. vehicles.

- p. Increased Cost of Construction due to the enforcement of building codes / ordinance or law. As per policy provisions;
- q. Transit;
- r. Unscheduled Animals;
- s. Unscheduled Watercraft; up to 27 feet. Unscheduled watercraft over 27 feet if held for sale by the insured.
- t. Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s);
- u. Separately as respects Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Value, and Contingent Tuition Income;
- v. Per occurrence and in the annual aggregate as respects the peril of Earthquake Shock for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all Named Insured(s) of this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- w. Per occurrence and in the annual aggregate as respects the peril of Flood for licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all Named Insured(s) of this Declaration combined that do not purchase optional Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc.;
- x. Claim Preparation Expenses;
- y. Expediting Expenses;
- z. Separately as respects furs, jewelry, precious metals and precious stones;
- aa. Business Interruption for Power Generation Facilities, which is understood to be part of and not additional to the sub-limit of liability set forth in Item 2 c. above;
- ab. Personal Property outside the U.S.A.;
- ac. Unmanned Aircraft. As per policy provisions
- ad. Mold/Fungus Resultant Damage. As per policy provisions
- ae. Boiler Explosion and Machinery Breakdown (for those Named Insured(s) that participate in this optional dedicated coverage).

F. OPTIONAL COVERAGE PARTICIPATION

It is understood and agreed that certain Named Insured's participate in Optional Coverage on this Policy as set forth below.

OPTIONAL COVERAGES IDENTIFICATION:

- 1. Earthquake Shock
- 2. Licensed Vehicles – Off Premises
- 3. Scheduled Fine Arts
- 4. Flood
- 5. Boiler Explosion & Machinery Breakdown

Such participation in the optional coverage(s) by the Named Insured is indicated in the Declaration Page, and/or by endorsement to this policy.

G. DEDUCTIBLE PROVISIONS

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.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by member of a joint powers authority (JPA) or risk sharing pool (Pool), or the coverage part pertaining to the loss.

Unless a more specific deductible is applicable for a particular loss, the “Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

The “JPA/Pool Basic Deductible” – when applicable will be in excess of a JPA or Pool member’s deductible amount. The Named Insured(s) deductible amount will be agreed upon between the JPA or Pool and its members. The “JPA/Pool Basic Deductible” shown in the Declaration Page, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable constituent members’ deductible and the “JPA/Pool Basic Deductible”, until the “JPA/Pool Annual Aggregate Amount” is exhausted.

The “JPA/Pool Annual Aggregate Amount” - when applicable is the accumulation of payments made by the JPA or Pool that are categorized as “JPA/Pool Basic Deductibles” above. Once the annual aggregate amount is reached, all subsequent losses in chronological order are subject to the “JPA/Pool Maintenance Deductible” indicated in the Declaration Page. As with the “JPA/Pool Basic Deductible” this maintenance deductible will be applicable in excess of the applicable JPA or Pool constituent member’s deductible.

“Vehicle Physical Damage deductible” - if Off-Premises coverage is included/purchased, 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/In-Yard coverage is subject to the All Risk “Basic Deductible”.

H. UNIT OF INSURANCE DEFINED

In the application of the Earthquake Shock, or specified Wind deductibles, in accordance with the provisions of this Policy, each of the following shall be considered a Separate Unit of Insurance:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.

The Company shall not be liable for loss to any Unit of Insurance covered hereunder unless such loss exceeds the percentages stated in this Policy of the replacement values of such Unit of Insurance at the time when such loss shall happen, and then only for its proportion of such excess.

I. PRIORITY OF PAYMENTS

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.

SECTION II

PROPERTY DAMAGE

A. COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this Policy insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Named Insured, or property of others in the care, custody or control of the Named Insured, for which the Named Insured is liable, or under the obligation to insure.

B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the [policy](#) ~~Policy~~ except insofar as they are explicitly providing additional coverage.

1. PERSONAL EFFECTS

This Policy is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Named Insured named in this Policy for which the Named Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Named Insured.

2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this Policy will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

Additional Expenses - Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Named Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this Policy. The Company will pay covered expenses when they are incurred.

- a. **Additional Interest Coverage** – The Company will pay the additional interest on money the Named Insured borrows to finance construction or repair.
- b. **Rent or Rental Value Coverage** – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the

Company will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue.

- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Named Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Named Insured incurs as a result of a delay in the completion of the project.

3. FIRE FIGHTING EXPENSES

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this Policy.

4. OFF PREMISES SERVICES INTERRUPTION

It is understood and agreed that coverage under this Policy is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period of any suppliers furnishing incoming electricity, fuel, gas, water, steam or refrigeration or outgoing sewerage, heat, light, power, ~~gas, water~~, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) of this form.

5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES

This Policy also insures as a direct result of physical loss or damage insured hereunder, any of the following:

- a. Architects and engineers fees
- b. Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

6. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this Policy includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Named Insured, including overtime and the extra costs of express or other rapid means of transportation. This coverage provided by this clause is sub-limited to USD as per the Declaration Page.

7. DEBRIS REMOVAL

This Policy also covers expenses incurred in the removal of debris of the property covered hereunder from the premises of the Named Insured that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

8. BUILDING LAWS

This Policy is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the policy period and occasioned by the enforcement of any ~~local or state~~ ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this Policy.

9. DEMOLITION COST

In the event of physical damage to property insured by a covered peril, this ~~policy~~Policy is extended to cover the cost of, and the additional period of time required for, demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from enforcement of any ~~local or state~~ ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

10. INCREASED COST OF CONSTRUCTION

In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of, and the additional period of time required for, repair or replacement ~~occasioned~~caused by the enforcement of any ~~local or state~~ ordinance or law (including written guidelines used by the department of corrections in any state) regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.

Insurance under this section does not apply to:

a. Costs associated with the enforcement of any ordinance or law which requires any

Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or

b. Loss due to any ordinance or law that:

i. The Named Insured was required to comply with before the loss even if the building was undamaged; and

ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

11. ERRORS & OMISSIONS

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Named Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E of this form. This extension does not increase any more specific limit stated elsewhere in this ~~policy~~Policy or Declaration.

12. ANIMALS

This ~~policy~~Policy is extended to cover retraining expenses associated with the loss of specially trained animals. Retraining expenses are included within the sub-limit provided, unless otherwise scheduled.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals, or other institutions of learning the following shall apply:

This ~~policy~~Policy is extended to cover physical loss or damage to animals used for research subject to applicable exclusions under Section IV (General Conditions) B. Exclusions.

13. VALUABLE PAPERS

This ~~policy~~Policy is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this Policy.

14. TRANSIT

This ~~policy~~Policy is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this Policy to the property insured occurring during the period of this Policy.

Permission is hereby granted to the Named Insured without prejudice to this insurance to accept the ordinary Bill-of-Lading used by carriers, including released and/or under-valued Bill-of-Lading and/or Shipping or Messenger receipts; and the Named Insured may waive subrogation against railroads under side track agreements; and except as otherwise provided, the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

This Policy also covers damage and loss of use:

a. Occasioned by the acceptance by the Named Insured, Insured's agent, customer or

consignee(s) or others of fraudulent Bill-of-Lading, Shipping or Messenger receipts;

b. Obtained by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery.

The coverage provided by this clause is sub-limited to USD as per Declaration Page, ~~and Section 1 (General Provisions) Clause E. of this form.~~

15. VEHICLES WHILE ON INSURED PREMISES

This ~~policy~~Policy is extended to cover vehicles while on premises of the Named Insured against physical loss or damage by a peril insured against during the term of this Policy.

16. ASBESTOS CLEAN UP AND REMOVAL

This ~~policy~~Policy specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this ~~policy~~Policy, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this ~~policy~~Policy.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Named Insured's property must be removed or modified, or;

any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;

any loss or expense normally provided by demolition, increased cost or building ordinance.

The Named Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this Policy does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this ~~policy~~Policy.

17. PROTECTION AND PRESERVATION OF PROPERTY

In the event of loss likely to be covered by this Policy, the Named Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Insurer.

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.

Due to the unique nature of Educational Facilities, Health Care Facilities and Jails where it is deemed necessary to evacuate ~~patients or inmates~~designated persons from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, ~~all terms and conditions of this clause~~the Company will apply to

~~the pay reasonable and necessary evacuation~~ expenses incurred ~~as a result of~~by the ~~evacuation.~~Named Insured. The following additional definitions apply to this Additional Time Element Coverage:

a. Designated persons means:

- (1) Patients, residents and lawful occupants at a covered location, and/or
- (2) Those employees who are essential to implement the mandatory evacuation order at a covered location.

b. Evacuation expenses means expenses incurred during the evacuation period to:

- (1) Transport designated persons to another location;
- (2) House and maintain designated persons at another location;
- (3) Return designated persons to the covered location or, if the covered location is not habitable, to a suitable alternative location.

18.— LEASEHOLD INTEREST

In the event of physical loss or damage of the type insured against by this Policy to real property of the type insured this Policy, which is leased by the Named Insured, this Policy is extended to cover:

- (1) If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the actual rent payable for the unexpired term of the lease; or
- (2) If as a result of such loss or damage the property becomes partially un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the proportion of the rent applicable thereto; or
- (3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Named Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Named Insured's lease.
- (2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

19.— AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

This Policy is automatically extended to insure additional property and/or interests as described in this Policy, which may be acquired or otherwise become at the risk of the Named Insured, during the Policy Termpolicy period, within the United States of America, subject to the values of such additional property and/or interests not exceeding USD25,000,000 or Named Insured's Policy Limit of Liability if less than USD25,000,000 any one acquisition excluding licensed vehicles, for which a limit of USD10,000,000 applies or Named Insured's Policy Limit of Liability if less than USD10,000,000. Additionally, automatic coverage is granted for up to 60 days, subject to a sub-limit of \$2,500,000 applies to for additional property and/or interests in 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.

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. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.

This coverage extension does not apply to the peril of Earthquake Shock in the States of California, or Alaska except as follows:

- (1) At Policy inception, for those Named Insureds that purchase the earthquake shock peril, per the sub-limit that appears on the Declaration Page, automatic coverage applies for the peril of earthquake shock for a period of 30 days from date of contractual requirement by any bond, certificate of participation or any similar investment, for any new locations where there is such a contractual requirement to provide earthquake shock coverage. Otherwise there is no Automatic Coverage for Earthquake Shock for any other new locations in California and Alaska.

In the event of coverage being required for additional property and/or interest where the value exceeds USD25,000,000 or Named Insured(s) Policy Limit of Liability if less than USD25,000,000 any one acquisition details of said property and/or interest are to be provided to the Company for its agreement not later than one hundred and twenty (120) days from the date of the said additional property and/or interest have become at the risk of the Named Insured, this Policy providing coverage automatically for such period of time up to a maximum limit of USD100,000,000 or Named Insured(s) Policy Limit of Liability if less than USD100,000,000. After the reporting of a location added under automatic acquisition, the Company retains the right to determine acceptability of all such property(ies). Additional premium will be calculated from the date of acquisition, if values are in excess of USD25,000,000.

In the event that the Named Insured fails to comply with the above reporting provision, then coverage hereunder is sub-limited to USD25,000,000 or Named Insured's Policy Limit of Liability if less than USD25,000,000 any one occurrence.

Additional, or return premium due for endorsements issued during the policy termperiod, such as those for additions or deletions of values within or greater than as that which is provided in any "Automatic Acquisition sub-limit" (including those for existing Named Insureds, new Named Insureds to the PEP/IP program, or new members to existing JPA Named Insureds) will be processed on a quarterly basis. Issuance of the endorsements and calculation of pro-rata or return premium, for these changes will be processed as of, and at the time of the transaction.

20.— MISCELLANEOUS UNNAMED LOCATIONS

Coverage is extended to include property at locations (including buildings or structures, owned, occupied or which the Named Insured is obligated to maintain insurance) located within the territorial limitations set by this ~~policy~~ Policy. Coverage provided by this clause is limited to any sub-limit noted on the Declaration Page attached to this form, and by terms and conditions of this policy form. This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

21.— ACCIDENTAL CONTAMINATION

This Policy is hereby extended to cover ~~Business Interruption~~ the reasonable and ~~Property Damage loss as a result~~ necessary cost for the cleanup, removal and disposal of ~~accidental contamination, discharge~~ the actual not suspected presence of Pollutants or dispersal Contaminant(s) from any source to Covered Property, ~~including expenses necessarily incurred to clean up, remove and dispose of contaminated substances~~ so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to USD as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this Policy.

For the purposes of this ~~—~~ Accidental Contamination clause only, the term “Covered Property”, as covered by this Policy, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this Policy.

Pollutants or Contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances listed in applicable environmental state, federal or foreign law or regulation, or as designated by the U.S. Environmental Protection Agency or similar applicable state or foreign governmental authority. Waste includes materials to be recycled, reconditioned or reclaimed. Pollutants or Contaminants does not include Fungus, Mold or Spore.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this Policy.

C. **PROPERTY NOT COVERED**

Except as for that which may be provided as an Extension of Coverage, this ~~policy~~ Policy does not cover:

1. Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, ~~bodies of water~~, growing crops, water, except water which is normally contained within any type of tank, piping system or other process equipment.
3. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens).

4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines and feeder lines more than 1,000 feet from the premises of the Named Insured unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from the premises of the Named Insured unless scheduled and specifically approved by the Company.
8. Offshore property, oilrigs, underground mines, caverns, or underground storage facilities and their contents. Railroad track is excluded unless values have been reported by the Named Insured.

D. LOSS PAYMENT BASIS / VALUATION

In case of loss to property of an Named Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Named Insured at the replacement cost (as defined below) at the time of the loss, without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the replacement cost at time of loss, without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Named Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Named Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Named Insured may have made to the contrary notwithstanding.
3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate policy provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.
4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation, or allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.

5. On property of others for which the Named Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Named Insured's obligation as defined in said contract or lease agreement but not to exceed the replacement cost.
6. On library contents, at replacement cost, or as follows, whichever is greater:

| <u>Category</u> | <u>Value (per item)</u> | |
|--------------------|-------------------------|---------------------|
| Juvenile Materials | USD | <u>49,6250.52</u> |
| Pamphlets | USD | <u>6,3850</u> |
| Magazines | USD | <u>12,8713.10</u> |
| Fiction | USD | <u>24,0043</u> |
| Non-Fiction | USD | <u>86,4087.97</u> |
| Dictionary | USD | <u>125,75128.03</u> |
| Encyclopedia | USD | <u>300,96306.41</u> |
| Thesaurus | USD | <u>46,4283</u> |
| Reference (other) | USD | <u>120,77122.96</u> |
| Abstracts | USD | <u>295,74301.10</u> |
| Textbook | USD | <u>109,54111.38</u> |
| Art Books | USD | <u>65,1666.34</u> |
| Film | USD | <u>290,15295.41</u> |
| Book/Diskette | USD | <u>109,54111.52</u> |
| Vinyl Records | USD | <u>87,0588.63</u> |
| DVD/VHS | USD | <u>58,0359.08</u> |
| Audio Cassette | USD | <u>31,9132.49</u> |
| Compact Discs | USD | <u>25,4793</u> |
| CD ROM | USD | <u>41,2197</u> |
| Books/Audio | USD | <u>78,0579.46</u> |
| Medical Atlas | USD | <u>186,47189.85</u> |
| Technical Law | USD | <u>158,24161.11</u> |
| Nanotechnology | USD | <u>182,73186.04</u> |
| Biotechnology | USD | <u>172,90176.03</u> |

The above valuation is predicated on the values provided by the Library of Congress Dewey Decimal system and adjusted for inflation.

The figures above do not include the "shelving cost" of each book. Therefore, the formula for adjusting a library contents loss is:

"Number of items in a category that are replaced multiplied by the valuation figure plus associated shelving costs".

The actual cost per item in the final adjustment is to be computed as of the time and place of loss or damage.

7. On Vehicles, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.

8. Animals: The stated value as per schedule on file with the Named Insured.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

The stated value as per schedule on file with the Named Insured except Research Animals shall be valued at the cost to replace with like kind and quality; including the increased value as a result of prior research or experiments performed on the animal(s), accumulated cost of care and maintenance, and the value of labor expended by research assistants and/or laboratory technicians.

9. Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields; the actual replacement cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD25,000 per item.

For the purpose of determining coverage under this ~~policy~~Policy landscaping, trees, plants and shrubs are only insured if their position and planting was undertaken by human agency for cosmetic effect.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "actual cash value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

- a. ~~(i)~~—Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- b. ~~(ii)~~—Replacement shall be effected by the Named Insured with due diligence and dispatch;
- c. ~~(iii)~~—Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
- d. ~~(iv.)~~—For historical buildings as more specifically defined in this Section.
- e. ~~(v.)~~—In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects replacement cost, the Named Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Named Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

SECTION III

BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL INCOME, TAX REVENUE INTERRUPTION AND TUITION INCOME

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides coverage for:

A. COVERAGE

1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this Policy to real and/or personal property insured by this Policy, occurring during the term of this Policy.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Named Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Named Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

(i)a. Tuition income and related fees which are prevented from being earned or received.

(ii)b. Other income derived from:

(a)i. routine and special services;

(b)ii. other operating and non-operating revenues, including but not limited to:

(1) research grants

(2) income under research contracts all dependent on continued operations.

c. Donations and fund raising proceeds:

(iii)

(a)i. If a regularly scheduled fund raising drive for the sole benefit of the Named Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:

(1) If the drive fails to produce an amount at least equal to the same drive in the most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the

Named Insured's operations, shall be considered as loss of income;

- (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
- (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
- (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.

~~(b)~~ii. The following shall be disregarded in determining the amount of loss:

- (1) Donations and contributions which are a direct result of the interruption of the Named Insured's operations and are received by the Named Insured during the period of interruption.
- ~~(2)~~ ~~(2)~~ Proceeds for fund raising drives or solicitations which are for the sole benefit of the Named Insured and occur as a result of interruption of the Named Insured's operations.

2. EXTRA EXPENSE

This Policy is extended to cover the necessary and reasonable extra expenses occurring during the term of this Policy at any location as hereinafter defined, incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the Named Insured's business following damage to or destruction of covered property by a covered peril which is on premises owned, leased or occupied by the Named Insured. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this Policy (hereinafter referred to as the period of restoration).

B. EXTENSIONS OF COVERAGE

1. INGRESS / EGRESS

This Policy is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this Policy and occurring at property located within a ~~1020~~ mile radius of covered property, ingress to or egress from the covered property covered by this Policy is prevented. Coverage under this extension is subject to a 24-hour waiting period.

2. INTERRUPTION BY CIVIL AUTHORITY

This Policy is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a ~~1020~~ mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

3. DEMOLITION AND INCREASED TIME TO REBUILD

The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by the enforcement of any ~~local or state~~ ordinance or law regulating the construction, repair or demolition of buildings or structures and in force

at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this Policy.
- b. Any greater proportion of any loss to the interest covered by this Policy than the amount covered under this Policy on said interest bears to the total insurance and coverage on said interest, whether all such insurance contains this clause or not.

4. CONTINGENT TIME ELEMENT COVERAGE

Business interruption, rental income, tuition income and extra expense coverage provided by this Policy is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this Policy at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the Named Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Named Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sub-limited to USD as per Declaration Page.

5. TAX REVENUE INTERRUPTION

Except as hereinafter or heretofore excluded, this Policy insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured ~~caused by as a result of physical damage to~~ or destruction ~~to~~ of property, by the perils insured against occurring during the policy period which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.

The Company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this Policy.

If the Named Insured has reported Tax Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

1. The sub-limit USD3,000,000 insured on the Policy;
2. The actual loss sustained;
3. The difference in amount between 97.5% of the anticipated revenue and the actual total revenue after the loss.

If the Named Insured has not reported Tax Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The actual loss sustained;
2. USD1,000,000 per occurrence

DEDUCTIBLE: Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

6. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this Policy is extended for the additional length of time required to restore the business of the Named Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;
- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item:

7. EXPENSES TO REDUCE LOSS

This Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.

C. EXCLUSIONS

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this ~~policy~~Policy and, then the Company shall only be liable for such loss as affects the Named Insured's earnings during and limited to, the period of indemnity covered under this Policy.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
 - ~~i.~~a. Thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - ~~ii.~~b. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

D. CONDITIONS APPLICABLE TO THIS SECTION

If the Named Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;
2. by making use of merchandise or other property at the Named Insured's location or elsewhere;

such reduction shall be taken into account in arriving at the amount of the loss hereunder.

E. DEFINITIONS

1. GROSS EARNINGS

“Gross Earnings” is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business
less the cost of;
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Named Insured, and;
- e. service(s) purchased from outside (not employees of the Named Insured) for resale that does not continue under contract.

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this ~~policy~~Policy, the actual recovery under this ~~policy~~Policy shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

2. MERCHANDISE

Shall be understood to mean, goods kept for sale by the Named Insured, which are not the products of manufacturing operations conducted by the Named Insured.

3. EXTRA EXPENSE

The term “extra expense”, whenever used in this Policy, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Named Insured’s business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

4. RENTAL VALUE

The term “rental value” is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Named Insured, and;
- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Named Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Named Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.

5. PERIOD OF RESTORATION

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this ~~policy~~ [Policy](#).

SECTION IV
GENERAL CONDITIONS

A. PERILS COVERED

Subject to the terms, conditions and exclusions stated elsewhere herein, this Policy provides insurance against all risk of direct physical loss or damage occurring during the period of this Policy.

B. EXCLUSIONS

This Policy does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by ~~normal~~ settling, cracking, shrinkage, bulging, or expansion ~~in building of pavements, foundations, walls, floors, roofs or foundation ceilings; all unless physical damage not otherwise excluded by this Policy ensues, in which event, this Policy will cover only such ensuing damage.~~
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Named Insured, it's employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:

- a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i. by any government or sovereign power (de jure or de facto), or by any ~~Authority~~authority maintaining or using military, naval or air forces; or
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental ~~Authority~~authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
 - b. The cost of non-compliance of, or delay in completion of contract.
 - c. The cost of non-compliance with contract conditions.
 - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock unless a limit is shown on the Declarations for Earthquake Shock this exclusion will apply.
13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not; or
- b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this Policy results, then subject to all its terms and conditions, this Policy shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

15. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
 - a. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
 - b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
 - c. spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the Policy, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the Company within twelve months from the expiration date of the Policy. Notwithstanding Section IV, Item R., Other Insurance, coverage provided under this paragraph shall apply as primary. Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the ~~policy~~ [Policy](#) other than as above stated.

16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
17. The following additional exclusions apply to animals covered under this Policy:
- a. Death of any animal(s) from natural causes.
 - b. Death of any animal(s) that dies from an unknown cause unless:
 - i. upon the death of such animal a post-mortem examination conducted on the animal by a licensed veterinarian, and if
 - ii. the veterinarian's post-mortem report shows the cause of death to clearly fall within the coverages of this Policy.
 - c. Death of any animal(s) as a result of surgical operation, including inoculation, unless the necessity for same arises from a loss otherwise covered by this Policy.
 - d. The death or destruction of any animal(s) caused by, resulting from, or made necessary by physical injury caused by or resulting from the activities of the injured animal or other animals unless such death or destruction is the result of a loss otherwise covered by this Policy.
 - e. The death of any animal(s) caused directly or indirectly by the neglect or abuse of the Named Insured, his agent, employees or bailees (carriers for hire excepted) unless such death is a result of a loss otherwise covered by this Policy.
 - f. The loss by death of any animal(s) as a result of parturition or abortion.
 - g. Loss resulting from depreciation in value caused by any animal(s) covered hereunder becoming unfit for or incapable of filling the function or duties for which it is kept, employed or intended unless such depreciation is a result of a loss otherwise covered by this Policy.
 - h. Loss by destruction of any animal(s) on the order of the federal or any state government, or otherwise as a result of having contracted or been exposed to any contagious or communicable disease.
 - i. The removal or disposal of the remains of any animal(s) or the expense thereof unless such removal or disposal is the result of a loss otherwise covered by this Policy.
 - j. The loss of any animal(s) that has been unnerved (the term "unnerved" to be considered as meaning the operation of neurotomy for lameness).
 - k. Any claim consequent upon delay, deterioration, or loss of use or loss of market arising from an event covered by this Policy.
18. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. ~~Except,~~ except as provided in Section II Property Damage, B. Extension of Coverage, 21. Accidental Contamination.

Nevertheless, if fire is not excluded from this Policy and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this

Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Named Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy, in the event of direct physical loss or damage to the property covered hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the Named Insured; and/or;
- (b) cost of clean up at the premises of the Named Insured made necessary as a result of such direct physical loss or damage;

PROVIDED that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

19. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Named Insured or imposed on the Named Insured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

20. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Policy also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the paragraph above.

If the Company allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Named Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

21. Lack of the following services:

- a. incoming electricity, fuel, gas, water, steam or refrigeration;
 - b. outgoing sewerage; or
 - c. incoming or outgoing telephone or similar services;
- all when caused by loss or damage to any property outside Insured Location(s).

However, the above do not apply to OFF PREMISES SERVICE INTERRUPTION.

C. STATUTES

If any of the articles of this Policy conflict with the laws or statutes of any jurisdictions in which this Policy applies this Policy is amended to conform to such laws or statutes.

D. TERRITORIAL LIMITS

This Policy insures Real and Personal Property within the United States of America. Personal Property is extended to Worldwide coverage. The coverage provided by this clause for Personal Property is sub-limited to USD as per Declaration Page.

E. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

F. FREE ON BOARD (F.O.B.) SHIPMENTS

The Company shall be liable for the interest of the Named Insured at sole option of the Named Insured, the interest of the consignee in merchandise, which has been sold by the Named Insured under terms of F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

G. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this Policy shall occur prior to a loss affected thereby under this Policy, such breach shall not void the Policy nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or Policy, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Named Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Named Insured from recovering under this Policy.

H. PERMITS AND PRIVILEGES

Anything in the printed conditions of this Policy to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;

2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;
4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the Company prior to the one-hundred twentieth (120th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the Company's liability, but the Named Insured shall make a reasonable effort to comply with such requirement.

This Policy shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Named Insured;
2. any act or neglect of the owner of the building, if the Named Insured hereunder is not the owner, or of any occupant of the within described premises other than the Named Insured, when such act or neglect is not within the control of the Named Insured, named herein; or
3. by failure of the Named Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Named Insured has no control.

I. PROTECTIVE SAFEGUARDS

The Named Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

J. NO BENEFIT TO BAILEE

This Policy shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.

K. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Named Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

KL. ARBITRATION OF VALUE

~~In case~~ If the Named Insured and the Company ~~shall~~ fail to agree as to the amount of loss, ~~then, each shall~~ on the written demand of ~~either, each shall other,~~ made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and ~~notify the other of the appraisal shall be made at a reasonable time and place.~~ The appraisers ~~selected.~~ The appraiser shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the Named Insured or the Company, such umpire shall be

selected by a judge of a court of record in the state in which ~~the property covered~~such appraisal is ~~located.~~

~~_____~~pending. The appraisers shall ~~as soon as practicable, then~~ appraise the loss, stating separately the ~~loss of each item~~fair market value at the time of loss and the amount of loss, and failing to agree, shall submit their differences ~~only~~ to the umpire. An award in writing ~~so itemized,~~ of any two ~~appraisers when filed with the Company~~ shall determine the amount of loss. The ~~party selecting him~~Named Insured and the Company shall each pay ~~each~~their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire ~~shall be paid by the parties equally.~~ The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.

LM. PROOF OF LOSS

The Named Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Named Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

MN. SETTLEMENT OF LOSS

All adjusted claims shall be paid or made good to the Named Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.

O. SUBROGATION

In the event of any loss payment under this Policy, the Company, shall be subrogated to all the Named Insured's rights of recovery thereof against any person or organization and the Named Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Named Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the Named Insured has the right to enter into an agreement that releases or waives the Named Insured's right to recovery against third parties responsible for the loss if made before the loss occurred.

NP. CANCELLATION

This Policy may be cancelled by the Named Insured at any time by written notice or surrender of this Policy. This Policy may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this Policy, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this Policy shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this Policy be cancelled for non-payment of assessment, the Company shall only be required to give the Named Insured ten (10) days notice.

If this insurance in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Named Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this Policy, the Policy is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

EQ. ABANDONMENT

There shall be no abandonment to the Company of any property.

| **PR. ASSIGNMENT**

Assignment or transfer of this Policy shall not be valid except with the written consent of the Company.

| **QS. SALVAGE**

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

| **RT. OTHER INSURANCE**

Permission is hereby granted to the Named Insured to carry more specific insurance on any property covered under this Policy. This Policy shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This Policy, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this Policy is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this Policy.

| **SU. EXCESS INSURANCE**

Permission is granted for the Named Insured to maintain excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying Policy(s) by reason of loss(es) hereunder, this Policy shall:

1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying Policy.

| **TV. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS**

The Named Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

| **UW. CONCEALMENT AND FRAUD**

This entire Policy shall be void, if whether before or after a loss, the Named Insured has willfully concealed or misrepresented any material facts or circumstance concerning this Policy of the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

| **VX. FULL WAIVER**

The terms and conditions of this form and any approved endorsements supersede any policy jacket that may be attached hereto.

| **WY. SUIT AGAINST COMPANY**

No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this Policy, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss. However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

| **XZ. JOINT LOSS ADJUSTMENT – BOILER & MACHINERY**

In the event of damage to or destruction of property, at a location designated in this Policy and also designated in a boiler and machinery insurance policy, and there is a disagreement between the Company and the Named Insured with respect to:

- (1) Whether such damage or destruction was caused by a peril covered against by this Policy or by an accident covered against by such boiler and machinery insurance policy(ies) or;
- (2) The extent of participation of this Policy and of such boiler and machinery insurance policy in a loss that is covered against, partially or wholly, by one or all of said policy(ies).

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no boiler and machinery insurance policy(ies) in effect, subject to the following conditions:

- (1) The amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Named Insured and the Boiler and Machinery Insurer and the Company is limited to the minimum amount remaining payable under either the boiler and machinery insurance policy(ies).
- (2) The boiler and machinery insurer(s) shall simultaneously pay to the Named Insured, one-half of the said amount, which is in disagreement.
- (3) The payments by the Company and acceptance of the same by the Named Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments:

The arbitrators shall be three (3) in number, one of whom shall be appointed by the boiler insurer(s) and one of whom shall be appointed by the Company hereon and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the insurer(s) and the Named Insured and that judgment upon such award may be entered in any court of competent jurisdiction.

- (4) The Named Insured agrees to cooperate in connection with such arbitration but not to intervene therein.
- (5) This agreement shall be null and void unless the Policy of the boiler and machinery Insurer is similarly endorsed.

In no event shall an Insurer be obligated to pay more than their total single limit.

YAA. JOINT LOSS ADJUSTMENT – EXCESS PROPERTY

In the event of damage to or destruction of property at a location designated in this Policy and also designated in an excess insurance policy(ies) and if there is disagreement between the insurers with respect to:

- (1) whether such damage or destruction was caused by a single event or by multiple events or;
- (2) the extent of participation of this Policy and any excess insurance policy in a loss covered against partially or wholly, by one of said Policy or policy(ies).

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no excess insurance or policy(ies) in effect, subject to the following conditions:

- (1) the amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy(ies) and after the amount of the loss is agreed by the Named Insured and the Company is limited to the minimum amount remaining payable under either the primary insurance policy or excess insurance policy(ies);
- (2) the excess insurers shall simultaneously pay to the Named Insured one-half of the said amount which is in disagreement, and;
- (3) the payments by the Company hereunder and acceptance of the same by the Named Insured signify the agreement of the Company to submit to and proceed with arbitration within ninety (90) days of such payments.

The arbitrators shall be three (3) in number, one of whom shall be appointed by the excess insurer(s) and one of whom shall be appointed by the Company and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on the Company and the Named Insured, and that judgment upon such award may be entered in any court of competent jurisdiction.

- (4) The Named Insured agrees to cooperate in connection with such arbitration but not to intervene therein.

ZAB. LENDER'S LOSS PAYABLE

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this [policyPolicy](#), shall be paid to the Payee named on the first page of this [policyPolicy](#), its successors and assigns, hereinafter referred to as “the Lender”, in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this [policyPolicy](#), or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
 - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto;
 - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this [policyPolicy](#) by virtue of any mortgage or trust deed;
 - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this [policyPolicy](#), including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this [policyPolicy](#) of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Named Insured to pay any premium or additional premium which shall be or become due under the terms of this [policyPolicy](#) or on account of any change in occupancy or increase in hazard not permitted by this [policyPolicy](#), the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the Named Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company’s demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender’s Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
4. Whenever the Company shall pay to the Lender any sum for loss or damage under this [policyPolicy](#) and shall claim that as to the Named Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Named Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.

5. If there be any other insurance upon the within described property, the Company shall be liable under this [policyPolicy](#) as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Named Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this [policyPolicy](#) at any time, as provided by its terms, but in such case this [policyPolicy](#) shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This [policyPolicy](#) shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss there under payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this [policyPolicy](#) become vested in the Lender or its agents, insurance under this [policyPolicy](#) shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Named Insured under the terms and conditions of this [policyPolicy](#) and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this [policyPolicy](#) and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the [policyPolicy](#).

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

[AAAC](#). SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several, not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

[ABAD](#). LOSS PAYABLE PROVISIONS

A. LOSS PAYABLE

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

1. Adjust losses with the Named Insured, and;
2. Pay any claim for loss or their damage jointly to the Named Insured and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements or;
 - e. Mortgages, deeds of trust or security agreements.
2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable interest:
 - a. ~~We~~The Company will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If the Company deny the Named Insured claim because of the insured act or because the Named Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at ~~our~~the Company's request if the Named Insured have failed to do so;
 - (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from ~~us~~the Company of the Named Insured failure to do so, and;
 - (3) Has notified ~~us~~the Company of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Named Insured because of the Named Insured acts or because the Named Insured have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to ~~us~~the Company to the extent of the amount the Company pays and;
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At ~~our~~the Company's option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay the insureds' remaining debt to ~~us~~the Company

3. If the Company cancels this ~~policy~~Policy, the Company will give written notice to the Loss Payee at least:

- a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;
 - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects not to renew this ~~policy~~Policy, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this ~~policy~~Policy.

C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Named Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Named Insured and the Loss Payee have an insurable interest the Company will:
 - a. Adjust losses with the Named Insured and;
 - b. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word “the Insured” includes the Loss Payee.

~~AC/AE.~~ ELECTRONIC DATA

~~1. Electronic Data Exclusion~~

A. ELECTRONIC DATA EXCLUSION

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:—

- ~~a.1)~~ This Policy does not insure; loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software; and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. —COMPUTER VIRUS includes but is not limited to “~~Trojan Horses~~”, “~~worms~~”Trojan Horses', 'worms' and “~~time~~time or logic ~~bombs~~”bombs'.

~~b.2)~~ However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils:
Fire, Explosion

~~2. Electronic Data Processing Media Valuation~~

B. ELECTRONIC DATA PROCESSING MEDIA VALUATION

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:-

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed USD10,000,000 any one loss, incurred by the Named Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

AD

AF. LOSS ADJUSTMENT SERVICES

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this Policy at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any.

However, the Company reserves the right to utilize other adjusting firms at its discretion.

AEAG. SERVICE OF SUIT CLAUSE (USA) APPLICABLE TO EXCESS CARRIERS

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Named Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon:

1. FLWA Service Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017 in respect of Insurers identified in Security Details section as "Lloyd's Stamp:" followed by 4 digits.

Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829 are the nominee in respect of any non-Lloyd's participation on this Contract.

1. Note FLWAService Corp, c/o Foley and Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520 are the nominee for CA (applicable to all markets except as noted below)

2. Counsel, Legal Department, Lexington Insurance Company, 99 High Street, Boston, Massachusetts, 02110 (applicable to Lexington Insurance Company)

2.3. XL Catlin Insurance Company UK Limited, LIRMA C7509: Sarah Mims, XL Global Services Inc, 505 Eagleview Boulevard, Exton, PA 19341

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998 (amended)

DEFINITIONS**1. OCCURRENCE**

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this Policy and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

a. Windstorm

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of seventy-two (72) hours during the term of this Policy, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Named Insured may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall be deemed to have commenced but no two such seventy-two (72) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the Policy. The Company will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of this Policy provided that the first windstorm loss or damage within that seventy-two (72) hours occurs prior to the date and time of expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all windstorm losses sustained by the Named Insured during an elected period of seventy-two (72) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

b. Flood

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this Policy.

Should any time period referred to above extend beyond the expiration date of this Policy and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this Policy.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this Policy or commencing after the expiration date and time of this Policy.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source.

Flood shall also mean mudslide or mudflow, which is a river or flow of liquid mud caused by flooding as defined in 1. or 2. above.

The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.

c. Flood Zone A and V

Flood zones A and V as referenced in this ~~policy~~ [Policy](#) is defined by FEMA as being inclusive of all 100 year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

d. Earthquake Shock

With respect to the peril of earthquake shock, any and all losses from this cause within a one hundred sixty-eight (168) hour period shall be deemed to be one loss. The Named Insured may elect the moment from which each of the aforesaid periods of one hundred sixty eight (168) hours shall be deemed to have commenced but no two such one hundred sixty eight (168) hour periods shall overlap.

The Company shall not be liable for any loss caused by an earthquake shock occurring before the effective date and time of this Policy. The Company will be liable for any losses occurring for a period of up to one hundred sixty eight (168) hours after the expiration of this Policy provided that the first earthquake shock loss or damage within that one hundred sixty eight (168) hours occurs prior to the date and time of the expiration of this Policy.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all earthquake shock losses sustained by the Named Insured during an elected period of one hundred sixty eight (168) hours arose out of, or were caused by a single earthquake shock, the stated opinion of the National Earthquake ~~Shock~~ [Information Service Center](#) of the United States Department of the Interior or comparable Authority in any other country or locality shall govern as to whether or not a single earthquake shock continued throughout the period at the locations involved.

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling unless as a direct result of such earth movement. The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the "Earthquake Shock" definition and subject to the basic peril deductible.

2. PERSONAL PROPERTY OF OTHERS

Means, any property (other than real property) belonging to others for which a Named Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media & Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

3. IMPROVEMENTS AND BETTERMENTS

Means, additions or changes made by a Named Insured / lessee at their own expense to a building they are occupying that enhance the building's value.

4. VALUABLE PAPERS AND RECORDS

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Named Insured's data processing operations including the materials on which data is recorded.

5. TIER I WINDSTORM COUNTIES

| <u>State</u> | <u>Tier I Counties, Parishes or Independent Cities</u> |
|--------------------------------------|--|
| Alabama | Baldwin, Mobile |
| <u>Connecticut</u> | <u>Fairfield, Middlesex, New Haven, New London</u> |
| <u>Delaware</u> | <u>Entire State, All Counties</u> |
| Florida | Entire State, All Counties |
| Georgia | Bryan, Camden, Chatham, Glynn, Liberty, McIntosh, |
| Hawaii | Entire State, All Counties |
| Louisiana | Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion |
| <u>Maine</u> | <u>Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York</u> |
| <u>Maryland</u> | <u>Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester</u> |
| <u>Massachusetts</u> | <u>Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk</u> |
| Mississippi | Hancock, Harrison, Jackson |
| <u>New Hampshire</u> | <u>Rockingham, Strafford</u> |
| <u>New Jersey</u> | <u>Atlantic, Burlington, Cape May, Cumberland, Middlesex, Monmouth, Ocean, Salem, Union</u> |
| <u>New York</u> | <u>Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk</u> |
| North Carolina | Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington |
| <u>Rhode Island</u> | <u>Entire State, All Counties</u> |
| South Carolina | Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper |
| Texas | Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris (entire County), Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy |
| Virginia | Accomack, Charles City, Chesapeake City, Gloucester, Hampton City, Isle of Wight, James City, Lancaster, Mathews, Middlesex, New Kent, Newport News, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Prince George, Suffolk City, Sussex, Surry, Virginia Beach City, Westmoreland, Williamsburg City, York |

6. TIER 2 WINDSTROM COUNTIES

| <u>State</u> | <u>Tier II Counties, Parishes or Independent Cities</u> |
|-----------------------|---|
| <u>Georgia</u> | <u>Brantley, Charlton, Effingham, Long, Wayne</u> |
| <u>Louisiana</u> | <u>Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington, West Baton Rouge</u> |
| <u>Mississippi</u> | <u>George, Pearl River, Stone</u> |
| <u>North Carolina</u> | <u>Bladen, Duplin, Gates, Hertford, Lenoir, Martin, Pitt</u> |
| <u>South Carolina</u> | <u>Florence, Marion, Williamsburg</u> |
| <u>Texas</u> | <u>Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells, Wharton</u> |

AI. ADDITIONAL INSURED'S / LOSS PAYEES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.

SECTION V

FINE ARTS

A. COVERAGE

This ~~policy~~Policy insures against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to fine arts, which are the property of the Named Insured or the property of others in the custody or control of the Named Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Named Insured, or the property of others in the custody and control of the Named Insured, or in transit at the Named Insured's risk, and property in which the Named Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Named Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Named Insured, or in the care, custody or control of the Named Insured, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Named Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this Policy, whichever may occur first, except that expiration of this Policy shall not prejudice coverage of any risk then in transit.

B. EXCLUSIONS

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;

- i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
 - a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This Policy does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
4. Any dishonest, fraudulent or criminal act by the Named Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

C. LOSS PAYMENT BASIS / VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Named Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Named Insured prior to loss, according to the Named Insured's valuation of each object covered.
- b. Property of others loaned to the Named Insured and for which the Named Insured may be legally liable, or which the Named Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Named Insured and owner(s) as recorded on the books and records of the Named Insured prior to loss.
- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Named Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

D. SPECIAL CONDITIONS

1. **Misrepresentation and Fraud:** This entire Section shall be void if, whether before or after a loss, the Named Insured has concealed or misrepresented any material fact or circumstance concerning this Policy or the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.
2. **Notice of Loss:** The Named Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Named Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Named Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Named Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Named Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Named Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Named Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Named Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the Named Insured's name under the direction of and at the expense of the Company.

~~7. **Loss Clause:** Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.~~

- ~~8~~
7. **Protection and Preservation of Property:** In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in this Policy.

98. Appraisal: If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Named Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.

10 9. Civil Authority: Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.

11 10. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Named Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.

12 11. Additional Covered Party(ies): Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Named Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named Insured(s) hereunder, but only as respects coverage afforded to said Named Insured's property.

13 12. Packing: It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.

14 13. Other Insurance: This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this Policy.

15 14. Pair And Set: In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Named Insured the full amount of the value of such set and the Named Insured agrees to surrender the remaining article or articles of the set to the Company.

SECTION VI

CONTRACTORS EQUIPMENT

A. COVERAGE

This Policy insures contractors equipment, whether self propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the Policy).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.

8. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
 - ii. any military, naval or air forces or;
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
9. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this Policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this Policy.

C. PROPERTY EXCLUDED

1. Automobiles, motorcycles, motor trucks, or parts thereof.
2. Buildings
3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
4. Property that is located underground.
5. Property while waterborne except while being transported on any regular ferry.
6. The storage risk of property not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.
7. Plans, blue prints, designs or specifications.

D. LOSS PAYMENT BASIS / VALUATION

On Contractors Equipment (whether self propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America.
It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

SECTION VII

ACCOUNTS RECEIVABLE

A. COVERAGE

This Policy covers the loss of or damage resulting from insured perils to the Named Insured's records of accounts receivable as defined below, occurring during the ~~Policy~~policy period.

B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Named Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support if claim for loss which the Named Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this Policy has occurred but the Named Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Insured's monthly statements and shall be computed as follows:

1. a. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately ~~preceeding~~preceding the year in which the loss occurs;
2. b. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
3. c. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;

4. ~~_____d.~~ The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Named Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Named Insured. All unearned interest and service charges shall be deducted.

D. DEFINITIONS:

ACCOUNTS RECEIVABLE

1. ~~_____a.~~ All sums due to the Named Insured from customers provided the Named Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.

2. ~~_____b.~~ Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.

3. ~~_____c.~~ Collection expense in excess of normal collection cost and made necessary because of such loss or damage.

4. ~~_____d.~~ Other expenses, when reasonably incurred by the Named Insured, in re-establishing records of accounts receivable following such loss or damage.

SECTION VIII

UNMANNED AIRCRAFT

A. COVERAGE

This Policy insures ~~only against all risks of direct physical loss of or damage except as hereafter excluded occurring during the policy period to~~ **Unmanned Aircraft**, that are usual to ~~you~~the Named Insured's business and that you~~the Named Insured~~ own or are required to insure, ~~to pay for any physical damage loss~~ sustained while not **In Flight** or **In Motion** and which are not the result of fire or explosion following crash or collision while the **Unmanned Aircraft** was **In Flight** or **In Motion** that are:

~~(1)~~1. Listed on the schedule which is a part of this ~~policy~~Policy or which is on file with ~~us~~the Company;

~~(2)~~2. Unscheduled but for an amount not to exceed the limit shown on the Declarations

If any of the property covered by this Section is also covered under any other provisions of the Policy of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the policy period to **Unmanned Aircraft** from any external cause except as provided below.

1. Loss or damage due to the **Unmanned Aircraft** being **In Flight** or **In Motion** including during propulsion system startup or any time the propulsion system is operating.
2. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage, freezing or improper assemblage.
3. Loss or damage due to the weight of the load imposed on the **Unmanned Aircraft** exceeding the capacity for which such **Unmanned Aircraft** was designed.
4. Loss or damage to tires except where such loss or damage is caused by fire, theft, windstorm or vandalism or is the direct result of physical damage covered by this ~~policy~~Policy.
5. Loss or damage to **Unmanned Aircraft** while being worked upon except for direct loss or damage caused by resulting fire or explosion.
6. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
7. Loss or damage due to conversion, embezzlement or secretion by any person or organization with legal right to possession of such **Unmanned Aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the **Unmanned Aircraft**, nor for any loss or damage during or resulting therefrom.

8. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
9. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.
10. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack,
 - i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces; or
 - ii. any military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

C. PROPERTY EXCLUDED

1. **Unmanned Aircraft** that are located in underground mines, caverns or underground storage facilities.
2. **Unmanned Aircraft** while waterborne except while being transported on any regular ferry.
3. The storage risk of **Unmanned Aircraft** not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.

D. LOSS PAYMENT BASIS / VALUATION

—On **Unmanned Aircraft**, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the **Unmanned Aircraft**. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

—If the values, provided by the Named Insured, provides a valuation based on other than replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

—This section covers property only within the limits of the United States of America.

It is a condition of this Policy that all articles covered hereunder are in sound condition at the time of attachment of this Policy.

F. DEFINITIONS

1. UNMANNED AIRCRAFT

Means a powered aerial vehicle that does not carry a human operator, uses aerodynamic forces to provide vehicle lift, can fly autonomously or be piloted remotely, is recoverable and in some cases can carry a non-lethal payload including the propulsion system and equipment usually installed in the vehicle (1) while installed in the vehicle, (2) while temporarily removed from the vehicle and (3) while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and equipment which are specially designed for the aircraft and which are ordinarily carried therein.

2. IN FLIGHT

Means, with respect to fixed wing **Unmanned Aircraft**, the time commencing with the actual take-off run or launch and continuing thereafter until it has completed its landing run; or capture; and if the **Unmanned Aircraft** is a rotorcraft, from the time the rotors start to revolve under power for the purpose of flight until they subsequently cease to revolve after landing; and if the **Unmanned Aircraft** is a balloon, while it is inflated or being inflated or deflated.

3. IN MOTION

Means while the **Unmanned Aircraft** is moving under its own power or the momentum generated therefrom or while it is **In Flight** and, if the **Unmanned Aircraft** is a rotorcraft, any time the rotors are rotating or while it is **In Flight** and, if the **Unmanned Aircraft** is a glider or balloon, any time it is being transported, towed or while it is **In Flight**.

SECTION IX

BOILER AND MACHINERY BREAKDOWN EXTENSION

1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the ~~policy~~[Policy](#) to which this Extension is attached, and to the following terms and conditions, this Insurance is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted ~~property~~[Covered Property](#) as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage “Additional expense” means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating ~~property~~[Covered Property](#) under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to ~~property~~[Covered Property](#) damaged by water, resulting from any one Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage, the valuation basis for “Media” is as follows:

- i. For “Media” that are mass-produced and commercially available, at the replacement cost.
- ii. For all other “Media”, at the cost of blank material for reproducing the records.

(e) Consequential Damage

The “Consequential Damage” to refrigerated and frozen goods of the Named Insured or for which the Named Insured is legally liable or under the Named Insured’s care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, “Consequential Damage” is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(f) Utility Interruption

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Named Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an “Accident” to an Object.

(h) Ordinance or Law

If an Accident to an Object at the Named Insured’s location damages a building that is “Covered Property”, the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
 - a. Repair or reconstruct damaged portions of the building; and
 - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Insurance under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Insurance under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:
 - i. The Named Insured was required to comply with before the Accident to an Object even if the building was undamaged; and
 - ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion-, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Named Insured subject to the Exclusions and Special Provisions specified herein:

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
 - 1. Any boiler setting, any insulating or refractory material,
 - 2. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
 - (a) Feed water piping between any boiler and its feed pumps or injectors
 - (b) Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
 - 1. Any structure or foundation other than a bedplate of a machine,
 - 2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
 - 3. Any refractory material, or
 - 4. Any penstock or draft tube.

5. Covered Cause of Loss

A Covered Cause of Loss is an “Accident” to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

6. Covered Property

Covered Property, as used in this Extension, means any property ~~that~~not otherwise excluded in this Policy that:

- a. The Named Insured owns; or
- b. Is in the Named Insured’s care, custody or control and for which they are legally liable

7. Special Provisions

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.
- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as “connected ready for use” within the terms of this Extension of the Policy.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as “connected ready for use” within the terms of this Extension of the Policy.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a “furnace” as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Named Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

8. Valuation

- a. The Company will pay the Named Insured the amount the Named Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
 - 1) The Limit of Insurance;

- 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;
 - 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
 - a) Of like kind, capacity, size and quality; and
 - b) Used for the same purpose
 - 4) The amount the Named Insured actually spends that is necessary to repair or replace the damaged property.
- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
- 1) the cost of repairing the Object; or
 - 2) the cost of replacing the entire Object on the same site;
- The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:
- 1) of like kind, capacity, size and quality; and
 - 2) used for the same purpose.
- c. The Company will not pay:
- 1) if the loss or damage is to property that is obsolete or useless to the Named Insured; or
 - 2) for any extra cost if the Named Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Named Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
- 1) cost it would have taken to repair; or
 - 2) actual cash value;
- at the time of the “accident”.

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

- e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:
- 1) If the CFC refrigerant or Halon is replaceable, the Named Insured may, at their option, elect to:
 - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or

Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or

- b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:
 - i. Refrigeration or air conditioning equipment that uses an approved non - CFC refrigerant; or
 - ii. A fire suppression system that uses an approved non – Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Insurance;
 - b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant; or
 - e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.
- f. If the CFC refrigerant or Halon is not replaceable and:
- (1) The Named Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:
 - (a) The Limit of Insurance;
 - (b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;

- (c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - (d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.
- (2) If the Named Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:
- (a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or
 - (b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Insurance under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
- a) Loss to the Undamaged portion of the building is included in the Limit of Insurance that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
 - i. The amount that the Named Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
 - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
 - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Named Insured actually spend to demolish and clear the site of the undamaged parts of the building;
 - ii. With respect to the coverage provided for Increased Cost of Construction:
 - (a) WeThe Company will not pay for the Increased Cost of Construction:

Until the building is actually repaired or replaced at the same or another premises; and

Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. WeThe Company may extend this period in writing during the 18 months.

- (b) If the building is repaired or replaced at the same location, or if the Named Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.
- h. If a claim or “suit” is brought against the Named Insured alleging that the Named Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:
 - 1. Settle the claim or “suit”, or
 - 2. Defend the Named Insured against the “suit” but reserve the right for themselves to settle at any point.

9. Exclusions

- a. To loss:
 - 1) from explosion of an Object other than:
 - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
 - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
 - b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
 - c. From fire concomitant with or following an Accident.
 - d. From an Accident caused directly or indirectly by fire
 - e. From a combustion explosion outside the Object concomitant with or following an Accident,
 - f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

10. Conditions:

- a. Inspection

The Company shall be permitted but not obligated to inspect the Named Insured’s property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.
- b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the insurance, with respect to an Accident to said Object, by written notice mailed or delivered to the Named Insured at the address of the

Named Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The insurance so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this Policy. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata for the period of suspension.

c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Named Insured's Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the Company may require. If suit is brought against the Named Insured for loss to which this Section of the Policy is applicable, any summons or other process served upon the Named Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All ~~Risks~~Risk policy that this Extension ~~attaches~~attached to, the deductible to be applied to the total loss shall be the highest applicable ~~Boiler & Machinery~~ deductible.

**PROGRAM AND/OR- NAMED INSURED AND/OR DECLARATION SPECIFIC
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**

ENDORSEMENT 1

CANCELLATION CLAUSE AMENDMENT DUE TO FINANCIAL STRENGTH DOWNGRADE ENDORSEMENT

It is hereby understood and agreed that Section IV, General Conditions, Clause N, Cancellation of this ~~policy is amended.~~
Policy is amended.

This endorsement modifies insurance provided by the ~~policy~~Policy:

The Cancellation Provision, Cancellation Condition, or Cancellation Clause, whichever is applicable, is amended by adding the following paragraph to the end thereof:

Notwithstanding any other terms or conditions of this ~~policy~~Policy to the contrary, in the event that the financial strength rating of the **Company** is downgraded to: (1) below A- by A.M. Best Co., or (2) below BBB by Standard & Poor's Ratings Services (hereinafter, the **Credit Rating Downgrade**), this ~~policy~~Policy may be canceled by the **FIRST NAMED INSURED** by mailing prior written notice to the Company or by surrender of this ~~policy~~Policy to the **Company**.

If this ~~policy~~Policy is canceled by the **First Named Insured** due to such **Credit Rating Downgrade**, then the **Company** shall return the unearned pro rata proportion of the premium as of the effective date of cancellation and shall waive any minimum earned premium requirement specified herein.

The following definitions apply to this endorsement:

1. **Company** means Lexington Insurance Company.

~~2.~~ 2. **First Named Insured** means the first Named Insured as shown on the Declarations ~~—~~page of this ~~policy~~Policy.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

ENDORSEMENT 2

COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies insurance provided by the Policy:

The Insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

PR4225 (07/13)

ENDORSEMENT 3

WAR AND TERRORISM EXCLUSION ENDORSEMENT **(applies to locations outside the USA, its territories and possessions)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

NMA2918
08/10/2001

ENDORSEMENT 4

COMMUNICABLE DISEASE EXCLUSION

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

LMA5393
25 March 2020

ENDORSEMENT 5

PROPERTY CYBER AND DATA ENDORSEMENT

(This endorsement only applies to capacity placed in the Lloyd's of London market and replaces all references to Cyber coverage within the policy)

1 Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:

1.1 Cyber Loss, unless subject to the provisions of paragraph 2;

1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;

regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.

3 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.

4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

5 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.

7

8 Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

9 Cyber Incident means:

9.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or

9.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.

10 Computer System means:

10.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility,

owned or operated by the Insured or any other party.

11 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

12 Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

LMA5400

11 November 2019



FLOOD COVERAGE SPECIAL NOTICE

ACTION ITEM

ISSUE: Members are reminded of the availability and importance of flood coverage in protecting their properties. Flood is excluded under the APIP coverage for real property but can be purchased through that program, as a standalone policy, or through the National Flood Insurance Program.

In order to ensure that each Member is aware of and has been offered the opportunity to purchase flood insurance Alliant is requesting each client acknowledge the offering and indicate whether or not you wish to purchase flood insurance.

Please see the attached for further information and the form to sign.

RECOMMENDATION: Review and respond to flood offering per request.

FISCAL IMPACT: TBD – will vary based on property details and location.

BACKGROUND: Flooding is considered a high risk based on the location of a subject property and generally excluded from property coverage unless purchased separately.

ATTACHMENT(S): Flood Offering Form

Flood Offering

Flooding is a serious threat to both personal and commercial clients. Flooding can happen anywhere, not just zone referred to as high-risk areas (Special Flood Hazard Area). Your Alliant team is ready to explain how it works and the associated costs.

Basic Facts

Congress created the NFIP in 1968 in response to the rising cost of taxpayer-funded disaster relief for flood victims and the increasing amount of damage caused by floods. The NFIP makes federally backed flood insurance available in communities that agree to adopt and enforce floodplain management ordinances to reduce future flood damage. The NFIP is self-supporting for the average historical loss year. This means that unless there is a widespread disaster, operating expenses and flood insurance claims are financed through premiums collected.

Commercial buildings or residential dwellings owned by commercial entities are considered commercial property. All others are residential dwellings

The [FEMA Summary for Commercial Property](#) and [FEMA Standard Summary of Coverage](#) provides information on the following:

- Types of Flood Insurance Coverage
- What is a Flood- “a General and temporary condition of partial or complete inundation of two or more acres of normally dry land area”...
- Deductibles – various options to meet your financial needs
- What is Covered and What is Not
- The valuation of the Property – Actual Cash Value or Replacement Cost

Additional Information

- Flood Zones-
 - <https://www.fema.gov/flood-zones>
- Excess Flood Insurance (contact your Producer for additional information)
 - Increased limits over the maximum flood limit provided by NFIP

FEMA Glossary of Flood Terms

<https://www.fema.gov/national-flood-insurance-program/definitions>

If you do NOT wish to purchase flood insurance your signature is required below:

Signature:

Date:

Name Printed / Typed:

Company Name:



EXCESS CYBER COVERAGE OPTIONS

ACTION ITEM

ISSUE: Members of the Property Program are also provided Cyber Coverage with up to \$2M in aggregate limits (\$25M for ALL members in the program) for coverages including Cyber Extortion and Business Interruption from a Security Breach. Various sublimits apply to other coverages including Business Interruption from System Failure and Computer Hardware Replacement Costs.

Some Members have purchased options for Excess Cyber Coverage due to ongoing concerns about the adequacy of the limits given the frequency and severity of claims. The easiest coverage offering, avoiding a lengthy underwriting application, is the APIP Cyber Excess policy (ACES) found in the attached proposal. Members may purchase their own dedicated limits in Options 1 and 2 or choose a shared aggregate limit per Member and SCORE – Options 3 and 4.

Purchasing the \$3M/\$4M Agg limit coverage as a group lowers the premium to about half of the \$3M per Member premium, as indicated in the attached Cyber Excess Coverage Options spreadsheet. To increase the group aggregate to \$10M increases the total allocated premium to \$65,000.

OPTIONS

1. Purchase one of the excess cyber options - \$3M xs \$2M with \$4M or \$10M pool aggregate.
2. Decline the excess option for the Program group.
3. Members individually may request to bind coverage based on the attached quote or other available options. Please express interest at the meeting or contact the Administration team.

RECOMMENDATION: Consider options and authorize President to request or decline the attached proposal for the excess cyber coverage by signing the attached form.

FISCAL IMPACT: To be determined

BACKGROUND: The JPA's property policy through APIP includes Cyber Liability coverage. Each member of the JPA has its own \$2 million Cyber Liability annual aggregate limit with sublimit of \$1 million for Privacy Notification costs. The Privacy Notification costs erode the annual aggregate. *The Cyber Liability program as a whole has a \$25 million annual aggregate for all insureds or members in the program combined.*

ATTACHMENT(S):

1. Excess Cyber Coverage Premium Options
2. Cyber Excess Proposal
3. Cyber Coverage Presentation Slides

| SCORE Excess Cyber Coverage Limits Options | | Member Dedicated Limits | | Member Pooled Limits | |
|---|----------------------|-------------------------|-----------------|----------------------|-----------------|
| | | Option 1 | Option 2 | Option 3 | Option 4 |
| | | \$2M/\$2M Agg | \$3M/\$3M Agg | \$3M/\$4M Agg | \$3M/\$10M Agg |
| 1 | CITY OF BIGGS | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 2 | CITY OF COLFAX | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 3 | CITY OF DUNSMUIR | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 4 | CITY OF ETNA | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 5 | CITY OF ISLETON | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 6 | CITY OF LIVE OAK | \$3,309 | \$3,818 | \$1,933 | \$4,477 |
| 17 | TOWN OF LOOMIS | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 7 | CITY OF LOYALTON | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 8 | CITY OF MONTAGUE | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 9 | CITY OF MOUNT SHASTA | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 10 | CITY OF PORTOLA | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 11 | CITY OF RIO DELL | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 12 | CITY OF SHASTA LAKE | \$4,079 | \$4,706 | \$2,382 | \$5,518 |
| 13 | CITY OF SUSANVILLE | \$2,776 | \$3,203 | \$1,621 | \$3,756 |
| 14 | CITY OF TULE LAKE | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 15 | CITY OF WEED | \$2,250 | \$3,000 | \$1,314 | \$3,518 |
| 16 | CITY OF YREKA | \$4,079 | \$4,706 | \$2,382 | \$5,518 |
| | Total | \$43,493 | \$55,433 | \$25,403 | \$65,000 |

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

ALLIANT CYBER EXCESS PROPOSAL

TYPE OF COVERAGE: APIP Cyber Excess Policy – **Claims Made & Reported**

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

NAMED INSURED: [Small Cities Organized Risk Effort \(SCORE\)](#)

POLICY PERIOD: July 1, 2020 to July 1, 2021

RETROACTIVE DATE: Follows APIP Cyber Underlying Policy

COVERAGE FORM: Follow Form
Claims Made & Reported

INSURANCE COMPANY: Axis Insurance Company

A.M. BEST RATING: A+ (Superior), Financial Size Category: XV (\$2 Billion or greater)

STANDARD & POOR'S RATING: A+ (Strong) as of December 12, 2018

ADMITTED STATUS: Admitted

COVERAGES & LIMITS:

| | <u>Dedicated Limits in Excess of APIP Core</u> |
|-------------------------------|--|
| <i>Option 1 – per Member:</i> | \$2,000,000 Each Member Aggregate \$2,000,000 Policy Aggregate |
| <i>Option 2 – per Member:</i> | \$3,000,000 Each Member Aggregate \$3,000,000 Policy Aggregate |
| <i>Option 3 – entire Pool</i> | \$3,000,000 Each Member Aggregate \$4,000,000 Policy Aggregate |
| <i>Option 4 – entire Pool</i> | \$3,000,000 Each Member Aggregate \$10,000,000 Policy Aggregate |

SUB-LIMITS (Per Member and Policy Aggregate):

| | <u>Dedicated Limits in Excess of APIP Core</u> |
|---|--|
| Breach Response/Notification Expense Costs | \$ 500,000 (Non-Beazley Vendors) |
| (non-BBR endorsement members): | \$ 1,000,000 (Beazley Vendors) |
| Business Interruption resulting from a System Failure: | \$ 500,000 |
| Dependent Business Interruption resulting from a Security Breach: | \$ 750,000 |
| Dependent Business Interruption resulting from a System Failure: | \$ 100,000 |
| Fraudulent Instruction: | \$ 75,000 |
| Funds Transfer Fraud: | \$ 75,000 |
| Telephone Fraud: | \$ 75,000 |
| Computer Hardware Replacement (Bricking): | \$ 75,000 |
| Reputation Loss: | \$ 50,000 |
| Claims Preparation Cost for Reputation Loss Claims Only: | \$ Nil |
| Invoice Manipulation: | \$ 100,000 |
| Criminal Reward: | \$ Nil |
| Cryptojacking: | \$ Nil |

NOTE:

- 1) If you are a member of a JPA and your JPA purchases a group excess cyber policy above APIP cyber, please contact your client team to obtain excess limit quotes above your JPA's group excess cyber policy.
- 2) Quotes for up to \$35M in limits can be obtained, please contact your client team for more information.
- 3) 6 month minimum premiums
- 4) Breach response limits are increase if the BBR endorsement is purchased. Please contact your client team for further information

ENDORSEMENTS &

EXCLUSIONS: (including but not limited to)

- Sublimited Coverage Endorsement (First Excess)
- Schedule of Named Insureds Endorsement
- Cap on Losses from Certified Acts of Terrorism Endorsement
- Pending or Prior Litigation Exclusion Endorsement
- ACES Program Endorsement
- Not Follow Specified Coverage Endorsement
- Amend Conditions Endorsement

UNDERLYING INSURANCE:

| Layer | Insurer | Limits | Retention | Policy Period |
|---------|---------|-------------|--------------------|---------------------|
| Primary | Beazley | \$2,000,000 | Follows APIP Cyber | 7/1/2020 – 7/1/2021 |

TERM PREMIUM

7/1/2020 – 7/1/2021:

See Premium Table

BINDING CONDITIONS:

- **Copy of all Underlying Binders Prior to Binding Coverage**
- **Copy of all Underlying Policies to Policy Issuance**

PROPOSAL VALID UNTIL:

July 1, 2020

BROKER:

ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

NOTES: 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.

Premium Table:

| SCORE Excess Limits Options | | Option 1 | Option 2 | Option 3 | Option 4 |
|-----------------------------|----------------------|------------------|------------------|------------------|-------------------|
| | | \$2M/\$2M Agg | \$3M/\$3M Agg | \$3M/\$4M Agg | \$3M/\$10M Agg |
| 1 | CITY OF BIGGS | \$2,250 | \$3,000 | Include | Include |
| 2 | CITY OF COLFAX | \$2,250 | \$3,000 | Include | Include |
| 3 | CITY OF DUNSMUIR | \$2,250 | \$3,000 | Include | Include |
| 4 | CITY OF ETNA | \$2,250 | \$3,000 | Include | Include |
| 5 | CITY OF ISLETON | \$2,250 | \$3,000 | Include | Include |
| 6 | CITY OF LIVE OAK | \$3,309 | \$3,818 | Include | Include |
| 7 | CITY OF LOYALTON | \$2,250 | \$3,000 | Include | Include |
| 8 | CITY OF MONTAGUE | \$2,250 | \$3,000 | Include | Include |
| 9 | CITY OF MOUNT SHASTA | \$2,250 | \$3,000 | Include | Include |
| 10 | CITY OF PORTOLA | \$2,250 | \$3,000 | Include | Include |
| 11 | CITY OF RIO DELL | \$2,250 | \$3,000 | Include | Include |
| 12 | CITY OF SHASTA LAKE | \$4,079 | \$4,706 | Include | Include |
| 13 | CITY OF SUSANVILLE | \$2,776 | \$3,203 | Include | Include |
| 14 | CITY OF TULE LAKE | \$2,250 | \$3,000 | Include | Include |
| 15 | CITY OF WEED | \$2,250 | \$3,000 | Include | Include |
| 16 | CITY OF YREKA | \$4,079 | \$4,706 | Include | Include |
| 17 | TOWN OF FORT JONES | \$2,250 | \$3,000 | Include | Include |
| 18 | TOWN OF LOOMIS | \$2,250 | \$3,000 | Include | Include |
| | Total | \$45,743 | \$58,434 | \$25,403 | \$65,000 |

Disclosures

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. 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. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at 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.

[New York Regulation 194](#)

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.

Privacy

At Alliant, one of our top priorities is making sure that the information we have about you is protected and secure. We value our relationship with you and work hard to preserve your privacy and ensure that your preferences are honored. At the same time, the very nature of our relationship may result in Alliant's collecting or sharing certain types of information about you in order to provide the products and services you expect from us. Please take the time to read our full Privacy Policy posted at www.alliant.com, and contact your Alliant service team should you have any questions.

Other Disclosures/Disclaimers

FATCA

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

NRRA

(Applicable if the insurance company is non-admitted)

The Non-Admitted and 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 must be promptly remitted to Alliant Insurance Services, Inc.

Guarantee Funds

Established by law in every state, guaranty funds are maintained by a state's insurance commissioner to protect policyholders in the event that an insurer becomes insolvent or is unable to meet its financial obligations. *If your insurance carrier is identified as 'Non-Admitted', your policy is not protected by your state's Guaranty Fund.*

Claims Reporting

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Claims Made Policy

(Applicable to any coverage that is identified as claims made)

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

Any Employment Practices Liability (EPL) or Directors & Officers (D&O) with EPL coverage must give notice to the insurer of any charges / complaints brought by any state / federal agency (i.e. EEOC and similar proceedings) involving an employee. To preserve your rights under the policy, it is important that timely notice be given to the insurer, whether or not a right to sue letter has been issued.

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another state, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Permanent operations outside the United States, Canada or Puerto Rico.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances, which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Certificates of Liability Insurance / Evidence of Property Insurance

A Certificate or Evidence is issued as a matter of information only and confers no rights upon the recipient. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or recipient.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a Certificate or Evidence of insurance, you may be required to name your landlord, client or customer on your policy as loss payee on property insurance or as an additional insured on liability insurance. Adding a party as an additional insured is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the Certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.
- An additional insured endorsement will most likely not provide notification of cancellation. Some insurance companies use a “blanket” additional insured endorsement that provides automatically when it is required in a written contract. Most insurance companies do not want to be notified of all additional insureds when there is a blanket endorsement on the policy. If a notice of cancellation is required for the additional insured party, you must notify us immediately and we will request an endorsement from your insurance company. There may be an additional premium for adding a notice of cancellation endorsement for an additional insured.

See Request to Bind Coverage page for acknowledgment of all disclaimers and disclosures.

Request to Bind Coverage

Small Cities Organized Risk Effort (SCORE)

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

| Coverage Line | Bind Coverage for: |
|--|--|
| Excess Cyber Liability Policy Period: July 1, 2020 to July 1, 2021 Option 1: \$2,000,000 xs \$2,000,000 with \$2,000,000 Policy Aggregate Option 2: \$3,000,000 xs \$2,000,000 with \$3,000,000 Policy Aggregate Option 3: \$3,000,000 xs \$2,000,000 with \$4,000,000 Policy Aggregate Option 4: \$3,000,000 xs \$2,000,000 with \$10,000,000 Policy Aggregate <i>Cannot be bound without binding primary APIP Cyber Coverage</i> | See Premium Table <input type="checkbox"/> See Premium Table <input type="checkbox"/> See Premium Table <input type="checkbox"/> See Premium Table <input type="checkbox"/> |

After review of the optional coverages summarized in this proposal, we have elected to decline all option(s) presented above.

Did you know that Alliant works with premium financing companies? Are you interested in financing your annual premium?

| Yes, please provide us with a financing quote. | No, we do not wish to finance our premium. |
|--|--|
| <input type="checkbox"/> | <input type="checkbox"/> |

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.

| | |
|--|------|
| Signature of Authorized Insurance Representative | Date |
| Title | |
| Printed / Typed Name | |

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. The actual terms and conditions of the policy will prevail.

An Overview Alliant's Cyber Insurance Programs (EIA and APIP) and the Claims Process



PRESENTED BY:
Alliant Insurance Services, Inc.



Trends – Internal Perspective

Claim Frequency

- 300%+ increase from 2017/18 to 2018/29
- Claim count is tracking at 100% increase from 2018/19 to 2019/20 (as of November 25, 2019)

Claim Severity

- 300%+ increase for largest claim on file
- 200%+ increase for total claims year over year

Proposal Activity

- 74% increase in excess proposal requests
- 27% decrease in BBR endorsement requests

Midterm Transaction Activity

- 900%+ increase in midterm transactions request activity

Cyber Incident Trends

- **The loss or disclosure of personal or sensitive data continues to be a huge concern and risk for companies.**
- *2009:* Managing breach incidents since 2009
- *2014:* Handled 750+ incidents
- *2015:* Handled 1,200+ incidents
- *2016:* Handled 1,900+ incidents
- *2017:* Handled 2,600+ incidents
- *2018:* Handled 3,300+ incidents
- *2019 Projection:* 4,500+ incidents
As of 1/1/2019 – 11,000+ incidents
- Highest ransom demand reported to Beazley: \$20 Million – will likely be paid
- Highest ransom demand paid by a Beazley insured: \$3 Million
- Average ransom demand and/or payment in 2018: \$116,324

Source: Beazley Group

The Alliant logo features a stylized white arrow pointing to the right, followed by the word "Alliant" in a bold, white, sans-serif font, all set against a dark blue background.

Cyber Incident Trends

Responsible Party



55%

Employee

Often there is a combination of an employee mistake exploited by a non-vendor unrelated third party (i.e., a threat actor).



27%

Non-Vendor
Unrelated Third Party



11%

Vendor



3%

Non-Vendor
Related Third Party



2%

Unrelated Third Party



2%

Not Applicable

Sources: www.bakerlaw.com

Alliant

Understanding Cyber Insurance

It's Data, Data Privacy and Computer Equipment Insurance (First Party, Third Party and "Other")

First Party

- Protection for Loss of My Data
- Business Interruption From Unauthorized Access Which Affected My Computer or Data
- Protection for Damage to My Computer

Third Party

- Liability For Losing Someone Else's Data
- Liability From Information Posted on My Website
- Government Fines for Not Complying to Specific Regulations
- Payment Card Fines For Non-Compliance

"Other"

- Costs to Let People Know We Lost Their Data
- Costs to Have Help Understanding the Most Recent Data Privacy Laws in Every State and Internationally
- Costs to Have Help Navigating the Messaging to Put Forward
- Recovering Money Lost in a Fraudulent Email that Caused a Transfer of Money

Cyber Coverages

Breach Response

Legal Services

Forensics

Notification

Credit
Monitoring

Public
Relations/Crisis
Management

First-Party

Business
Interruption

Extortion

Data Restoration

eCrime

Criminal Reward

Bricking

Third-Party

Data and
Network
Liability

Regulatory

Payment Card

Media Liability

Endorsements

Breach
Response*

Technology E&O

Retention Buy
Down

Reinstatement –
Entire Program

Note: Endorsements may require more information and additional premium.

* Sub-Limit increase and BBR endorsements

Alliant

APIP's Excess Programs BBR+ and BBRx2

\$2,000,000 or \$3,000,000 or
\$4,000,000 or \$5,000,000
Excess Cyber
Per Member Aggregate
& Policy Aggregate Limit

\$2,000,000 APIP Cyber
Per Member Aggregate Limit
(Part of \$25,000,000
Program Aggregate Limit)

RBD/\$50,000 / \$100,000 / 8 Hours
Per Member Retention,
Per Claim or Incident

Full Member Limits Coverages – Full Follow Form and Drop Down

(Part of Member, Program & Policy Aggregate Limits)

- Breach Response Costs
- Business Interruption Resulting From Security Breach
- Cyber Extortion Loss
- Data Recovery Costs
- Data & Network Liability
- Regulatory Defense & Penalties
- Payment Card Liabilities & Costs
- Media Liability (Electronic Only)

Please note: This document is provided for informational purposes.

Alliant

APIP's Per Member Sub-Limited Coverages With BBR+ and BBRx2 Endorsement

Sub-Limited Coverages – Full Follow Form and Drop Down (Part of Member, Program & Policy Aggregate Limits, unless otherwise stated)

| | | | | | | | | | | | |
|---|---|---|--|---|--|--|--|---|--|--|--|
| For BBRx2 the Notified Lives are Doubled (i.e., 50K lives becomes 100K lives (Beazley Approved Vendor) Per Member Limit Outside of APIP Cyber Member and Policy Aggregate Limit | For BBRx2 the \$\$ Limit is Doubled (i.e., \$1M becomes \$2M (Beazley Approved Vendor) Per Member Limit Outside of APIP Cyber Member and Policy Aggregate Limit | \$500,000 Excess Cyber Per Member Sub-Limit | \$750,000 Excess Cyber Per Member Sub-Limit | \$100,000 Excess Cyber Per Member Sub-Limit | \$75,000 Excess Cyber Per Member Sub-Limit | \$75,000 Excess Cyber Per Member Sub-Limit | \$75,000 Excess Cyber Per Member Sub-Limit | \$100,000 APIP Cyber Per Member Sub-Limit | \$25,000 Excess Cyber Per Member Sub-Limit | \$50,000 Excess Cyber Per Member Sub-Limit | \$75,000 Excess Cyber Per Member Sub-Limit |
| # of Notified Lives (Beazley Approved Vendor) Per Member Limit Outside of APIP Cyber Member and Policy Aggregate Limit | \$\$ Limit (Beazley Approved Vendor) Per Member Limit Outside of APIP Cyber Member and Policy Aggregate Limit | \$500,000 APIP Cyber Per Member Sub-Limit | \$750,000 APIP Cyber Per Member Sub-Limit | \$100,000 APIP Cyber Per Member Sub-Limit | \$75,000 APIP Cyber Per Member Sub-Limit | \$75,000 APIP Cyber Per Member Sub-Limit | \$75,000 APIP Cyber Per Member Sub-Limit | \$100,000 APIP Cyber Per Member Sub-Limit | \$25,000 APIP Cyber Per Member Sub-Limit | \$50,000 APIP Cyber Per Member Sub-Limit | \$75,000 APIP Cyber Per Member Sub-Limit |
| RBD/\$50,000 / \$100,000 Per Member Retention, Per Claim/Incident | | | | | | | | | | | |
| Notification Costs | Legal, Forensics, Crisis Management | Business Interruption Resulting From System Failure | Dependent Business Interruption Resulting From Security Breach | Dependent Business Interruption Resulting From System Failure | Fraudulent Instruction | Funds Transfer Fraud | Telephone Fraud | Invoice Manipulation | Criminal Reward | Consequential Reputation Loss | Computer Hardware Replacement |

Please note: This document is provided for informational purposes.

*Red dotted box is additional coverage provided by the BBRx2 endorsement

**Blue dotted box points out the sublimit where no coverage is provided in the BBR+ or BBRx2



Beazley Breach Solutions Risk Management Portal

www.beazleybreachsolutions.com

WHAT'S ON THE SITE

Breach Response Services

Understanding the scope of services and expertise available to you.

How To Prepare

Steps your organization can take in order to minimize data breaches and their impact—including response plan template and sample policies—as well as resources for training employees.

Investigate

Overview of the varied components of an effective response – including a first responder guide and forensic tools.

Respond

Report an incident and look up breach notification laws specific to your state

For Beazley Breach Response inquires:

| | | |
|----------------|--|--|
| Steve Davidson | | steve.davidson@alliant.com |
| Thomas Joyce | | thomas.joyce@alliant.com |
| Susan Leung | | susan.leung@alliant.com |

HOW TO ACCESS

FOR SINGLE MEMBERS

- Send email request to bbrservices@Beazley.com to obtain your organizations **activation code** – include the full names and titles
CC: Your Alliant Service Team along with Steve, Thomas and Susan
- Beazley will send an email within 3-5 business days with your organization's activation code
- Go to beazleybreachsolutions.com and click "**click here to register**"
- Enter your activation code, full name, email, industry, and create a password
- Click **submit**
- You will receive an email within minutes with a link to **validate your registration**
- Click to validate, log in, and you're ready to go!

FOR JPA/POOL MEMBERS

- Provide a list of pool members (member name, risk management contact name and email), along with the full address of the JPA, to your Alliant Service Team CC: to Steve, Thomas and Susan
- Alliant will convert the information into the *Beazley template* and send the request to bbrservices@Beazley.com
- Within 3-5 business days, Beazley will send each risk management contact a welcome email with their organization's activation code
- Contacts should go to beazleybreachsolutions.com, click "**click here to register,**" and enter the activation code, full name, email, industry, and create a password (*remember; this will need to done for each domain name of the JPA/Pool*)
- Click **submit**
- The contact will receive an email within minutes with a link to **validate registration**
- Click to validate, log in, and they're ready to go!

Alliant

Notifying Beazley of a Cyber Incident (1 of 2)

When?

- ASAP!
 - Any suspected Data Breach, Security Breach, Cyber Extortion Threat, or System Failure
 - Build notice protocols into your IRP
 - Escalate systematic, reputational, and catastrophic incidents
 - ***Helps preserve members' rights under applicable Policy***

Who?

- Beazley via email for all claims – **NON-BBR**: tmbclaims@Beazley.com
- Beazley via email for all claims – **BBR**: bbr.claims@beazley.com
- Beazley via phone for all claims – **BBR**: [\(866\) 567-8570](tel:(866)567-8570)
- AlliantCyberClaims@Beazley.com (Emergencies on holidays, weekends, after work hours)
- Alliant (via email: Elaine.Tizon@Alliant.com)

The Alliant logo consists of a white stylized arrowhead pointing to the right, followed by the word "Alliant" in a bold, white, sans-serif font.

30



**DEADLY WEAPONS RESPONSE
OPTIONAL COVERAGE PROGRAM**

ACTION ITEM

ISSUE: Deadly Weapons Coverage was offered to members of APIP for the first time in FY 18/19. The coverage provides a \$500,000 per claim limit with a \$2,500,000 pool aggregate and sublimits for property damage and business interruption, crisis management services, funeral services and counseling services, per the attached summary. The event must occur at a location on a member's APIP Schedule of Values.

The Deadly Weapons Response insurance is primary for property and business interruption, coverages also provided by APIP, but it extends the current coverage to include crisis, counseling and funeral services for events happening on insured property. The premium for SCORE members is \$6,712.28.

RECOMMENDATION: Review and discuss option and decide on participation.

FISCAL IMPACT: SCORE's premium is \$6,712.28.

BACKGROUND: This type of insurance, often labeled "Active Shooter" Coverage, is the result of the need for specific coverage and services in the aftermath of a covered event or attack.

ATTACHMENT(S): Deadly Weapons Coverage Option Summary

2020 – 2021

**Alliant Deadly Weapon
Response Program (ADWRP) Proposal**

Presented on May 26, 2020

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL

| | |
|---|---|
| INSURED | Small Cities Organized Risk Effort |
| INSURANCE COMPANY: | Underwriters at Lloyd's of London |
| A.M. BEST RATING: | A (Excellent) XV; Greater than \$2,000,000,000 |
| STANDARD AND POOR'S RATING: | A+, Strong Financial Security |
| STATE LICENSE STATUS: | Non-Admitted |
| POLICY TERM: | July 1, 2020 – July 1, 2021 |
| COVERAGE FORM: | Claims Made & Reported |
| COVERAGE TYPE: | Third Party Bodily Injury Liability, First Party Property Damage, Business Interruption & Crisis Management for events occurring at a location appearing on your Schedule of Values on file with Alliant Insurance Services, Inc. |
| LIMITS: | |
| Per Occurrence | \$ 500,000 |
| Aggregate (Shared by Members of Pool/JPA) | \$ 2,500,000 |
| DEDUCTIBLE: | \$10,000 Each Event including Claims Expenses |
| RETROACTIVE DATE: | To be determined |

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

SUB-LIMITS:

(Each Sublimit is part of the Overall Limit of Liability and not in addition to it)

| | |
|------------|---|
| \$ 250,000 | Crisis Management Services - specified in endorsement |
| \$ 250,000 | Crisis Management Services – unspecified |
| \$ 250,000 | Counseling Services |
| \$ 250,000 | Funeral Expenses |
| \$ 250,000 | Business Interruption |
| \$ 250,000 | Demo/Clearance/Memorialization |
| \$ 250,000 | Extra Expense |
| \$ 250,000 | Threat |
| \$ 25,000 | Per Person for Medical Expenses with a \$500,000 annual aggregate |
| \$ 50,000 | Per Person Accidental Death and Dismemberment with a \$500,000 annual aggregate |

ENDORSEMENTS:

(Including But Not Limited To)

- Deadly Weapon & Security Vulnerability Post Underwriting Review
- Deadly Weapon Safety Action Plan Seminar
- Crisis Management Services
- Circumstance Extension
- Property Damage Extension
- Counselling Services
- Funeral Expenses
- Short Rate Cancellation Table
- Premium Payment Clause
- Reinsurers Liability Clause
- Lloyd’s Privacy Policy
- Sanction Limitation & Exclusion Clause
- Notice of Terrorism Insurance Coverage
- Business Interruption (*if applicable*)

EXCLUSIONS:

(Including But Not Limited To)

- Loss of market, loss of use or any other consequential loss at property physically lost or damaged
- Confiscation, nationalization, requisition or destruction of or damage to property by government, public or local authority

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

EXCLUSIONS - CONTINUED:

(Including But Not Limited To)

- Euthanasia
- Any explosive devices unless used in conjunction with a Deadly Weapon Event.
- Fraudulent Claims
- Any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by the Directors or Officers, in the discharge of their duties solely in their capacity as Directors or Officers of the Named Insured
- Any vehicle not defined as a road vehicle
- Any weapon mounted (or designed to be mounted) on a vehicle
- Any weapon, device or substance delivered by an airborne weapon delivery system including, but not limited to, fixed wing aircraft, helicopter or drone
- Injury or death to any employees of any third party whom the Named insured has contracted for services.
- Any claim or claims made by or on behalf of an Assailant.
- Use or operation as a means to inflict harm of any computer, computer system, computer software, malicious code, computer virus or any other electronic system.
- Workers Compensation
- Employment Practices
- Ionizing radiations or contamination by radioactivity from nuclear waste or fuel
- Radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor, assembly or component
- Mercy Killing(s)
- Cross Suits
- Strikes, labor unrest, riots or civil commotion
- Suicide
- War, insurrection, civil commotion

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

EXCLUSIONS - CONTINUED:

(Including But Not Limited To)

- Mental injury or mental anguish related claim where no Bodily Injury occurred to claimant (Except as included by endorsement for counselling services)
- Any weapon or device employing atomic or nuclear fission, fusion or other like reaction or force or matter
- Loss, injury or damage caused by or resulting from Named Insured's recklessness or deliberate misconduct
- Chemical, biological, bio-chemical or electromagnetic weapon
- Nuclear reaction, radiation or contamination, however caused
- Any Pollutant or Contaminant however introduced or arisen
- Property Damage in care, custody or control of Named Insured or person under contract (except as maybe provided by the 1st Party Property coverage)
- Punitive or exemplary damages, sanctions or additional damages
- COVID19
- Any Deadly Weapon Event that occurs at a Location(s) which has been specifically leased or loaned by the Named Insured to any other entity or individual to host a permitted event planned and ticketed for more than 500 attendees over the duration of the event, except with the prior written agreement of the Underwriters. Upon notification of any such permitted event, the Underwriters may, at their discretion, charge an additional premium and/or impose additional conditions specifically for that event.

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

**ADDITIONAL EXCLUSIONS RELATING TO
PROPERTY & BUSINESS INTERRUPTION:**
(Including But Not Limited To)

- Land or land values
- Aircraft, watercraft or any vehicle licensed for highway use
- Animals
- Money, currency, checks, coins, stamps, securities, valuable papers, evidences of debt, precious stones, precious metals (unless forming an integral part of Insured Property), jewelry, furs, fine arts and antiques
- Electronic data
- Any property in Transit
- Increase in loss caused by suspension, lapse, cancellation of any lease, license, contract or order, unless loss results directly from the insured Interruption of Business
- Fines, penalties or damages incurred by or imposed upon the Named Insured at order of any Government Agency, Court or other Authority

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

| | | |
|---|---|---------------------|
| ANNUAL PREMIUM: | \$ 6,501.00 | Premium |
| | \$ 195.03 | Surplus Lines Taxes |
| | \$ <u>16.25</u> | Surplus Lines Fees |
| | \$ 6,712.28 | Total Cost |
| DEFENSE INSIDE/OUTSIDE THE LIMITS: | Inside | |
| MINIMUM EARNED PREMIUM: | 25% Minimum Earned Premium | |
| PROPOSAL VALID UNTIL: | 30 Days From Date Issued | |
| SUBJECTIVITIES: | <ul style="list-style-type: none">• Completed and Signed Request to Bind Coverage Form (See last page)• Completed and Signed Surplus Lines Document(s) (If applicable)• Complete Schedule of Values on file to share with the carrier.• No known or reported losses or incidents likely to give rise to a claim over the last 12 months. | |

See Disclaimer Page for Important Notices and Acknowledgement

Disclosures

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. 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. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at 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.

Other Disclosures / Disclaimers - Continued

NY Regulation 194

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.

FATCA:

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

NRRA:

The Non-Admitted and 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 must be promptly remitted to Alliant Insurance Services, Inc.

Other Disclosures / Disclaimers - Continued

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Certificates / Evidence of Insurance

- A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.
- You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

Other Disclosures / Disclaimers - Continued

Commercial Property Coverage

*Property Co-insurance: Most property insurance policies contain a co-insurance clause. In exchange for a reduced rate, the insured agrees to carry at least the stated percentage of insurance to the total insurable value of the property. If, at the time of loss, the amount of insurance carried is less than this percentage, the loss payment will be reduced proportionately.

Glossary of Insurance Terms

Below are a couple of links to assist you in understanding the insurance terms you may find within your insurance coverages:

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>

<http://www.ambest.com/resource/glossary.html>

<http://www.irmi.com/online/insurance-glossary/default.aspx>

Optional Coverages

The following represents a list of insurance coverages that are not included in this proposal, but are optional and may be available with further underwriting information. Note some of these coverages may be included with limitations or insured elsewhere. This is a partial listing as you may have additional risks not contemplated here or are unique to your organization.

- Crime / Fidelity Insurance
- Directors & Officers Liability
- Earthquake Insurance
- Employed Lawyers
- Employment Practices Liability
- Event Cancellation
- Fiduciary Liability
- Fireworks Liability
- Flood Insurance
- Foreign Insurance
- Garage Keepers Liability
- Kidnap & Ransom
- Law Enforcement Liability
- Media and Publishers Liability
- Medical Malpractice Liability
- Network Security / Privacy Liability and Internet Media Liability
- Pollution Liability
- Owned/Non-Owned Aircraft
- Owned Watercraft
- Special Events Liability
- Student Accident
- Volunteer Accidental Death & Dismemberment (AD&D)
- Workers' Compensation
- Workplace Violence

Request to Bind Coverage

Small Cities Organized Risk Effort

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

| Coverage Line | Annual Premium | Bind | Decline |
|---|----------------|--------------------------|--------------------------|
| DEADLY WEAPON RESPONSE PROGRAM Limit \$500,000 Aggregate (Shared by Members of Pool/JPA) \$2,500,000 <i>Premium will be prorated based on join date</i> | \$6,712.28 | <input type="checkbox"/> | <input type="checkbox"/> |

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.

| | |
|---|-------------|
| | |
| Signature of Authorized Insurance Representative | Date |
| | |
| Title | |
| | |
| Printed / Typed Name | |

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. *The actual terms and conditions of the policy will prevail.*



APIP CLAIMS REPORTING ACKNOWLEDGEMENTS

ACTION ITEM

ISSUE: The Alliant Property Insurance Program (APIP) requires its members to sign the Acknowledgement Form which outlines the steps that should be taken at the time a property, cyber liability or pollution loss occurs to assure that the claim is managed effectively from the start. **The notice requirements must be met to be sure that insurance coverage available through APIP remains in force and available for claims payment.** The Board is asked to acknowledge receipt of the Claims Reporting Information and Requirements.

FISCAL IMPACT: None.

RECOMMENDATION: Authorize President to sign on behalf of SCORE and provide individual member signed acknowledgements to the Program Administrator.

BACKGROUND: The Alliant Property Insurance Program (APIP or PEP/IP) includes property coverage for Member owned locations, Cyber Liability coverage and Pollution coverage. This Program has developed APIP Claims Reporting Procedures for Property, Cyber Liability and Pollution claims. These Reporting Requirements, as well as the applicable disclosures and signature forms, have been distributed to Members in advance of this meeting for their review. Members were instructed to retain these documents in their records so as to assist them in the event that a claim needs to be filed. The Administrators have asked that each Member sign and return the signature forms indicating that they acknowledge receipt of the information.

ATTACHMENT(S): APIP Claims Reporting Acknowledgement Form

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 as attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned e-mail or mail to have it be included in your insurance records.

- APIP Property Claims Reporting
- Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased
- Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs In effect: July 1, 2020 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: Small Cities Organized Risk Effort

Authorized Signature:

Print Name

Date

Title:



MEMORANDUM OF COVERAGE (MOC) APPROVAL - LIABILITY

ACTION ITEM

ISSUE: The Board annually reviews and approves the Liability Memorandum of Coverage (MOC). The SCORE MOC is an “underlying” form that incorporates the excess Memorandum of Coverage provided by the California Joint Powers Risk Management Authority (CJPRMA), with a few modifications, most notably the SCORE MOC does not provide coverage for Employment Practices Liability.

There are no changes to the CJPRMA MOC itself, but *the reinsurers that provide limits in excess of \$15M have added an Infectious Disease Exclusion due to ongoing concerns regarding the COVID-19 pandemic.*

The Program Administrators have discussed the liability exposure related to the current pandemic with coverage counsel and other pool administrators to evaluate if changes should be made to the MOC for the primary coverage level. The risk of a major claim is low and immunities will likely apply to any claims arising from public safety activities as long as the insured did not knowingly increase the risk of infection. There is also the difficulty of a plaintiff proving where and how they were infected and that the member had notice of or created a dangerous condition.

But while the risk seems low, we do not currently have enough experience to make a strong recommendation regarding, to what degree, coverage should apply and the exposure for defense costs should be considered a significant potential cost. If members are concerned about the exposure but do not want to exclude it entirely a sublimit could be implemented or a more preferred option might be an aggregate limit that would still allow members to access the excess coverage.

At the most recent Board meeting members recommended not adding an exclusion within the SCORE MOC but reserving the right to amend the MOC retroactively, after Board review in October, if claims exceeded expectations and threatened the program’s financial stability. Legal counsel has suggested a more preferred option would be to establish a sublimit and/or aggregate limit in order to avoid difficulties in restricting coverage later. The following page summarizes options for Board consideration and provides sample language where appropriate.

RECOMMENDATION: Review the options on the following page that address the Infectious Disease exposure and approve the FY 20/21 SCORE Liability Memorandum of Coverage, incorporating any changes as presented.

FISCAL IMPACT: Uncertain at this time.

BACKGROUND: SCORE annually reviews and approves the Liability Memorandum of Coverage (MOC), including any recommended changes based on member feedback and/or changes made to the excess MOC provided by CJPRMA.

ATTACHMENT(S):

1. FY 20/21 SCORE Liability MOC
2. FY 20/21 CJPRMA Liability MOC

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-210

1. COVERAGE AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, Small Cities Organized Risk Effort (SCORE) agrees to pay on behalf of the Member City Loss resulting from any occurrence covered by the terms of the California Joint Powers Risk Management Authority Memorandum of Coverage or the CSAC-EIA Group Purchase Pollution Liability Policy, as that Policy applies to SCORE, effective concurrently with the period stated on the declarations, except as amended by the following provisions:

2. LIMITS OF LIABILITY

The Limits of Liability stated under Item 3a of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the California Joint Powers Risk Management Authority Memorandum of Coverage.

The Limits of Liability stated under Item 3b of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the CSAC-EIA Group Purchase Pollution Liability Policy.

In the event of a coverage dispute, under no circumstances shall SCORE be liable for consequential damages, “bad faith” damages, or any sums beyond the amounts due under CJPRMA Memorandum of Coverage Section I – Coverages, plus interest at the same rate as SCORE earned on investments for the time period involved.

3. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

4. AMENDMENTS

A. Coverage for employment practices liability in the California Joint Powers Risk Management Authority Memorandum of Coverage does not apply to this Memorandum of Coverage and the following exclusion is effective:

This Memorandum of Coverage does not apply to claims by a potential, present or former employee arising out of employment-related practices, policies, acts or omissions, including any violation of civil rights, termination, coercion, demotion, evaluation, reassignment, discipline, defamation, sexual harassment, harassment, humiliation or discrimination directed at that person. This exclusion extends to claims of the spouse, child, unborn child or fetus, parent, brother or sister of that person as a consequence of injury to the person at whom any of the employment-related practices, policies, acts or omissions described above are directed. This exclusion applies to claims of negligent

supervision and/or claims of failure to prevent such employment-related practices, policies, acts or omissions.

- B. This Memorandum of Coverage does not apply to claims arising out of skateboard parks.
- C. Exclusion #22, Land Use, of the California Joint Powers Risk Management Authority Memorandum of Coverage includes the following:

This exclusion shall not apply to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the *covered party* may be legally responsible.

- D. This Memorandum of Coverage does not apply to claims arising out of paintball courses owned, operated or maintained by the member city or claims arising out of paintball parks existing on property owned or leased to the member city.

5. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS-means the ultimate net loss as defined in the Memorandum of Coverage issued by CJPRMA for this period concurrent with the period stated in the declarations and amended by the Memorandum.

MEMBER CITY OR MEMBER ENTITY- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. Other Coverage Or Insurance

The coverage afforded by the Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice, either written or oral, as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and fullest information obtainable at the time. If legal proceedings are begun, the Member City shall forward to the SCORE Claims Administrator each paper therein, or a copy thereof, received by the Member City or the Member City's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SCORE will be subrogated to all the Member City's rights of recovery against any person or organization and SCORE shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the loss to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

12. ARBITRATION OF COVERAGE DISPUTES

(a) Coverage Determinations

The Administrator, in conjunction with the claims adjuster, shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the *Authority's* right to deny coverage on all or part of a claim, if a loss subsequently exceeds the *retained limit*.

A decision by the Administrator to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing to the administrator within thirty (30) calendar days of the date of the Administrator's written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The Administrator, in conjunction with the claims adjuster, and the *covered*

party will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints. Any dispute concerning a decision by the Board to deny coverage for all or part of a claim shall not be subject to any court action, but may instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the *covered party* must be submitted to the administrator within thirty (30) calendar days from the date of the noticed decision by the Board of Directors.

(a) **Arbitration Procedures for Resolving Disputes**

1) **Selection of Arbitrators**

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Sacramento County Superior Court for the appointment of the third arbitrator pursuant to the provisions of section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with the *Authority* or the *covered party* or *parties*.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension or chairperson grants an extension.

Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between either side and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) **Testimony Under Oath**

The testimony of witnesses shall be given under oath.

4) **Length of Hearing**

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel

shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) **Certified Shorthand Reporter**

Either side wishing a certified shorthand reporter record shall make arrangements directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

(b) **Funding of Defense and Payment of Claims Pending Resolution of Dispute**

If the duty to defend is at issue, during the course of the arbitration proceedings provided herein, the *covered party* will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such *defense costs*, the *Authority* will reimburse the *covered party* as directed by the panel.

(c) **Effects of Arbitration Decisions**

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) **General Law**

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.

Mr. Steven Baker, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-210

ENDORSEMENT NO. 1

It is understood and agreed that the coverage provided under Form No LIAB-210 to the Members of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the following Member skateboard parks:

- 111 Beckwith Road, Loyalton, California
- Miner Street Park, Yreka, California
- 441 South Gulling Street, Portola, California.
- 1200 North Street, Susanville, California.
- 1525 Median, Shasta Lake, California.
- 9th and B Streets, Biggs, California.
- Blue Anchor Park, Loomis, CA
- 10200 O Street, Live Oak, California.

SCORE President, Steven Baker

Date



LIABILITY MOC “DISEASE” OPTIONS

Option #1: Do Nothing

No changes to the MOC, SCORE would not exclude allegations related to communicable disease.

Option #2: Exclude Coverage

Approve the attached endorsement to the MOC to exclude coverage, with sample language below:

This **policy** does not provide coverage for any liability, **loss**, injury, damage, cost or expense resulting directly, or indirectly, from or arising in whole, or in part, out of any one or more of the following:

1. any **communicable disease**; or
2. any loss, cost or expense relating to the monitoring, clean-up, removal, containment, treatment, disposal, replacement or rehabilitation or real or personal property due to actual or suspected contamination by infectious bacteria or viral organisms capable of transmitting a **communicable disease**.

This exclusion applies even if the claims against any **insured** allege negligence or other wrongdoing...

Communicable disease means any disease, illness or condition caused by an infectious agent or its toxins that occurs through the direct or indirect transmission of the infectious agent or its products from an infected individual or via an animal, vector or the inanimate environment to a susceptible animal or human host.

Option #3: Limit Coverage

Adopt the above endorsement to define Communicable Disease but exclude only after application of a sublimit or aggregate limit. In order not to limit a Member’s access to excess coverage the sublimit would have to be at least \$500,000, more than the pool could manage if all were to have even less than limit losses.

A less risky approach would be to implement an aggregate deductible of up to \$2 or \$3,000,000. This would allow access to the excess coverage for any single claim while giving all members a reasonable assurance the coverage will be there, barring any unexpected surge in claims.

Option #4: Monitor and Adjust if Needed

Given the uncertainties surrounding the exposure, the Board could wait to see how the current virus impacts member operations and claims experience and take action in October or December. The MOC could be retroactively amended to exclude or limit coverage based on more complete knowledge of the exposure, though it may be best to limit options ahead of time in order to facilitate a decision.

2020 - 2021 Memorandum of Coverage



California Joint Powers
Risk Management Authority

TABLE OF CONTENTS

- 1) **SECTION I**
Coverages 2

- 2) **SECTION II**
Definitions 2

- 3) **SECTION III**
Defense and Settlement..... 12

- 4) **SECTION IV**
The Authority’s Limit of Coverage..... 13

- 5) **SECTION V**
Coverage Period and Territory 16

- 6) **SECTION VI**
Exclusions 16

- 7) **SECTION VII**
Conditions..... 26

- 8) **ENDORSEMENTS**Attached

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

MEMORANDUM OF COVERAGE

PROGRAM YEAR: 2020 - 2021

This coverage document shall be in effect from July 1, 2020 through June 30, 2021.

In consideration of the payment of the deposit premium, the *Authority* agrees with the *covered parties* as follows:

SECTION I - COVERAGES

The *Authority* will pay up to the *limit of coverage* those sums for *ultimate net loss* in excess of the *retained limit* that the *covered parties* become legally obligated to pay as *damages* because of *bodily injury, property damage, personal injury, public officials errors and omissions or employment practices liability* as those terms are herein defined and to which this agreement applies, caused by an *occurrence* during the coverage period, except as otherwise excluded.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled self-insurance pursuant to California Government Code section 990.8. This Memorandum is a negotiated agreement among the *members* of the *Authority* and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles that require interpretation of ambiguous language against the drafter of such agreement. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the *members* of the *Authority*, acting through the Board of Directors in adopting this Memorandum. As the *Authority* is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have an obligation to provide "Cumis" counsel to a *covered party* in disputed coverage situations under California Civil Code section 2860. Finally, failure to provide notice to a *covered party* of any coverage dispute shall not operate to waive any of the provisions of this Memorandum.

SECTION II - DEFINITIONS

- 1) **Aircraft** means a vehicle designed for the transport of persons or property principally in the air. Aircraft does not include Small Unmanned Aircraft as defined in 14 Code of Federal Regulations Section 107.3.
- 2) **Airport** means an area of land or water used or intended to be used for the landing and taking off of *aircraft*; including an appurtenant area used or

intended to be used for *airport* buildings or other *airport* facilities or right of way; and *airport* buildings and facilities located in any of these areas. “*Airport*” includes a heliport.

- 3) **Authority** shall mean the California Joint Powers Risk Management Authority created by the JPA Agreement.
- 4) **Automobile** means a land motor vehicle, trailer or semi-trailer.
- 5) **Bodily injury** means *bodily injury*, sickness, disease or emotional distress sustained by a person, including death resulting from any of these at any time. *Bodily injury* includes *damages* claimed by any person or organization for care, loss of services or death resulting at any time from the *bodily injury*.
- 6) **Care, Custody or Control Hazard** includes all *property damage* to: (1) property that the *covered party* rents or occupies; (2) premises the *covered party* sells, gives away or abandons, if the *property damage* arises out of any part of those premises; (3) property loaned to the *covered party*; and (4) personal property in the care, custody or control of the *covered party*.
- 7) **Covered Indemnity Contract** means that part of any contract or agreement pertaining to the *covered party's* routine governmental operations under which the *covered party* assumes the tort liability of another party to pay for *bodily injury* or *property damage* to a third person or organization. This definition applies only to liability that would be imposed by law in the absence of any contract or agreement, arising out of an *occurrence* to which this Agreement applies. Routine governmental operations include the *Covered Party's* lease of premises, easement or license agreement, use of facilities or equipment, mutual aid agreement, or other agreement approved by Authority staff in advance of the loss.
- 8) **Covered party** means:
 - (a) A *member entity* of the California Joint Powers Risk Management Authority. This includes all entities named in its declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board) or similar entities coming under the entity's direction or control, or for which the entity's board members sit as the governing body, except a hospital board or commission, regardless of how such body is denominated.
 - (b) A member of a joint powers authority that is a *member entity* herein, which participates in said jpa's liability program. This includes all entities named in its declarations page, including any and all

commissions, agencies, districts, authorities, boards (including the governing board) or similar entities coming under the entity's direction or control, or for which the entity's board members sit as the governing body, except a hospital board or commission, regardless of how such body is denominated.

- (c) Any person or entity identified as a *covered party* holding a certificate of coverage duly issued by the *Authority*, for *occurrences* during the coverage period identified in the certificate of coverage; if a particular activity is identified in the certificate of coverage, the person or entity is a *covered party* only for *occurrences* arising out of the described activity. *Coverage will not be broader than what the Member Entity is required to provide by the contract or agreement, nor for higher limits than required by the contract, nor broader than the coverage provided under this Memorandum.*
- (d) Any person who is an official, *employee* or volunteer of a person or entity covered by (a), (b), or (c) herein, whether or not compensated, while acting in an official capacity for or on behalf of such person or entity, including while acting on any outside board at the direction of such person or entity, except a hospital board or commission, regardless of how such body is denominated. *Covered party* shall not include any person whose conduct is not within the course and scope of his or her employment or office with the *covered party* at the time of the act or acts that give rise to liability.
- (e) With respect to any *automobile* owned or leased by a *covered party* (described in (a), (b) or (c) above), or loaned to or hired for use by or on behalf of the *covered party*, any person while using such *automobile*, and any person or organization legally responsible for the use thereof, provided the actual use is with the express permission of the *covered party*, but this protection does not apply to:
 - 1) Any person or organization, or any agent or *employee* thereof, operating an *automobile* sales agency, repair shop, service station, storage garage or public parking place, with respect to an *occurrence* arising out of the operation thereof; or
 - 2) The owner or any lessee, other than the *covered party*, of any *automobile* hired by or loaned to the *covered party* or to any agent or *employee* of such owner or lessee.

This agreement does not provide uninsured or underinsured motorist coverage.

- (f) Notwithstanding sections (d) and (e) above, the defense and indemnity coverage afforded by this agreement to a past or present official, *employee* or volunteer of a *member entity* (described in (a) or (b) above) is not broader than the *member entity's* duty to defend and indemnify its official, *employee* or volunteer pursuant to California Government Code sections 815 to 815.3, 825 to 825.6, and 995 to 996.6, inclusive and any amendments thereof. If the *member entity* which employs the official, *employee* or volunteer is not obligated under the Government Code to provide a defense, or to provide indemnity, for a claim, or if said *member entity* refuses to provide such defense and/or indemnity to said official, *employee* or volunteer, then this agreement shall not provide for any such defense or indemnity coverage to said official, *employee* or volunteer.

All immunities, defenses, rights and privileges afforded to a *member entity* under Government Code sections 815 to 815.3, 825 to 825.6, and 995 to 996.6, inclusive and any amendments thereof, shall be afforded to the *Authority* to bar any defense or indemnity coverage under this agreement to that *member entity's* official, *employee* or volunteer.

- (g) No person or entity is a *covered party* with respect to the conduct of any current or past partnership, joint venture or joint powers authority unless all members are *covered parties* under (a) or (b) herein. However, for any person (1) who is an official, *employee*, or volunteer of an entity covered by (a) or (b) herein, (2) who participates in the activities of any partnership, joint venture or joint powers authority (or any separate agency or entity created under any joint powers agreement by the named entity), and (3) who is acting for or on behalf of an entity covered by (a) or (b) herein at the time of the *occurrence*, then coverage is afforded by this agreement. Such coverage will be in excess of and shall not contribute with any collectible insurance or other coverage provided to the other joint powers authority, agency or entity.
- (9) **Dam** means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.

Any such barrier which is not in excess of 6 feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a *dam*.

No obstruction in a canal used to raise or lower water therein or divert water therefrom, no levee, including but not limited to a levee on the bed of a natural lake the primary purpose of which levee is to control floodwater, no railroad fill or structure, and no road or highway fill or structure, no circular tank constructed of steel or concrete or both, no tank elevated above the ground, and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use shall be considered a *dam*.

No obstruction in the channel of a stream or watercourse which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a *dam*.

The levee of an island adjacent to tidal waters in the Sacramento-San Joaquin Delta, as defined in California Water Code section 12220, even when used to impound water, shall not be considered a dam and the impoundment shall not be considered a reservoir if the maximum possible water storage elevation of the impounded water does not exceed four feet above mean seal level, as established by the United States Geological Survey 1929 datum.

No noncircular tank, constructed of steel or concrete, or both, that is constructed in a county of the third class by a public agency, under the supervision of a civil engineer registered in the state, that does not exceed 75 acre feet in capacity or 30 feet in height, and no barrier that is not across a stream channel, watercourse, or natural drainage area and that has the principal use as a sewage sludge drying facility shall be considered a *dam*.

Nor shall any impoundment constructed and utilized to hold treated water from a sewage treatment plant be considered a *dam*. Nor shall any wastewater treatment or storage pond exempted from state regulation and supervision by California Water Code section 6025.5 be considered a *dam*.

- 10) **Damages** means compensation in money recovered by a party for loss or detriment it has suffered through the acts of a *covered party*. *Damages* include (1) attorney fees not based on contract awarded against the *covered party*, (2) interest on judgments, or (3) costs, for which the *covered party* is liable either by adjudication or by compromise with the written consent of the *Authority*, if the fees, interest or costs arise from an *occurrence* to which this coverage applies.

Damages also include reasonable attorney fees and necessary litigation expenses incurred by or for a party other than the *covered party*, which are assumed by the

covered party in a *covered indemnity contract* where such attorney fees or costs are attributable to a claim for *damages* covered by this Memorandum.

Damages shall not include those sums owed by a *covered party* to any employee or former employee as contract *damages*, any wages, salary, or benefit owed for work actually performed, or (whether prospective or retrospective) resulting from promotion or reinstatement, or any *damages* owing under an express contract of employment or an express obligation to make severance payments in the event of termination of employment.

Damages with respect to *employment practices liability* also shall not include amounts awarded under a labor grievance or arbitration pursuant to a collective bargaining agreement, nor sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

- 11) **Defense costs** means all fees and expenses incurred by any *covered party*, caused by and relating to the adjustment, investigation, defense or litigation of a claim to which this coverage applies, including attorney fees. *Defense costs* shall include adjusting expenses of a third party claims administrator which are specifically identifiable with a claim subject to this coverage.

Defense costs shall not include:

- (a) the office expenses, salaries of *employees* or officials, or expenses of the *covered party* or the *Authority*;
 - (b) any fee or expense relating to coverage issues or disputes between the *Authority* and any *covered party*; or
 - (c) attorney fees, interest on judgments, or costs awarded to a prevailing plaintiff against the *covered party*.
- 12) **Discrimination** means an act or failure to act with respect to any present or former *employee* or applicant for employment with regard to compensation, terms, conditions, privileges or opportunities of employment because of race, color, religion, age, sex, disability, pregnancy, national origin, sexual orientation, or other protected category or characteristic established pursuant to any applicable federal, state or local statute or ordinance.
- 13) **Employee** means a person whose labor or services is engaged and directed by a *covered party* described in definition 8 (a), (b) or (c) above. This includes part-time, seasonal, and temporary labor or services, as well as any person employed in a

supervisory, managerial or confidential position. *Employee* shall not include an independent contractor, volunteer or agent, and shall not include any person performing work pursuant to a court order in lieu of a fine or jail sentence.

- 14) **Employment Practices Liability** means liability arising from *discrimination, sexual harassment, retaliation* and/or *wrongful termination* claimed by an *employee*, former *employee* or applicant for employment of a *covered party*.
- 15) **Limit of coverage** shall be the amount of coverage stated in the declaration page or certificate of coverage for each *covered party per occurrence*, subject to any lower sublimit stated in this Memorandum. For each *occurrence*, there shall be only one *limit of coverage* regardless of the number of claimants or *covered parties* against whom a claim is made. If the *covered parties* have different limits of coverage, the highest limit for any party found liable by a final judgment will apply.
- 16) **Marina** means facilities which include floating docks, boat berthing spaces, marine fueling operations, marine repair facilities, storage facilities for boats and other related marine materials, and other related facilities in which berthing spaces are leased or rented to members of the public for berthing of their private boats. *Marina* includes all of such facilities beyond locking gates, fences or barriers barring access to non-lessees and within waterways enclosed by any breakwater or similar structure, and any repair and storage facilities wherever located.
- 17) **Medical malpractice** means the rendering of or failure to render any of the following services:
 - (a) medical, surgical, dental, psychiatric, psychological counseling, x-ray or nursing service or treatment or the furnishing of food or beverages in connection therewith; or any services provided by a health care provider as defined in section 6146 (c), (2), (3) of the California Business and Professions Code.
 - (b) furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

Medical malpractice does not include first aid administered by *employees*, nor does it include advice or services rendered by a 911 emergency dispatcher.
- 18) **Member Entity** means a signatory to the JPA Agreement creating the California Joint Powers Risk Management Authority.
- 19) **Nuclear material** means source material, special *nuclear material*, or byproduct material. "Source material", "special *nuclear material*", and "byproduct material"

have the meanings given to them by the Atomic Energy Act of 1954 or in any law amendatory thereof.

20) **Occurrence** means:

- (a) with respect to *bodily injury* or *property damage*: an accident, including continuous or repeated exposure to substantially the same generally harmful conditions, which results in *bodily injury* or *property damage* neither expected nor intended from the standpoint of the *covered party*. *Property damage* that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the *occurrence* that caused it.
- (b) with respect to *personal injury, public officials errors and omissions liability* and *employment practices liability*, respectively: an offense described in the definitions of those terms in this coverage agreement.

21) **Personal injury** means injury, other than *bodily injury*, arising out of one or more of the following offenses:

- (a) false arrest, detention or imprisonment, or malicious prosecution;
- (b) wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
- (c) publication or utterance of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, or oral or written publication of material that violates a person's right of privacy.
- (d) *discrimination* or violation of civil rights.
- (e) injury resulting from the use of reasonable force for the purpose of protecting persons or property.

22) **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, airborne particles or fibers, asbestos, lead and waste. Waste includes material to be recycled, reconditioned or reclaimed. The term *pollutants* as used herein does not mean potable water, agricultural water, water furnished to commercial users or water used for fire suppression.

23) **Property damage** means:

- (a) physical injury to tangible property, including all resulting loss of use of that property; or

- (b) loss of use of tangible property that is not physically injured or destroyed.
- 24) **Public officials errors and omissions** means any actual or alleged misstatement or misleading statement or act or omission by any *covered party* (individually or collectively) arising in the course and scope of their duties with the *covered party* or claimed against them solely by reason of their being or having been public officials or *employees*, and which results in damage neither expected nor intended from the standpoint of the *covered party*.
- 25) **Retained limit** means the amount, identified in the applicable declaration or certificate of coverage, of *ultimate net loss* which the *member entity* must incur or become liable for before the *Authority* is obligated to make any payment, subject to the following:
- (a) For each *occurrence*, there shall be only one *retained limit* regardless of the number of claimants or *covered parties* against whom a claim is made. If the *covered parties* have different *retained limits*, the lowest *retained limit* of any party found liable will apply. Payment of the *retained limit* shall be apportioned among the *covered parties* in accordance with their proportionate shares of liability.
 - (b) If the payment is for a settlement, the *retained limit* shall be apportioned among the *covered parties*, in accordance with the respective parties' agreed upon or court-determined share of liability. In the event that the apportionment requires arbitration the *covered parties* will pay all costs of the California Joint Powers Risk Management Authority in seeking such determination, including its attorney's fees in proportion to the court's determination of liability.
 - (c) In the event that a structured settlement, whether purchased from or through a third party or paid directly by the *covered party* in installments, is utilized in the resolution of a claim or suit, only the present value of the agreed-upon payments (the present value cost of the structured settlement) shall be considered in determining satisfaction of the *covered party's retained limit*.
 - (d) The amount which the *covered party* must "incur or become liable for" so that the *retained limit* is satisfied and this coverage attaches may include sums paid on behalf of the *covered party* by:
 - 1) A commercial insurance carrier because of a policy purchased by the *covered party*;
 - 2) A commercial insurance carrier because of an additional insured endorsement issued to the *covered party*;

- 3) A self-insurance pooling joint powers authority which provides coverage to the *covered party*; or
- 4) A party making payment because of a contractual indemnity agreement with the *covered party*.

In the event that one of the sources listed above provides indemnity coverage to the *covered party* and other defendant(s) in the claim or suit, only those sums paid on behalf of the *covered party* shall be used to satisfy the *retained limit*. If payment is for a settlement, payment will be allocated between the *covered party* and the other defendant(s) in accordance with their court-determined shares of liability, or in an allocation according to liability as agreed upon by the *covered party* and the *Authority*. In the event that the *covered party* and the *Authority* are unable to agree upon an allocation, the matter will be submitted binding arbitration for a determination of the respective shares of liability. This determination will be according to the procedures set forth in the California Code of Civil Procedure, each side to bear its own costs.

26) **Fireworks Retained Limit**

For any fireworks display or demonstration sponsored or controlled by the covered party, if the covered party has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit, the Retained Limit will not be satisfied by any payment by the insurance or coverage provider for the vendor (see Definition 25(d)), and must instead be paid by the covered party; and the applicable Retained Limit will be increased by 50% (fifty percent) for any claim(s) arising out of the fireworks display or demonstration.

27) **Retaliation** means any adverse employment action taken against a present or former employee because the employee engaged in legally protected conduct.

28) **Sexual harassment** means unwelcome sexual advances and/or requests for sexual favors and/or other verbal or physical conduct of a sexual nature that: (1) are made a condition of employment; and/or (2) are used as a basis for employment decisions; and/or (3) create a work environment that is intimidating, hostile or offensive, or interfere with performance.

29) **Ultimate net loss** means the total of all *defense costs* incurred by the *covered parties* and all *damages* for which the *covered parties* are liable either by adjudication or by compromise with the written consent of the *Authority*, arising from an *occurrence* to which this coverage applies. However, *ultimate net loss* does not include defense expenses incurred by the *Authority* after the *Authority* assumes control of the negotiation, investigation, defense, appeal or settlement of any claim or proceeding. *Ultimate net loss* also does not include attorney's fees or costs

awarded to the prevailing party in a suit except where such attorney's fees or costs are attributable to a claim for compensatory damages covered by this Memorandum.

- 30) **Wrongful termination** means termination of an employment relationship in a manner which is against the law and wrongful or in breach of an implied agreement to continue employment.

SECTION III - DEFENSE AND SETTLEMENT

The *Authority* shall have no duty to assume charge of investigation or defense of any claim. However, the *Authority*, at its own expense, shall have the right to assume the control of the negotiation, investigation, defense, appeal or settlement of any claim which the *Authority* determines, in its sole discretion, to have a reasonable possibility of resulting in an *ultimate net loss* in excess of the applicable *retained limit*. The *covered party* shall fully cooperate in all matters pertaining to such claim or proceeding.

If the *Authority* assumes the control of the handling of a claim, the *covered parties* shall be obligated to pay at the direction of the *Authority* any sum necessary for the settlement of a claim, or to satisfy liability imposed by law, up to the applicable *retained limit*.

No claim shall be settled for an amount in excess of the *retained limit* without the prior written consent of the *Authority* and the *Authority* shall not be required to contribute to any settlement to which it has not consented.

In the alternative, if a settlement demand acceptable to the *Authority* is not acceptable to the *covered party*, and the *Authority* tenders to the *covered party* an amount equal to the difference between the remainder of the *retained limit* and said settlement demand (or up to the applicable Limit of Coverage, whichever is less), then the *Authority's* agreement to indemnify or to pay on behalf of the *covered party* for the *ultimate net loss* hereunder shall be discharged and terminated, and the *Authority* shall have no further obligations with respect thereto.

SECTION IV - THE AUTHORITY'S LIMIT OF COVERAGE

The *limit of coverage* is the most the *Authority* will pay for *ultimate net loss* arising out of any *occurrence*, and the amount payable for *ultimate net loss* under this agreement shall be reduced by the amount of the *retained limit*. (For example, if the *covered party* has a \$40,000,000 *limit of coverage* and a \$500,000 *retained limit*, the *Authority* will pay not more than \$39,500,000 after exhaustion of the *retained limit*.) For each *occurrence*, there shall be only one *limit of coverage* regardless of the number of claimants or *covered parties* against whom a claim is made.

For any person or entity that is a covered party under Definition 8(c), or 8(c) and (d), pursuant to a certificate of coverage duly issued by the Authority, the limit of coverage will be the lower of: (1) the Limit stated in the Declarations page for the Member Entity; (2) any limit stated in the Additional Covered Party certificate or (3) the amount required to be provided by contract or agreement with the Member Entity.

Where this Agreement, or an endorsement or declaration, lists a “sublimit,” that sublimit operates as the *limit of coverage*. (For example, if the *covered party* has a \$2,000,000 sublimit and a \$1,000,000 *retained limit*, the *Authority* will pay not more than \$1,000,000 after exhaustion of the *retained limit*.)

Should it appear to the Board of Directors that the total exposure for all claims in a program year may exceed a general aggregate limit for Pool D, the aggregate limit will be prorated between the *member entities*, on the basis of the *member entities’* respective premium contributions for the program year at issue. For purposes of determining whether the aggregate limit has been exhausted, the Board retains full discretion regarding placement of reserves, and payment of claims in order to equitably allocate the general aggregate limit. Once the general aggregate limit for such claims occurring during a program year has been exhausted, the *Authority* will have no further obligation to pay for covered ultimate net loss for such claims within Pool D, but this will not limit coverage which may be available within Pools B or C.

EPL Sublimit

A sublimit applies to *employment practices liability*. For any *claims* arising out of *employment practices liability*, the *limit of coverage* will be \$10,000,000 per *occurrence* all allegations by an *employee* or former *employee* or applicant for employment in the same *claim* shall be considered as one *occurrence* for the purpose of the *limit of coverage*. All *claims* by all *employees* or former *employees* or applicants for employment arising from the same act, policy, or course of conduct by a *covered party* shall be considered as one *occurrence* for the purpose of the *limit of coverage*. All *claims* which allege *employment practices liability* for *occurrences* extending to a duration of more than one coverage period shall be treated as a single *occurrence* arising during the first coverage period when the *occurrence* begins.

The sublimit of coverage is \$5,000,000 per occurrence in Pool C and \$5,000,000 in Pool D subject to a \$5,000,000 annual aggregate collectively in Pool D only, for all covered parties; Limit of coverage is the most the Authority will pay for all ultimate net loss arising out of employment practices liability for any covered party (inclusive of its employees, commissions, agencies, districts, authorities or boards), as defined in Section II(8)(a) or (b) for any coverage year.

Subsidence Sublimit

For *bodily injury, property damage or personal injury* arising out of the subsidence of land or earth, the sublimit will be \$5,000,000 per *occurrence*. Subsidence means the movement of land or earth, including, but not limited to, sinking or settling of land, earth movement, earth expansion and/or contraction, *landslide*, slipping, falling away, caving in, eroding, earth sinking, and earth rising or shifting or tilting.

Fungal Pathogens Sublimit/Aggregate Limit

A sublimit applies to any loss, cost or expense directly or indirectly arising out of or related to exposure to “fungal pathogens,” whether or not there is another cause of loss that may have contributed concurrently or in any sequence to the loss. The sublimit will be \$10,000,000 per occurrence, subject also to a \$5,000,000 annual aggregate collectively in Pool D only, for all covered parties. The designated general aggregate limit of \$5,000,000 is the most the *Authority* will pay from Pool D because of such claims for all *covered parties*, combined, in any *program year*.

“Fungal pathogens” as used herein, shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including, but not limited to, mold, mildew, mycotoxins, spores, bacterial pathogens, or any biogenic aerosols.

Sexual Abuse – Daycare Operations Sublimit/Aggregate Limit

A sublimit applies to “sexual abuse” arising out of daycare operations. The sublimit will be \$10,000,000 per occurrence, subject also to a \$5,000,000 annual aggregate collectively in Pool D only, for all covered parties. The designated general aggregate limit of \$5,000,000 is the most the *Authority* will pay from Pool D because of such claims for all *covered parties*, combined, in any *program year*. All claims based on or arising out of “sexual abuse” as respects daycare operations by the covered party’s employee and/or volunteer, or more than one of the covered party’s employees and/or volunteers acting in concert, will be considered as arising out of one occurrence regardless of:

- (1) the number of persons sexually abused;
- (2) the number of locations where the sexual abuse occurred;
- (3) the number of acts of sexual abuse; or
- (4) the period of time over which the sexual abuse took place.

An occurrence which extends to a duration of more than one coverage period shall be treated as a single occurrence arising during the first coverage period when the occurrence began.

As used herein, “sexual abuse” means any actual or alleged criminal sexual conduct of a person or persons acting in concert, which causes physical and/or mental injuries. “Sexual abuse” includes sexual molestation, sexual assault, sexual exploitation or sexual injury.

Terrorism Sublimit/Aggregate Limit

A sublimit applies to any loss, cost or expense directly or indirectly arising out of any act or multiple, related acts of *terrorism*, regardless of any other cause or event contributing concurrently or in sequence to the loss. The sublimit will be \$10,000,000 per occurrence, subject also to a \$5,000,000 annual aggregate collectively in Pool D, only, for all covered parties. The designated general aggregate limit of \$5,000,000 is the most the Authority will pay from Pool D because of such claims for all *covered parties*, combined, in any program year

As used in this sublimit, “terrorism” shall mean any activity that:

- (1) is declared by any authorized governmental official to be or to involve “terrorism,” terrorist activity or acts of terrorism; or,
- (2) includes, involves or is associated with the use or threatened use of force, violence or harm to human life, tangible or intangible property, the environment, natural resources, or the infrastructure or includes, involves or is associated with, in whole or in part, the use or threatened use of, or release or threatened release of, any biological, chemical, radioactive or nuclear agents, materials, devices or weapons, and
- (3) is intended, in whole or in part, to (i) intimidate, coerce, or frighten a civilian population; or (ii) disrupt or interfere with any segment of a local, national or global economy; or (iii) influence, disrupt or interfere with any government related operations, activities or policies; or (iv) promote, further or express opposition to any political, ideological, racial, ethnic, social or religious cause or objective.

Airports, Pollution, and Property of a Covered Party Sublimits/Aggregate Limits

Exclusions 2 (Airports), 27 (Pollution) and 29 (Property of a Covered Party) contain additional sublimits/aggregate limits.

SECTION V - COVERAGE PERIOD AND TERRITORY

This agreement applies to *bodily injury, personal injury, property damage, public officials errors and omissions* and *employment practices liability* which occurs anywhere in the world during the coverage period identified in the applicable declaration or certificate of coverage.

SECTION VI - EXCLUSIONS

(Captions provided for the exclusions are descriptive only and do not serve to either expand or limit coverage.)

This agreement does not apply to:

1) **Aircraft**

Claims arising out of the ownership, operation, use, maintenance or entrustment to others of any *aircraft* by a *covered party*. "Ownership, operation, use or maintenance" as used herein does not include static displays of *aircraft* in a park or museum setting.

2) **Airports**

Claims arising out of ownership, maintenance, management, supervision or the condition of any *airport*. However, this exclusion does not apply to *public officials errors and omissions* or *employment practices liability* coverage arising from the ownership, maintenance, management, supervision or the condition of any *airport*. Notwithstanding what is stated in the applicable declarations, *public officials errors and omissions* coverage described in this exception will be subject to a sublimit of \$5,000,000.

3) **Airshows**

Claims arising out of any air show sponsored or controlled by the *covered party*.

4) **Bid Specifications/Cost Overruns**

(a) Claims arising out of estimates of probable cost or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.

(b) Mechanic's lien claims, stop notice claims, change order claims, or similar claims by contractors for the value of services or materials provided; this exclusion extends to such claims however denominated, including claims of breach of oral or written contract, third-party beneficiary claims, quantum meruit claims, and/or open account claims.

5) **Contractual Obligations**

Claims arising out of:

(a) a failure to enter into a contract, or failure to perform or breach of a contractual obligation; or

(b) *bodily injury or property damage* for which the *covered party* is obligated to pay *damages* by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for *damages*:

- 1) assumed in a contract or agreement that is a *covered indemnity contract*, provided the *bodily injury or property damage* occurs subsequent to the execution of the contract or agreement; or
- 2) that the *covered party* would have in the absence of the contract or agreement.

Notwithstanding this exclusion, the General Manager (or Board President or Vice President, in the absence of the General Manager) is granted authority to approve settlements involving promises to indemnify a co-defendant as part of the settlement. Any funds recovered from a co-defendant under such an agreement must be applied to *ultimate net loss* in addition to the *retained limit* before CJPRMA coverage is triggered.

6) **Damages Other Than Money**

Ultimate net loss arising out of relief, or redress, in any form other than money *damages*.

7) **Dams**

Claims arising out of partial or complete structural failure of a *dam* owned or operated by a *covered party*.

8) **Defamation**

Claims arising out of oral or written publication of material, if done by or at the direction of the *covered party* with knowledge of its falsity.

9) **Employment Liability**

Bodily injury to:

- (a) an *employee* of the *covered party* arising out of and in the course of:
 - 1) employment by the *covered party*; or
 - 2) performing duties related to the conduct of the *covered party's* business.
- (b) the spouse, child, unborn child or fetus, parent, brother or sister of the *employee* as a consequence of paragraph (a) above.

This exclusion applies to any obligation to share *damages* with or repay someone else who must pay *damages* because of the injury except under a *covered indemnity contract*.

This exclusion applies whether the *covered party* may be liable as an employer or in any other capacity.

10) **Employment Practices – Labor Disputes**

Under *employment practices liability*, to any potential or actual liability arising out of a lockout, strike, picket line, replacement or other similar action in connection with labor disputes or labor negotiations; or any liability arising from the failure to pay wages earned by an employee of a Covered Party, including but not limited to any claim or suit brought under the overtime compensation or minimum wage provisions of the Fair Labor Standards Act, 29 U.S.C. 201 et seq., or any state or local law governing the payment of overtime compensation or minimum wage.

11) **Employment Practices – Workers' Adjustment and Retraining**

Under *employment practices liability*, to any liability arising out of the Workers' Adjustment and Retraining Notification Act, Public Law 100-379 (1988), or any amendment thereto, or any similar federal, state or local law.

12) **Elected Officials – Employees - Restitution**

Claims by any *covered party* against its own past or present elected or appointed officials, *employees* or volunteers, where such claim seeks *damages* or restitution payable to the *covered party*.

13) **Employee Benefit Plans**

Benefits payable under any *employee* benefit plan (whether the plan is voluntarily established by the *covered party* or mandated by statute) because of unlawful *discrimination*.

This exclusion applies whether the *covered party* may be liable as an employer or in any other capacity.

14) **Employment Benefits**

Any obligation under any workers' compensation, unemployment compensation or disability benefits law or any similar law.

This exclusion applies whether the *covered party* may be liable as an employer or in any other capacity.

15) **ERISA**

Claims arising out of the Employee Retirement Income Security Act of 1974 or any law amendatory thereof, or any similar law or liability arising out of fiduciary activities as respects *employee* benefits plans.

16) **Failure to Supply**

Claims arising out of the failure to supply or provide an adequate supply of gas, water, electricity, storm drainage or sewage capacity when such failure is a result of the inadequacy of the *covered party's* facilities to supply or produce sufficient gas, water, electricity, storm drainage or sewage capacity to meet the demand. This exclusion does not apply if the failure to supply results from direct and immediate accidental damage to tangible property owned or used by any *covered party* to procure, produce, process or transmit the gas, water, electricity, storm drainage or sewage.

17) **Fines, Penalties, Punitive Damages**

Fines, assessments, penalties, restitution, disgorgement, exemplary or punitive *damages*. This exclusion applies whether the fine, assessment, penalty, restitution, disgorgement, exemplary or punitive *damage* is awarded by a court or by an administrative or regulatory agency. "Restitution" and "disgorgement" as used herein refer to the order of a court or administrative agency for the return of a specific item of property or a specific sum of money, because such item of property or sum of money was not lawfully or rightfully acquired by the *covered party*.

18) **Firing Ranges**

Claims arising out of the private use of a firing range owned, operated or maintained by a *covered party* where such private use is sanctioned by the *covered party*, except where such use is by a covered individual as defined in definition (8) (d). This exclusion does not apply to such private use where all of the following conditions are met:

- (a) A qualified range master is present at all times while the firing range is being utilized;
- (b) The firing range is only provided for the additional use of law enforcement divisions of other public agencies, and police academies, herein defined as California P.O.S.T. (Peace Officers Standards & Training) Certified Basic Academies;
- (c) Any agency using the firing range has provided an indemnification agreement which assumes full responsibility by the user agency for all liability arising out of their activities; and
- (d) The user agency has provided liability coverage in an amount of not less than \$1,000,000 and has also provided a certificate of coverage which names the CJPRMA member as an additional covered party.

19) **Hospitals**

Claims arising out of ownership, maintenance, management, supervision or the condition of any hospital.

20) **Intentional Conduct**

Claims for injury or *damages* caused by intentional or criminal conduct done by the *covered party* with willful and conscious disregard of the rights or safety of others, or with malice. However, where the *covered party* did not authorize, ratify, participate in, consent to, or have knowledge of such conduct by its past or present *employee*, elected or appointed official, or volunteer, and the claim against the *covered party* is based solely on its vicarious liability arising from its relationship with such *employee*, official or volunteer, this exclusion does not apply to said *covered party*.

21) **Jumping/Propelling Activities**

Claims arising out of bungee jumping or propelling activities sponsored, controlled or authorized by a *covered party*.

22) **Land Use**

Claims arising out of or in connection with land use regulation, land use planning, the principles of eminent domain, condemnation proceedings or inverse condemnation by whatever name called, and whether or not liability accrues directly against any *covered party* by virtue of any agreement entered into by or on behalf of any *covered party*. Land use planning and land use regulation include the approval or disapproval of any land-use entitlement including but not limited to general plan amendments, zoning amendments, variances, permits, tract maps, development agreements, owner-participation agreements, or disposition-and-development agreements; the approval or disapproval of any rent control ordinance, outdoor advertising ordinance, or adult bookstore ordinance, tax ordinance; or the approval or disapproval of the operation of a marijuana dispensary whether medical, recreational or otherwise, any ordinances governing that activity, and any and all enforcement efforts.

23) **Marinas**

Claims arising out of:

- (a) or connected with *property damage* to private vessels or craft while present at or in a *marina* owned, operated or controlled by a *covered party* whether or not the vessel or craft is docked, moored or underway; or
- (b) *bodily injury* or *property damage* occurring on, in or about any boat owned or operated by the *covered party* (whether such vessel is being operated or has broken away from any dock or mooring) while present at or in a *marina* owned, operated or controlled by a *covered party*.

24) **Medical Malpractice**

Claims arising out of any professional *medical malpractice* (1) committed by a doctor, osteopath, chiropractor, dentist or veterinarian, or (2) committed

by any health care provider (as defined in Business & Professions Code Section 6146(c) (2)) working for any hospital or hospital operated out-patient, in-patient or other clinic at the time of the *occurrence* giving rise to the loss. This exclusion shall not apply, however, to any injury arising out of emergency medical services rendered or which should have been rendered to any person or persons during the coverage period by any duly certified emergency medical technician, paramedic, or nurse who is employed by or acting on behalf of any *member entity* to provide such services, but is not employed at a hospital, clinic or nursing home facility.

25) **Multi Passenger Vehicles**

Claims arising out of the ownership, operation, maintenance or use of any vehicle (1) with over 30 passenger seats or carrying over 30 passengers and (2) which is owned, operated, maintained or used by any transit authority, transit system or public transportation system owned or operated by or on behalf of the *covered party*.

26) **Nuclear Material**

Claims arising out of the hazardous properties of *nuclear material*.

27) **Pollution**

Claims which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of *pollutants* at any time.

- (a) This exclusion does not apply to firefighting activities, including training burns, or intentional demolition or burns for the purpose of limiting a fire, or the discharge of *pollutants* for the purpose of controlling a fire; or to police use of mace, oleoresin capsicum (O.C.), pepper gas or tear gas; or to weed abatement or tree spraying.
- (b) This exclusion does not apply to claims arising from sudden and accidental sewer backups into a home or business, but this extension of coverage does not apply to backups, overflow or runoff into public waterways. Notwithstanding what is stated in the applicable declarations, the *limit of coverage* for claims described in this exception will be subject to a sublimit of \$5,000,000.
- (c) This exclusion does not apply to claims arising from the sudden and accidental discharge, dispersal, release, or escape of chlorine and other chemicals (gas, liquid or solid) which are being used or being prepared for use in fresh or wastewater treatment or in water used in swimming pools, wading pools or decorative fountains.

Notwithstanding what is stated in the applicable declarations, the *limit of coverage* for claims described in this exception will be subject to a sublimit of \$5,000,000.

- (d) This exclusion does not apply to claims arising from materials being collected as part of any drop-off or curbside recycling program implemented and operated by the *covered party*; if the materials have not been stored by the *covered party* or *parties* for a continuous period exceeding ninety (90)

days. Notwithstanding what is stated in the applicable declarations, the *limit of coverage* for claims described in this exception will be subject to a sublimit of \$5,000,000.

- (e) This exclusion does not apply to sudden and accidental discharges of *pollutants* occurring during the transportation or deposit of materials as part of garbage collection activities. However, the exclusion does apply after *pollutants* have been deposited at a landfill or garbage dump.
- (f) This exclusion does not apply to *bodily injury or property damage* arising from activities of the *covered party* to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize *pollutants*, but this exception will not apply to *bodily injury or property damage* caused by *pollutants* on or arising from premises, equipment or locations under the control of the *covered party*.
- (g) This exclusion does not apply to sudden and accidental discharges of *pollutants* from premises owned or controlled by a *Covered Party* as described in Definition 8(a) or (b) if the discharge is discovered within ten (10) days of the *occurrence* and reported to the *Authority* within thirty (30) days of discovery. Notwithstanding what is stated in the applicable declarations, the *limit of coverage* for claims described in this exception will be subject to a sublimit of \$5,000,000.

As used in paragraphs (b), (c), (e) and (g) above, “sudden” means abrupt or immediate, and occurring within a period not exceeding twenty-four (24) hours; “accidental” means causing harm neither expected nor intended by a *covered party*.

Notwithstanding what is stated in the applicable declarations, any liability arising out of the actual, alleged or threatened exposure to asbestos or lead, which is covered by an exception within this exclusion, shall be subject to a sublimit of \$5,000,000.

28) **Pollution Clean Up**

Any loss, cost or expense, including *defense costs*, arising out of any:

- (a) request, demand or order that any *covered party* or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*; or
- (b) claim or suit by or on behalf of a governmental authority for *damages* because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of *pollutants*; or

- (c) claim or suit brought under the Clean Water Act, including state or federal enforcement actions under 33 U.S. Code sections 1319, et seq.; citizen suits brought under sections 1365, et seq.; or state enforcement actions brought under the California Water Code sections 13385, et seq.; or claims or suits brought under any similar law relating to discharge permit violations.

29) **Property of a Covered Party**

Property damage to:

- (a) property owned by the *covered party*;
- (b) property rented to or leased to the *covered party* where it has assumed liability for damage to or destruction of such property, unless the *covered party* would have been liable in the absence of such assumption of liability;
or
- (c) *aircraft* or *watercraft* in the *covered party's* care, custody or control.

Notwithstanding what is stated in the applicable declarations, the *limit of coverage* for any *property damage* not excluded by the language of this exclusion, but which is described in the *care, custody or control hazard*, shall be subject to a general aggregate limit within Pool D only. The designated general aggregate limit of \$5,000,000 is the most the *Authority* will pay from Pool D for all *ultimate net loss* described in the *care, custody or control hazard* for all *covered parties*, combined, in any program year.

30) **Public Officials Errors & Omissions – Fiduciary Liability**

Under *public officials errors and omissions* coverage, claims (including emotional distress claims) arising from the *covered party's* activities in a fiduciary capacity including but not limited to those with respect to: (a) property, including related operations, in which the *covered party* is acting in a fiduciary or representative capacity; (b) a pension, welfare, profit sharing, mutual or investment trust fund or trust, benefit plan or similar activity in a fiduciary capacity; (c) the issuance, management of proceeds or repayment of bonds, notes or other debt instruments by any insured or any agent acting on behalf of such insured; or (d) the purchase, transfer or sale of any securities by any insured or agent acting on behalf of such insured.

31) **Public Officials Errors & Omissions – Bodily Injury or Property Damage**

Under *public officials errors and omissions* coverage, *bodily injury, personal injury*, or physical injury to tangible property, including all resulting loss of use of that property.

32) **Racing Contests**

Claims arising out of *automobile* or motorcycle drag racing, speed racing, or similar speed contests sponsored, controlled or participated in by a *covered party*.

33) **Reasonable Accommodation**

Any expense or cost incurred by a *covered party* arising from reasonable accommodation of any disabled person, including any *employee*.

34) **Refunds/Restitution**

Refund or restitution of taxes, fees or assessments.

35) **Reimbursement of Money**

Claims for refund, reimbursement or repayment of any monies to which a *covered party* was not legally entitled.

36) **Transit Authorities**

Claims arising out of the operation of vehicles by or on behalf of any transit authority, transit system, or public transportation system owned or operated by a *covered party*, unless the vehicles are owned or leased by the *covered party* and driven, maintained, and supervised by *employees* of the *covered party*. However, this exclusion does not apply to *public officials' errors and omissions* coverage arising from the operation of any transit authority, transit system, or public transportation system.

37) **Tumbling Devices**

Claims arising out of the ownership, maintenance or use of any trampoline or any other rebound tumbling device.

38) **Uninsured/Underinsured Motorists**

Uninsured or underinsured motorist coverage.

39) **Watercraft**

For any motorized watercraft owned, operated, rented, or loaned to a *covered party*, to (1) *bodily injury or property damage* arising out of the use of watercraft unless such use is by an entity *employee* acting within the course and scope of employment; and (2) to watercraft being used to carry persons or property for a charge. Charge, as used herein, includes any payment or fee, including a donation. Use includes operation and loading or unloading. Use does not include static displays of watercraft.

40) **Willful Violation of Statute**

Claims arising out of the willful violation of a statute or ordinance committed by the *covered party* or with its consent.

SECTION VII - CONDITIONS

1) **Covered party's Duties in the Event of Occurrence, Claim or Suit**

(a) The *covered party* shall notify the *Authority* within 30 days upon receipt of notice of a claim, or the setting of a reserve on any claim or suit including multiple claims or suits arising out of one *occurrence*, such claim or reserve amounting to fifty percent or more of the *retained limit*; Title 42 USC 1983 cases in which a complaint has been served and the plaintiff is represented by legal counsel or with reserves of twenty-five percent or more of the *retained limit*; or regardless of reserve, any claim involving:

- 1) one or more fatalities;
- 2) loss of a limb;
- 3) loss of use of any sensory organ;
- 4) quadriplegia or paraplegia;
- 5) third degree burns involving ten percent or more of the body;
- 6) serious facial disfigurement;
- 7) paralysis; or
- 8) closed head injuries.

Written notice containing particulars sufficient to identify the *covered party* and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the *covered party* and of available witnesses, shall be given by or for the *covered party* to the *Authority* or any of its authorized agents as soon as possible.

(b) The *covered party* shall notify the *Authority* within 30 days upon receipt of lawsuit containing allegations involving *employment practices liability*.

Where any lawsuit is reported after the 30 day period as required by this provision, all *defense costs* incurred prior to the date of late reporting will not constitute covered *ultimate net loss* eroding the *self-insurance retention*. The *covered parties* shall cooperate in an early review of *employment practices liability* claims or suits with counsel appointed by the *Authority* at the expense of the *Authority*.

- (c) If claim is made or suit is brought against the *covered party* and such claim or suit falls within the description in paragraph (a) above, the *covered party* shall be obligated to forward to the *Authority* every demand, notice, summons or other process received by it or its representative.
- (d) The *covered party* shall cooperate with the *Authority* and upon its request assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the *covered party* because of *bodily injury, personal injury, property damage or public officials errors and omissions* with respect to which coverage is afforded under this Agreement; and the *covered party* shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.
- (e) The *Authority* shall be entitled to complete access to the *covered party's* claim file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The *covered party* shall be responsible to report on the progress of the litigation and any significant developments at least quarterly to the *Authority*, and to provide the *Authority* with simultaneous copies of all correspondence provided to the *covered party* by its defense attorneys and/or agents.

2) **Action Against Authority/Subrogation**

- (a) No action shall lie against the *Authority* with respect to the coverages and related provisions defined in the Memorandum of Coverage (Memorandum) for the *Automobile/General Liability* Program unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the Memorandum, nor until the amount of the *covered party's* obligation to pay shall have been finally determined either by judgment against the *covered party* after actual trial or by written agreement of the *covered party*, the claimant and the *Authority*. Any person or organization or the representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under said Memorandum to the extent of the coverage afforded by said Memorandum. No person or entity shall have any right under said Memorandum to join the *Authority* as a party to any action against the *covered party* to determine the *covered party's* liability, nor

shall the *Authority* be impleaded by the *covered party* or its legal representative.

(b) The *Authority* shall be subrogated to the extent of any payment hereunder (including all *ultimate net loss* incurred) to all the *covered party's* rights of recovery thereof, and the *covered party* shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amount so recovered shall be apportioned as follows:

- 1) The *Authority* shall be reimbursed first to the extent of its actual payment thereunder. If any balance then remains unpaid, it shall be applied to reimburse the *covered party*.
- 2) The expenses of all such recovery proceedings shall be apportioned in the ratio of respective recoveries. If there is no recovery in proceedings conducted by the *Authority*, it shall bear the expenses thereof.

3) **Bankruptcy or Insolvency**

Bankruptcy or insolvency of the *covered party* shall not relieve the *Authority* of any of its obligations hereunder.

4) **Other Coverage**

If insurance or any other coverage with any insurer, joint powers authority or other source respectively is available to the *covered party* covering a loss also covered hereunder (whether on primary, excess or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such other insurance or coverage. This coverage shall be in excess of, and shall not contribute with, any insurance or coverage designed to cover the operator of an *automobile* or watercraft. This coverage shall be in excess of, and shall not contribute with, any insurance or coverage which names a *covered party* herein as an additional *covered party* or additional insured party, where coverage is extended to a loss also covered hereunder.

This "other coverage" paragraph shall not operate to increase the *covered party's retained limit* or the *Authority's limit of coverage* under this Memorandum because of any coverage afforded to the *covered party* by the Employment Risk Management Authority.

5) **Severability of Interests**

The term *covered party* is used severally and not collectively, but the inclusion herein of more than one *covered party* shall not operate to increase the limits of the *Authority's* liability or the *retained limit* applicable per *occurrence*.

6) **Accumulation of Limits**

An *occurrence* which extends to a duration of more than one coverage period shall be treated as a single *occurrence* arising during the first coverage period when the *occurrence* begins.

7) **Termination**

This Agreement may be terminated at any time in accordance with the Bylaws of the *Authority*.

8) **Changes**

Notice to any agent or knowledge possessed by any agent of the *Authority* or by any other person shall not affect a waiver or a change in any part of this Memorandum of Coverage, nor shall the terms of this Memorandum of Coverage be waived or changed, except by endorsement issued to form a part of this Memorandum of Coverage.

9) **Reduction of Limits**

In the event of reduction or exhaustion of the *retained limit* applicable to the *covered party* by reason of losses paid thereunder, this coverage shall (a) in the event of reduction pay the excess of the reduced underlying *retained limit*, or (b) in the event of exhaustion continue in force as underlying coverage. In no event shall the coverage apply until the *retained limit* is exhausted through the payment of *defense costs*, judgments and/or settlements to which the *Authority* has agreed.

10) **Coverage Disputes**

The General Manager shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the *Authority's* right to deny coverage on all or part of a claim, if a loss subsequently exceeds the *retained limit*.

A decision by the General Manager to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing within thirty (30) calendar days of the date of the General Manager's written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late

for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The General Manger and the *covered party* will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints.

Within sixty (60) days following any denial of coverage by the Board, the *covered party* may request, in writing, that the *Authority* initiate a declaratory relief action in Superior Court for a determination of the coverage matter. The declaratory relief action shall be initiated in the County of the *Authority's* home office, unless the *Authority* and *covered party* agree on a different venue.

Any determination by the Executive Committee, and by the Board of Directors if the matter is appealed to the Board of Directors, whether a Covered Party has breached parts (1) (a) or (b) of these Conditions concerning notice of a claim, and any determination whether the *Authority* has been prejudiced by that breach, so that this coverage does not apply, comes within the sole discretion of the Executive Committee and Board of Directors, respectively. Such determinations shall be conclusive, final and binding and shall not be the subject of any further review, whether by declaratory relief action or otherwise.

Under no circumstances shall the Authority be liable for consequential damages, "bad faith" damages, or any sums beyond the amounts due under Section I – Coverages, plus interest at the same rate as the Authority earned on investments for the time period involved.

11) **Arbitration of Coverage Disputes**

(a) **Coverage Determinations**

Determinations regarding allocation of funds spent in settlement or defense of claims, for purposes of determining satisfaction of the Retained Limit under Definition 25, shall be subject to binding arbitration as set forth below. Additionally, the *Authority* and *covered parties* by mutual agreement may agree to submit any other coverage dispute to binding arbitration in the alternative to the procedure set forth in Section VII (10) above.

1) **Selection of Arbitrators**

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Alameda County Superior Court for the appointment of the third arbitrator

pursuant to the provisions of section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with the *Authority* or the *covered party* or *parties*.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension.

Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between the parties and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) **Testimony Under Oath**

The testimony of witnesses shall be given under oath.

4) **Length of Hearing**

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) **Certified Shorthand Reporter**

Either side wishing a certified shorthand reporter record shall make arrangements directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

(b) **Funding of Defense and Payment of Claims Pending Resolution of Dispute**

During the course of the arbitration proceedings provided herein, the *covered party* will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such *defense costs*, the *Authority* will reimburse the *covered party* as directed by the panel.

(c) **Effects of Arbitration Decisions**

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) **General Law**

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

PROGRAM YEAR 2020 - 2021

ENDORSEMENT NO. 1

Exclusions number 25 (Multi-Passenger Vehicles) and 36 (Transit Authorities), set forth in Section VI of the Memorandum of Coverage, are hereby modified by exempting therefrom the *member entity* listed below:

The school bus system operated by the Esparto Unified School District (YCPARMIA).

This endorsement is issued to:

1. **The Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)**

This endorsement forms a part of the Memorandum of Coverage for the program year indicated above.

Effective date: July 1, 2020

July 1, 2020

Date



Tony Giles, General Manager

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

PROGRAM YEAR 2020 - 2021

ENDORSEMENT NO. 2

Exclusion number 39 (Watercraft), set forth in Section VI of the Memorandum of Coverage, is hereby modified by exempting therefrom **The City of Lodi**, subject to the following conditions:

- 1) The exemption is applicable to the pontoon boats utilized for the City's camera safari tours.
- 2) Everyone on the boats is required to wear Coast Guard approved floatation devices.
- 3) A Coast Guard "Masters Limited" certification must be completed.

This endorsement is issued to: **The City of Lodi**

This endorsement forms a part of the Memorandum of Coverage for the program year indicated above.

Effective date: July 1, 2020

July 1, 2020

Date



Tony Giles, General Manager

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

PROGRAM YEAR 2020 - 2021

ENDORSEMENT NO. 3

With respect to any claims arising out of the ownership, maintenance, management, supervision or the condition of port facilities owned or controlled by the parties named below, there shall be no coverage in "Pool C" or "Pool D." Coverage in "Pool B" shall be excess of, and shall not contribute with, any insurance or coverage provided to the parties listed below by the insurer/coverage provider for any contractor (whether public or private) under contract to operate or service the port facilities. But coverage in "Pool B" shall not be excess of any insurance or coverage provided by or through the California Association of Port Authorities, the U.S. Ports & Terminal Operators Risk Purchasing Group, and shall instead apply (in excess of YCPARMIA's coverage) to satisfy part of the \$1 million Self Insured Retention under CAPA coverage.

This endorsement is issued to: **The Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), and its member, the City of West Sacramento.**

This endorsement forms a part of the Memorandum of Coverage for the program year indicated above.

Effective date: July 1, 2020

July 1, 2020

Date



Tony Giles, General Manager

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

PROGRAM YEAR 2020 - 2021

ENDORSEMENT NO. 4

With respect to *bodily injury or property damage* arising out of, and caused by, a “Special Event,” the *Retained Limit* stated in the Declarations Page is amended to \$25,000.

For purposes of this Endorsement, “Special Event” means an event described below for which a third party (“Event Sponsor”), by written contract (including by permit agreement executed by the Event Sponsor), agrees to use facilities of the Covered Party for a specified period of time and activity, and agrees by the contract to indemnify and hold harmless the Covered Party from risk of loss arising from the event.

The indemnity and hold harmless agreement must provide that the Event Sponsor “agrees to indemnify and hold harmless [covered party] and its agents and employees from and against any injury, damage, claims, actions or suits arising out of the [Special Event], including those caused by negligence of the parties being indemnified and/or any dangerous condition of property of the parties being indemnified, and further agrees to defend and indemnify [covered party] from and against any injury, damage, claims, actions or suits arising out of or connected with the [special event].”

“Special event” includes:

1. Aerobics – Jazzercise demonstrations
2. Animal Acts/Shows (not Zoos or Circuses)
3. Antique Shows
4. Art Festivals
5. Art Shows
6. Auctions
7. Automobile Shows
8. Awards Presentations
9. Ballets
10. Banquets
11. Bazaars
12. Beauty Pageants
13. Bingo/Casino games
14. Block Parties, including those with Street Closures
15. Boat Shows
16. Body Building Contests
17. Business Meetings

18. Business Shows
19. Carnivals (not including mechanized rides)
20. Casino and Lounge Shows
21. Charity benefits, auctions and sales; fund raisers
22. Civic clubs and group meetings
23. Community Fairs
24. Concerts with total attendance of less than 1500
25. Consumer Shows
26. Conventions in Buildings
27. Craft Shows
28. Dance Shows/Recitals
29. Dances and Parties (except with Rap or Heavy Metal)
30. Debutante Balls
31. Dinner Theater
32. Dog Shows
33. Drill Team exhibitions
34. Educational exhibitions
35. Electronics Conventions
36. Ethnic Fairs or Celebrations
37. Evangelistic meetings
38. Expositions
39. Farmers' Markets
40. Fashion Shows
41. Fishing Shows or contests
42. Flea Markets
43. Flower Shows
44. Food concessions
45. Garden Shows
46. Graduations
47. Harvest Festivals
48. Holiday Shows
49. Home Shows
50. Horse Shows
51. Housing Shows
52. Instructional Classes
53. Job Fairs
54. Ladies Club events
55. Lectures
56. Livestock Shows
57. Luncheon Meetings
58. Mobile Home Shows
59. Musicals
60. Night Club Shows
61. Operas

62. Organized Sight Seeing Tours
63. Pageants
64. Parties with total attendance of less than 500
65. Picnics
66. Plays
67. Political Rallies
68. Proms
69. Quinceaneras
70. RV Shows
71. Religious Assemblies
72. Reunions
73. Rummage Sales
74. Scavenger Hunts
75. Scouting Jamborees
76. Seminars
77. Sidewalk Sales
78. Soap Box Derbies
79. Social Receptions or Gatherings
80. Speaking Engagements
81. Sporting events if non-professional, non-league, non-contact (bicycle races/rallies, equestrian events, golf, gymnastics, tennis, handball or racquetball, roller skating, handball, marathons, fun runs, 10K races, gymnastic competitions, ice skating shows, ski events)
82. Sporting events if non-professional, non-league, limited contact (baseball or softball, soccer, roller hockey, basketball)
83. Street Fairs
84. Swap Meets
85. Symphony Concerts
86. Teleconferences
87. Telethons
88. Theatrical Stage Performances
89. Trade Shows
90. Union Meetings
91. Vacation Shows
92. Voter Registration
93. Walk a Thons
94. Weddings and Receptions

“Special Event” does not include:

1. Aircraft/aviation events (static displays are not excluded)
2. All terrain boarding
3. Ballooning or balloon rides
4. Base jumping

5. Bouldering
6. Bungee Jumping
7. Carnival rides
8. Circuses
9. Concerts over 6 hours
10. Diving
11. Football (except passing camps with no contact drills)
12. Hang gliding/ parachuting/ parasailing
13. Jousting
14. Kayaking, rafting or canoeing in greater than Class 3 rapids
15. Lacrosse and Rugby
16. Mechanical amusement rides or services
17. Motorized sporting equipment including speed or demolition events
18. Mosh Pits
19. Mountain Biking
20. Parades
21. Power Boat Racing
22. Professional Sporting Activities: games, racing, or contest of a professional nature
23. Pyrotechnics or explosives
24. Rap or Heavy Metal concerts
25. Raves
26. Rock Climbing
27. Rodeo or Roping Events
28. Scuba Diving
29. Sporting events if part of a league
30. Sporting events if non-professional, full contact (football, ice hockey, rugby, boxing, wrestling, contact karate, contact martial arts)
31. Tractor or Truck Pulls
32. Trampolines
33. Zoos

Exclusion for participants. This endorsement does not apply to “bodily injury” or “property damage” to any person while practicing for or participating in any sports or athletic contest or exhibition, or while performing in any concert, show, or theatrical event.

Exclusion for sale alcohol. This endorsement does not apply to “bodily injury” or “property damage” arising from or caused, in whole or in part, by the Covered Party or Event Sponsor furnishing alcoholic beverages for which consumers are specifically charged by a third party vendor or caterer.

This Endorsement does not apply to liability arising from *Public Officials Errors and Omissions*.

This Endorsement does not eliminate the operation of any Exclusion in the Memorandum of Coverage.

This endorsement does not provide drop down coverage or reduce the retained limit under the reinsurance program.

This Endorsement forms a part of the Memorandum of Coverage for the program year indicated above.

Effective date: July 1, 2020

July 1, 2020

Date



Tony Giles, General Manager

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

PROGRAM YEAR 2020 - 2021

ENDORSEMENT NO. 5

With respect to any claims arising out of the ownership, maintenance, management, supervision or the condition of port facilities owned or controlled by the party named below, there shall be no coverage.

This endorsement is issued to: **The City of Richmond**

This Endorsement forms a part of the Memorandum of Coverage for the program year indicated above.

Effective date: July 1, 2020

July 1, 2020

Date



Tony Giles, General Manager

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

PROGRAM YEAR 2020 - 2021

ENDORSEMENT NO. 6

Scheduled Unmanned Aerial Vehicle, with Sublimit

Unmanned Aerial Vehicle (UAV) or “drone” means an *Aircraft* (including its aerial system or control device) that is not controlled directly by a person from within or on the aircraft, and falls within the definition of Small Unmanned Aircraft under 14 Code of Federal Regulations section 107.3.

For UAVs owned or operated by a *Covered Party* that are scheduled for coverage pursuant to this endorsement, Exclusion 1 (Aircraft) is deleted, for *Bodily Injury* and *Property Damage* coverage, only, but subject to the *Retained Limit* and *Limit of Coverage* sublimit stated herein.

With respect to *bodily injury* or *property damage* arising out of, and caused by, the use of a scheduled UAV, the *Retained Limit* shall be as stated in this endorsement.

With respect to *bodily injury* or *property damage* arising out of, and caused by, the use of a scheduled UAV, the Limit of Coverage shall be subject to a Sublimit of \$7,000,000 per *Occurrence*, and further subject to a \$2,000,000 annual aggregate limit collectively in Pool D only, for all *Covered Parties*.

In order to be a scheduled UAV for purposes of this Endorsement, the *Member* must report to CJPRMA the size, weight, type, manufacturer, and value of the UAV, and it must be endorsed for coverage. In the event of a loss involving a UAV not scheduled and endorsed for coverage, there will be no coverage under this Endorsement.

In order for coverage to apply, the UAV must be operated by a remote pilot certified with a small UAS rating, pursuant to FAA regulations. Unlicensed operation of a UAV is not covered under this Endorsement.

This Endorsement forms a part of the Memorandum of Coverage for the Program Year indicated above.

Retained Limit: \$500

Effective date: July 1, 2020

July 1, 2020

Date



Tony Giles, General Manager



Agenda Item G.7.b.

**SCORE MEMORANDUM OF COVERAGE (MOC) APPROVAL
WORKERS' COMPENSATION**

ACTION ITEM

ISSUE: The Board annually reviews and adopts or makes changes to the SCORE Workers' Compensation Memorandum of Coverage (MOC) based on member or Program Administrator feedback and/or changes made to the excess coverage provided by the Local Agencies Workers' Compensation Excess Joint Powers Authority (LAWCX), or their excess coverage provider, PRISM (formerly CSAC-EIA).

There is one change to the LAWCX reinsurance providing coverage over \$5M that could impact the coverage provided by LAWCX. For *future pandemics* similar to the current COVID outbreak, the reinsurer will apply a deductible per person rather than one deductible per disease. The LAWCX and SCORE MOC will continue to apply a deductible per Occurrence, treating all claims sustained by one or more employees as a result of a single exposure or outbreak of the same communicable disease as arising from one occurrence

The SCORE member Declarations pages have been updated to include reference to the excess policy forms and limits, and a sample page for the City of Biggs is attached for reference.

RECOMMENDATION: Review and approve the FY 20/21 SCORE Workers' Compensation Memorandum of Coverage and endorsement as presented.

FISCAL IMPACT: None for the MOC. TBD on the endorsement - incidents that qualify for this extended coverage should be rare but with greater severity than average.

BACKGROUND: SCORE's MOC incorporates the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage form. LAWCX's MOC in turn incorporates the terms and conditions of the CSAC-EIA Excess Workers' Compensation MOC. SCORE amends the adopted wording from LAWCX to exclude coverage for the salary continuation portion of Labor Code Section 4850 benefits.

ATTACHMENT(S):

1. FY 20/21 SCORE Workers' Compensation MOC
2. Sample Workers' Compensation Declarations Page
3. FY 20/21 LAWCX MOC with red-line changes



SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. WCOM-210

1. COVERAGE AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, SCORE agrees to pay on behalf of the Member City loss resulting from any accident or disease covered by the terms of the Local Agency Workers' Compensation Excess Joint Powers Authority Memorandum of Coverage effective for the Coverage Period shown under Item 2 of the Declarations to this Memorandum, except as amended by the following provisions:

2. LIMITS OF LIABILITY

The Limits of Liability applicable to this Memorandum of Coverage are as stated under Items 3a and 3b of the Declarations. This Memorandum of Coverage does not include a self-insured retention.

Under no circumstances shall SCORE be liable for consequential damages, "bad faith" damages, or any sums beyond the Limit of Liability shown in the Declarations.

3. EXCLUSIONS

This Memorandum of Coverage shall not apply to benefits due to any Member City employee or volunteer under Labor Code Section 4850 except to the extent the Member would be responsible for temporary disability benefits if Labor code Section 4850 did not apply.

4. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

~~LOSS— means the ultimate net loss as defined in the Memorandum of Coverage issued by LAWCX for this period concurrent with the period stated in the declarations and amended by the Memorandum.~~

MEMBER CITY OR MEMBER ENTITY - a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.



Small Cities Organized Risk Effort
A Joint Powers Authority

5. OTHER COVERAGE OR INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ~~ultimate net~~ loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

6. NOTICE OF LOSS

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and provide fullest information obtainable at the time. The Member City shall forward to SCORE Claims Administrator all written notices, demands or legal papers received by the Member City or the Member City's representative, together with copies of reports or investigations, with respect to such loss.

7. DEFENSE

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

8. PAYMENT OF LOSS

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

9. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.

Mr. Steven Baker, President

Date



ENDORSEMENT NO. 1

SMALL CITIES ORGANIZED RISK EFFORT WORKERS' COMPENSATION MEMORANDUM OF COVERAGE

OFF-DUTY PEACE OFFICER INJURY (AB 1749) ENDORSEMENT

It is understood and agreed that this Memorandum shall not apply to bodily injury or occupational disease sustained by a "peace officer" who was at the time of the occurrence:

- a. off-duty,
- b. not acting under the immediate direction of his or her employer, and
- c. outside the state of California.

However, this exclusion shall not apply to bodily injury or occupational disease sustained by a peace officer under such circumstances if:

- a. the peace officer was engaging in the apprehension or attempted apprehension of law violators or suspected law violators, or protection or preservation of life or property, or the preservation of the peace; and
- b. prior to the occurrence, the Governing Board of the Covered Party has adopted a resolution, as provided for in California Labor Code Section 3600.2, subdivision (b)(4), accepting liability for such injury under the Workers' Compensation Act.

"Peace officer" for purposes of this Endorsement has the definition stated in Section 50920 of the California Government Code.

It is further agreed that nothing herein shall act to increase SCORE's limit of indemnity.

This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date: July 1, 2019
Issued to: ALL MEMBERS
Issue Date: July 1, 2019

Memorandum No.: WCOM-20

SCORE President, Steven Baker
Authorized Representative
Small Cities Organized Risk Effort

SMALL CITIES ORGANIZED RISK EFFORT

WORKERS' COMPENSATION UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM NO: SCOWC 001-21

1. **MEMBER ENTITY:** City of Biggs
PO Box 307
465 "C" Street
Biggs, CA 95917

2. **COVERAGE PERIOD:** July 1, 2020 through June 30, 2021

3. **SCORE COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence
 - b. Employer's Liability Coverage \$250,000 Each Occurrence

4. **Excess Memorandums of Coverage & Limits:**
 - a. **Local Agency Workers' Compensation Excess JPA (LAWCX)**
Limit: \$5,000,000 less \$250,000 SCORE Limit
For Workers' Compensation and Employer's Liability
 - b. **CSAC Excess Insurance Authority (CSAC-EIA)**
Limit: Statutory less \$5,000,000 LAWCX Limit,
No Employer's Liability

FORMS AND ENDORSEMENTS:

FORMING PART OF THE POLICY AT INCEPTION
LAWCX and CSAC-EIA MOCs TO FOLLOW

SCORE: WCOM-21,
End. 1. Off-Duty Peace Officer Injury
LAWCX: LAWCX 2021
CSAC-EIA: PRISM-PE 20 EWC-48

SCORE President, Steven Baker

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2020 except as this Memorandum is endorsed or any terms conflict with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.



**LOCAL AGENCY WORKERS' COMPENSATION
EXCESS JOINT POWERS AUTHORITY
(LAWCX)**

MEMORANDUM OF COVERAGE

20192020/2020-2021 PROGRAM YEAR

POLICY NUMBER: LAWCX 19.2020.21

ADOPTED JUNE 42, 20192020
TO BECOME EFFECTIVE JULY 1, 20192020

**LOCAL AGENCY WORKERS' COMPENSATION EXCESS
JOINT POWERS AUTHORITY**

**Memorandum of Coverage
For Self-Insurance of
Excess Workers' Compensation and Employers' Liability**

The Local Agency Workers' Compensation Excess Joint Powers Authority in consideration for the payment of applicable premiums, assessments, and contributions, does hereby agree to provide coverage to the Covered Members subject to the terms and conditions set forth in the Memorandum, Agreement, and Bylaws:

GENERAL SECTION

A. The Memorandum

This Memorandum includes at its effective date the Declarations Page and all endorsements listed on the Declarations Page. This Memorandum is the coverage document between the Covered Members and the Authority. The terms of this Memorandum may not be changed or waived except by endorsement issued by the Authority to be part of this Memorandum.

B. Who Is Covered

Each Covered Member as defined in Part One shall be covered by the Authority for excess workers' compensation coverage on and subject to the terms of this Memorandum. If a Covered Member named in Item 1 of the Declarations Page loses its status as an active "Member" of the Authority, the coverage under this Memorandum of Coverage shall terminate immediately upon such change in status.

C. Qualified Self-Insurer

The Covered Member represents that it is a duly qualified self-insured under the Workers' Compensation Act of the State of California, with a current and valid certificate of self-insurance, and will continue to maintain such qualification during the term this Memorandum is in effect. If the Covered Member should fail to qualify or fail to maintain such qualification, the coverage provided under this Memorandum may be terminated pursuant to the Bylaws.

PART ONE – DEFINITIONS

The term:

- A. "Agreement" means the Joint Exercise of Powers Agreement Local Agency Workers' Compensation Excess Joint Powers Authority dated June 18, 1992, as the same may be amended from time to time.
- B. "Bodily injury" shall have the meaning as provided by the applicable Workers' Compensation Act, and include death resulting therefrom, but shall not include occupational disease.
- C. "Bylaws" mean the Bylaws of the Local Agency Workers' Compensation Excess Joint Powers Authority, as the same may be amended from time to time.
- D. "Communicable disease" shall mean a disease caused by an infectious organism, which is transmissible from one source to another, directly or indirectly.
- E. "Covered Member" shall mean the entities named in Item 1 of the Declarations, those entities added by endorsement as indicated under FORMS AND ENDORSEMENTS of the Declarations, and any other agency, district, commission, authority, board, or other affiliated entity that is governed by the named Covered Member's governing board members (through the same or a different governing board) or otherwise under the named Covered Member's direction and control.

- F. “Covered Member’s service organization” shall mean an agent of the Covered Member paid to service or administer the Covered Member’s self-insured Workers’ Compensation and/or Employers Liability program.
- G. “Employee” shall mean any person (including a volunteer as defined below and officers) performing work that renders the Covered Member legally liable for workers’ compensation benefits under the Workers’ Compensation Act.
- H. “Volunteer” shall mean any person while acting within the scope of his or her duties for or on behalf of the Covered Member, provided that, prior to the occurrence, the governing board of the Covered Member has adopted a resolution as provided in Division 4, Part 1, Chapter 2, Article 2, Section 3363.5 of the California Labor Code, declaring such volunteer workers to be employees of the Covered Member for purposes of the Workers’ Compensation Act; or provided that such volunteer workers are statutorily deemed by the Workers’ Compensation Act to be employees for the purpose of workers’ compensation.
- I. “Loss” shall mean only such amounts as are actually paid by the Covered Member as benefits for an employee under the applicable Workers’ Compensation Act in settlement of claims or in satisfaction of awards or judgments for liabilities imposed by the Workers’ Compensation Act or other law for bodily injury or occupational disease to an employee. The term loss shall include claim-related expenses, court costs, interest upon awards and judgments, and investigation, adjustment, and legal expenses that are actually paid by the Covered Member as it pertains to the loss. However, the term loss shall not include the salaries paid to employees of the Covered Member, nor fees and retainers paid to the Covered Member’s service organization.
- J. “Occupational disease” shall have the meaning as provided by the applicable Workers’ Compensation Act, and include (1) death resulting therefrom and (2) related cumulative trauma injuries or illnesses.
- K. “Occurrence” means an injury or disease of an employee arising out of and in the course of employment. Bodily injury, illness, or disease sustained by one or more employees, as a result of a single accident, incident or exposure, shall be deemed to arise from a single occurrence. The occurrence shall be deemed to take place on the earlier of (a) the last day of the last exposure, in the employment of the Covered Member, to conditions causing or aggravating the disease, or (b) the date upon which the employee first suffered disability and either knew, or in the exercise of reasonable diligence should have known, that such disability was caused by employment with the Covered Member. All occupational disease sustained by one or more employees as a result of an outbreak of the same communicable disease shall be deemed to arise from a single occurrence. An outbreak of the same communicable disease that spans more than one coverage period shall be deemed to take place during the first such coverage period.
- L. “State” means any state of the United States of America, and the District of Columbia.
- M. “Workers’ Compensation Act” shall mean California Labor Code Division 4, the other acts as described below in Part Two, or the workers’ compensation act or law of the state where the injured employee is normally employed; however, it shall not include any non-occupational disability benefit provisions of any such act.
- N. “Labor Code 4850” means the Covered Member’s obligation to pay salary in lieu of temporary disability benefits for the period of disability, but not exceeding one year, or until the earlier date as the employee is retired on permanent disability pension, and is actually receiving disability pension payments, or advanced disability pension payments.

PART TWO – WORKERS’ COMPENSATION COVERAGE

The Authority will reimburse the Covered Member for loss resulting from an occurrence during the Coverage Period provided that such loss would be compensable under the Workers’ Compensation Act of any state for an employee who is normally employed in the State of California, but only if such employee’s activity in such other state is

incidental to the employee's regular employment and duties in the State of California.

However, if the Covered Member is not a duly qualified self-insurer at the time of the occurrence, the Authority will reimburse the Covered Member only for amounts that would have been paid had the Covered Member been a duly qualified self-insurer and the Authority will not pay or reimburse for any penalties, costs, expenses, or other amounts due to or arising from the failure to maintain good standing as a duly qualified self-insurer.

The indemnity afforded by this Memorandum shall also apply to loss paid by the Covered Member because of any compensation, benefits, or liability paid by the Covered Member under (a) the Longshoremen's and Harbor Workers'

Compensation Act (33 USC Sections 901-950), as may be amended, or (b) the Merchant Marine Act of 1920, also known as the Jones Act (46 U.S. Code, Section 30104), as may be amended; however, only if such liability is incidental to the employee's regular employment and duties in the State of California.

The Authority's liability includes "bodily injury" to the master and members of the crew of a vessel, provided the "bodily injury" occurred in the territorial limits of, or the operation of a vessel sailing directly between the ports of the Continental United States of America, Alaska, Hawaii, or Canada.

Coverage under this Memorandum will be provided in accordance with the benefits, requirements, limitations, and other provisions of the Workers' Compensation Act and this Memorandum will be implemented, administered, and construed pursuant to the Workers' Compensation Act. If there is a conflict between this Memorandum and the Act, the Act will govern.

PART THREE – EMPLOYER'S LIABILITY COVERAGE

The Authority will reimburse the Covered Member for loss resulting from an occurrence during the Coverage Period because of the Covered Member's legal liability for damages arising out of bodily injury or occupational disease sustained by employees normally employed in the State of California.

PART FOUR – THE COVERED MEMBER'S RETENTION AND AUTHORITY'S LIMIT OF LIABILITY

A. The Covered Member's Retention

The Covered Member shall pay from its own account for an occurrence up to the amount stated in Item 3.a. of the Declarations Page as the Covered Member's Retained Limit.

If, as a result of an occurrence that is a single accident, incident or exposure, employees from two or more Covered Members incur bodily injury, illness, or disease, then the Retained Limits of the involved Covered Members will be adjusted as provided in this provision. Initially, each Covered Member's stated Retained Limit (i.e., the amount stated in the Declarations Page) will be applied to the calculation of the Authority's payment of reimbursement under this Memorandum for the Covered Member's losses paid as a result of the multiple-Covered Member accident, incident or exposure. Five years after the end of the program year in which the accident, incident or exposure occurred, the Authority will undertake the following adjustment: (1) calculate the total amount of the losses paid over that period for all Covered Members and employees involved in the multiple-Covered Member accident, incident or exposure; (2) calculate each involved Covered Member's percentage share (based on the losses paid for the Covered Member's involved employee or employees) of the total losses paid; (3) multiply each involved Covered Member's percentage share of the total incurred losses times its stated Retained Limit; (4) use and apply the amount determined under step 3 as the Covered Member's adjusted Retained Limit for purposes of determining the Authority reimbursement for the losses paid for the multiple-Covered Member accident, incident or exposure; (5) calculate the amount of the Authority's payment of reimbursement, if any, to each involved Covered Member based on the adjusted Retained Limit of the Covered Member; and (6) if applicable, pay reimbursement or additional reimbursement to the involved Covered Member based on the adjusted Retained Limit. If losses for the multiple-Covered Member accident, incident or exposure remain payable after the five year period, the adjusted Retained Limits for the involved Covered Members will continue to apply to the calculation of Authority reimbursement until the employees' claims are closed and the

Authority will not again readjust the involved Covered Members' Retained Limits. If the total losses for all involved Covered Members exceed the maximum program limit of indemnity, then the allocation of liability for the excess amount will be calculated based on each involved Covered Member's pro rata percentage share of the final total losses paid.

B. Authority's Limit of Liability

The Authority will reimburse the Covered Member for any loss for an occurrence over the amount stated as the Covered Member's retained limit in Item 3.a. of the Declarations Page. The Authority's Limit of Liability for workers' compensation coverage, Part One of this document, will not exceed the limit stated in Item 3.b. of the Declarations Page. The Authority's Limit of Liability for employers' liability coverage, Part Two of this document, will not exceed the limit stated in Item 3.b. of the Declarations Page. The reimbursement of any loss shall be limited, by amount and time of payment, to the benefits that are paid or payable pursuant to the Workers' Compensation Act.

The Authority will reimburse the Covered Member for liability imposed upon the Covered Member by Section 4850 of the California Labor Code in excess of the Covered Member's retained limit. Payments made by the Covered Member in accordance with this section shall be credited to the satisfaction of the Covered Member's retained limit. The Covered Member shall report payments made by the Covered Member or its third party administrator in two separate entries: (1) maximum temporary disability benefits are coded as a temporary disability benefit, and (2) the remaining full salary amount is coded as a 4850 benefit.

C. Attachment of Coverage By Authority

The coverage provided by this Memorandum shall not apply to any claim until the amount paid by or on behalf of the Covered Member shall have equaled or exceeded the per occurrence retained limit of the Covered Member. The Authority shall then only be liable for the loss amount actually incurred that is in excess of the Covered Member's per occurrence retained limit, regardless of whether the Covered Member has other insurance, has other pooled coverage, or pays the per occurrence retained limit itself. Amounts to be paid on a claim otherwise covered under this memorandum shall not be paid until such time that the underlying per occurrence retained limit has been paid.

D. Subrogation of Claims – Recovery from Others

1. Settlement may include the subrogation of a claim covered under, or that may be covered under, this Memorandum of Coverage.
2. The Covered Member will do everything necessary to protect the rights of the Authority to recover the Authority's loss from any third party liable for the injury, illness, or disease. The Covered Member shall assist in enforcing the Authority's rights.
3. Any subrogation recovery by the Authority, after deducting the Authority's recovery expenses, will first be used to reduce the Authority's loss. The balance, if any, will be disbursed to the Covered Member.

PART FIVE – EXCLUSIONS

This Memorandum shall not apply:

- A. to punitive or exemplary damages, fines, interest, or penalties assessed against or imposed upon the Covered Member;
- B. additionally under Employer's Liability Coverage in Part Three of this Memorandum of Coverage:
 1. to liability assumed by the Covered Member under any contract or agreement;

2. to bodily injury or occupational disease to an employee while employed in violation of law with the actual knowledge of the Covered Member;
 3. to any obligation for which the Covered Member or any carrier as the Covered Member's insurer may be held liable under any unemployment compensation or disability benefits law, or under any similar law;
 4. to bodily injury intentionally caused or aggravated by or at the direction of the Covered Member;
 5. to loss or damages arising out of the coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of an employee or any personnel practices, policies, acts, or omissions;
 6. to loss or damages arising out of operations for which the Covered Member has violated or failed to comply with any Workers' Compensation Law; or
 7. to punitive or exemplary damages, fines, or penalties assessed against or imposed upon the Covered Member.
- C. to claims involving a waiver of subrogation approved by a member after the date of injury, illness, or disease that resulted in the claim. This exclusion shall not apply to a waiver of subrogation contained in an agreement or contract that was approved by the Covered Member and the Authority prior to the date of injury, illness, or disease that resulted in the claim;
- D. to losses resulting from damages imposed in any lawsuit brought in, or any judgment rendered by any court outside the United States of America, its territories or possessions, or Canada, or to any action on such judgments, wherever brought;
- E. to "bodily injury" covered by a protection and indemnity coverage or similar policy issued to or on behalf of the Covered Member; or
- F. to bodily injury or occupational illness or disease sustained by a peace officer, as defined in Section 50920 of the California Government Code, when he or she was off-duty, not acting under the immediate direction of his or her employer, and outside the state of California. However, this exclusion shall not apply to bodily injury or occupation disease sustained by a peace officer under such circumstances if:
1. the peace officer at the time of sustaining the injury, illness, or disease was engaging in the apprehension or attempted apprehension of law violators or suspected law violators, the protection or preservation of life or property, or the preservation of the peace; and
 2. prior to the occurrence, the governing board of the Covered Member has adopted a resolution, as provided for in California Labor Code Section 3600.2, subdivision (b)(4), accepting liability for such bodily injury or occupational illness or disease under the Workers' Compensation Act.

PART SIX – CLAIMS

A. The Covered Member's Claims Reporting Duties

The Covered Member shall immediately notify the Authority in writing of any claim for potential coverage under the Memorandum when the loss amount reaches a total incurred amount at 50% or more of the Covered Member's retained limit stated in Item 3.a. of the Declarations Page.

The Covered Member also shall give the Authority immediate written notice of any of the following:

1. a fatality;
2. any claim involving an infectious disease
3. an amputation of a major extremity;
4. any serious head injury (including skull fracture or loss of sight of either or both eyes);
5. any injury to the spinal cord;
6. any second or third degree burn of 25% or more of the body;
7. any accident which causes serious injury to two or more employees;
8. any claim believed to be fraudulent and \$20,000 or more has been paid in allocated expenses;
9. any claim likely to result in a permanent disability of 50% or more; or
10. any disability of more than one year or when it appears reasonably likely that there will be a disability of more than one year.

Notice given to the Authority shall contain complete details. If a suit, claim, or other proceeding is commenced because of an incident described above or of any injury that might involve a loss to the Authority, the Covered Member shall give the Authority:

1. all notices and legal papers related to the claim, proceeding, or suit, or copies of these notices and legal papers;
2. copies of narrative medical reports;
3. copies of reports on investigations made by the Covered Member on such claims, proceedings, or suits; and
4. copies of DWC Form 1 (Employee Claim Form), Form 5020 (Employer's Report of Injury), and any report completed by a supervisor investigating or reporting the claim.

The Covered Member also shall provide the Authority with supplemental reports on any incident stated in Part Six, paragraph A of this Memorandum of Coverage. The report shall be on a form satisfactory to the Authority and submitted 90 days from the date of the initial notice and every 90 days thereafter, unless indicated otherwise by the Authority. The supplemental report shall include the paid-to-date amounts, the reserve amounts, the employee's medical status, and the status of the settlement. Copies of narrative medical reports and legal correspondence received since the last report was submitted should also be included with subsequent supplemental reports.

B. Settlement

Any claim, suit, or proceeding with a total incurred amount in excess of the Covered Member's retained limit shall not be settled without the written consent of the Authority's Claims Manager. The Authority's Claims Manager also has the right to consult and participate with the Covered Member in the settlement, defense, or appeal of any other claim, suit, or proceeding that might involve a loss to the Authority.

PART SEVEN – CONDITIONS

A. Acceptance

By acceptance of this Memorandum, the Covered Member agrees that the statements made on the Declarations Page are the Covered Member's agreements and representations, that this Memorandum is issued in reliance upon the truth of such representations, and that this Memorandum embodies all agreements existing between the Covered Member and the Authority or any of the Authority's agents relating to this coverage.

B. Cancellation

The Covered Member may not withdraw from this Memorandum during the program year.

C. Inspection

The Authority has the right, but is not obligated, to inspect the Covered Member's workplaces at any time. The Authority's inspections are not safety inspections. They relate only to the insurability of the workplaces and premiums to be charged. The Authority may give the Covered Member reports on the conditions the Authority finds. The Authority may recommend changes. While they may help reduce losses, the Authority does not undertake to perform the duty of any person to provide for the health or safety of the Covered Member's employees or the public. The Authority does not warrant that the Covered Member's workplaces are safe or healthful or that they comply with law, regulations, codes, or standards.

D. Transfer of The Covered Member's Rights and Duties

The Covered Member's rights and duties under this Memorandum may not be transferred without the Authority's prior written consent.

E. Dispute Resolution

Decisions by the Authority concerning a claim (including, but not limited to, decisions regarding claim resolution, negotiation, investigation, defense, appeal or settlement, and decisions about whether coverage exists for a particular claim or part of a claim) shall be made by the Authority's Executive Director or his or her designee. If the affected Covered Member disagrees with a written decision by the Executive Director (including, but not limited to, a decision denying coverage of all or part of a claim), the Covered Member may appeal that decision to the Authority's Executive Committee by filing a written notice of appeal with the Executive Director within 30 days of the date of the Executive Director's written decision. If the affected Covered Member fails to timely file a notice of appeal, the decision of the Executive Director shall be final and binding and not subject to further appeal, arbitration, or judicial review. Upon timely filing a notice of appeal, the matter shall be placed on the agenda of the next regularly scheduled Executive Committee meeting. The Authority shall notify the Covered Member about the date and time of the meeting and given an opportunity to provide oral and written evidence and legal argument. The Executive Committee shall render a decision by resolution and the Authority shall provide the resolution to the Covered Member. The resolution of any dispute concerning the Executive Committee's decision will be subject to binding arbitration. If the Covered Member disagrees with the decision of the Executive Committee, it may file a written demand for arbitration with the Executive Director within 30 days from the date of the Executive Committee's resolution. If the affected Covered Member fails to timely file a demand for arbitration, the decision of the Executive Committee shall be final and binding and not subject to further appeal, arbitration, or judicial review.

Upon timely filing a demand for arbitration, the dispute shall be submitted to and decided by final and binding arbitration pursuant to the California Arbitration Act (Code of Civil Procedure sections 1280-1294.2). There shall be a single neutral arbitrator. The parties shall strive in good faith to agree upon and appoint an arbitrator. If the parties fail to agree upon an arbitrator, then either party may petition the Sacramento County Superior Court to appoint an arbitrator pursuant to Code of Civil Procedure section 1281.6. The costs of the arbitrator will be shared equally by the parties. The scope of an arbitrator's authority shall be limited to deciding disputes of the type described in this subpart, and nothing in this subpart shall be construed to give the arbitrator jurisdiction to decide any other type of dispute. Each party shall be responsible for its own costs and expenses of arbitration.

**LOCAL AGENCY WORKERS' COMPENSATION EXCESS
JOINT POWERS AUTHORITY**



Jim Elledge, Executive Director



ADOPTION OF THE FY 20/21 SCORE PROGRAM BUDGET

ACTION ITEM

ISSUE: The Board of Directors must adopt a budget for each fiscal year prior to the commencement of that year. The Preliminary Budget has been updated to reflect final values for group purchase programs and administrative costs. The administrative expense budget is largely unchanged for next year with the following exceptions:

ADMINISTRATIVE EXPENSES

1. Program Administration *decreased* \$9,316 (-3%), per contract terms.
2. Claims Administration *decreased* \$45,788 (-19%) due to the elimination of the annual fee per member and a \$20,288 reduction in the liability claims management fee.
3. Claims Audit *decreased* by \$4,900 (-61%) based on the difference in the cost of the Workers' Compensation audit in 2019/20 (\$8,000) versus the Liability audit in 2020/21.
4. Actuarial Services increased 2%, or \$340, per contract terms.
5. Financial Audit Services increased \$400, or 2%.
6. Accounting Services increased by \$2,000, or 3%.
7. CA DIR OSIP Self Insurance Assessment increased \$6,354, or 21%.

FISCAL IMPACT: The FY 20/21 budget is \$5,010,910. The budget has increased by 11% over last year, mainly due to a 5% increase in total payroll and a 22% increase in the Property Program funding. Administration costs have increased 2.9% from the prior year due mainly to increases in professional services and the DIR assessment.

BACKGROUND: The budget uses estimates of payroll, property values and auto values, where appropriate, to calculate premium and expenses for SCORE member cities. The budget also recognizes the calculation of experience modification factors as adopted by the program's Master Plan Documents. The format of the budget discloses administrative expenses, the loss funding for the banking and shared risk layers, and the excess coverage for liability and worker's compensation. It includes other group purchase programs, i.e. the Property (APIP) program, Employee Assistance Program (EAP), Employment Practices Liability (EPL) coverage, and Pollution Liability program.

ATTACHMENTS: SCORE 20/21 Operating Budget

SCORE - PROPOSED Summary of Deposits FY 2020-2021

| MEMBER ENTITY | TOTAL Liability Deposit \$500K SIR (at 75% CL) | \$5K All Risk Deductible Property Premium Due 7/1/2020 | TOTAL Work Comp Deposit (at 80% CL) | ERMA EPLI Deposit Due 7/1/2020 | EAP Premium Due 7/1/2020 | 2020-2021 Total Deposit | 2019-2020 Total Deposit | % Change | Liability Deposit Due 7/1/2020 | WC Quarterly Installment Due 7/1/2020 | Crime Coverage Due 7/1/2020 |
|--------------------|--|--|-------------------------------------|--------------------------------|--------------------------|-------------------------|-------------------------|------------|--------------------------------|---------------------------------------|-----------------------------|
| Biggs | \$39,940 | \$21,068 | \$48,133 | \$2,131 | \$351 | \$111,623 | \$103,122 | 8% | \$39,940 | \$12,033 | \$2,095 |
| Colfax | \$55,354 | \$35,876 | \$75,086 | \$3,563 | \$459 | \$170,338 | \$145,430 | 17% | \$55,354 | \$18,771 | \$998 |
| Dunsmuir | \$87,695 | \$41,022 | \$94,007 | \$5,851 | \$513 | \$229,088 | \$213,207 | 7% | \$87,695 | \$23,502 | \$998 |
| Etna | \$40,374 | \$19,710 | \$54,737 | N/A | \$459 | \$115,281 | \$124,995 | -8% | \$40,374 | \$13,684 | N/A |
| Isleton | \$35,175 | \$18,106 | N/A | N/A | \$351 | \$53,633 | \$46,846 | 14% | \$35,175 | N/A | N/A |
| Live Oak | \$78,543 | \$75,941 | \$107,600 | \$5,917 | \$2,025 | \$270,026 | \$249,419 | 8% | \$78,543 | \$26,900 | \$1,047 |
| Loomis | \$87,361 | \$8,365 | \$96,541 | \$5,244 | \$405 | \$197,916 | \$164,591 | 20% | \$87,361 | \$24,135 | \$1,047 |
| Loyalton | \$22,259 | \$28,560 | \$25,996 | N/A | \$243 | \$77,058 | \$63,118 | 22% | \$22,259 | \$6,499 | \$1,047 |
| Montague | \$35,064 | \$35,765 | \$46,779 | N/A | N/A | \$117,609 | \$98,162 | 20% | \$35,064 | \$11,695 | \$1,047 |
| Mt. Shasta | \$208,216 | \$22,291 | \$209,890 | \$14,878 | \$1,242 | \$456,518 | \$422,910 | 8% | \$208,216 | \$52,472 | N/A |
| Portola | \$58,812 | \$22,015 | \$115,496 | \$4,032 | \$378 | \$200,734 | \$138,510 | 45% | \$58,812 | \$28,874 | N/A |
| Rio Dell | \$70,081 | \$30,353 | \$93,708 | \$5,295 | N/A | \$199,436 | \$184,396 | 8% | \$70,081 | \$23,427 | \$1,047 |
| Shasta Lake | \$198,951 | \$127,548 | \$265,537 | \$19,600 | \$1,431 | \$613,067 | \$562,702 | 9% | \$198,951 | \$66,384 | \$1,047 |
| Susanville | \$206,633 | \$78,292 | \$450,644 | \$26,791 | \$1,728 | \$764,089 | \$667,293 | 15% | \$206,633 | \$112,661 | N/A |
| Tulelake | \$35,518 | \$23,259 | \$48,240 | \$2,141 | \$513 | \$109,672 | \$100,036 | 10% | \$35,518 | \$12,060 | N/A |
| Weed | \$168,535 | \$43,942 | \$236,503 | \$8,665 | \$1,161 | \$458,806 | \$398,313 | 15% | \$168,535 | \$59,126 | \$3,491 |
| Yreka | \$216,600 | \$112,031 | \$536,926 | \$16,740 | \$2,025 | \$884,322 | \$723,339 | 22% | \$216,600 | \$134,231 | \$2,791 |
| Grand Total | \$1,645,113 | \$744,146 | \$2,505,825 | \$120,848 | \$13,284 | \$5,029,216 | \$4,515,505 | 11% | \$1,645,113 | \$626,456 | \$16,655 |

Paid by member
direct to ACIP
Program

FY 2020/21 SCORE - PROPOSED General Administration Budget

| | Category | Work Comp | Liability | Total FY 20-21 | Prior Year FY 19-20 | % Change |
|----------|--|---------------------|---------------------|--------------------|---------------------|------------|
| Revenues | | | | | | |
| 400 | Program Administration | \$76,832 | \$182,325 | \$259,157 | \$268,473 | -3% |
| 400 | Claims Administration | \$103,555 | \$81,152 | \$184,707 | \$229,470 | -20% |
| 400 | Other Expenses | \$214,779 | \$198,774 | \$413,554 | \$398,938 | 4% |
| 400 | Banking Layer Deposit | \$482,370 | \$319,266 | \$801,636 | \$751,795 | 7% |
| 400 | Shared Risk Layer Deposit | \$1,243,041 | \$587,608 | \$1,830,649 | \$1,590,808 | 15% |
| 400 | Excess Coverage Deposit (LAWCX and CJPRMA) | \$365,244 | \$270,195 | \$635,439 | \$541,579 | 17% |
| 400 | Group Purchase Coverage - Property | | | \$744,146 | \$610,849 | 22% |
| 400 | Group Purchase Coverage - ERMA | | | \$120,849 | \$91,009 | 33% |
| 400 | Group Purchase Coverage - CSAC Pollution | | | \$5,792 | \$5,801 | 0% |
| 400 | Group Purchase Coverage - ACI EAP | | | \$13,824 | \$13,824 | 0% |
| 400 | Group Purchase Coverage - ACIP (Crime for BOD incl. Treasurer) | | | \$1,156 | \$1,100 | 5% |
| 499 | Reimbursement from CJPRMA for Liability Safety Training | | | | | |
| | Total Revenues | \$ 2,485,822 | \$ 1,639,321 | \$5,010,910 | \$4,502,546 | 11% |

| | Category | Work Comp | Liability | Total FY 20-21 | Prior Year FY 19-20 | % Change | \$ Change |
|----------------|---|-------------------|-------------------|-------------------|---------------------|------------|-------------------|
| Expenses | | | | | | | |
| 710 | Program Administration | \$ 76,832 | \$ 182,325 | \$259,157 | \$268,473 | -3% | (\$9,316) |
| 720 | Claims Administration (ULAE) Per Member Annual Fee | \$ - | \$ - | \$0 | \$25,500 | -100% | (\$25,500) |
| 721 | Claims Administration WC (Unallocated Claims Expense) | \$ 103,555 | | \$103,555 | \$102,530 | 1% | \$1,025 |
| 722 | Claims Administration GL (Unallocated Claims Expense) | | \$ 81,152 | \$81,152 | \$101,440 | -20% | (\$20,288) |
| Other Expenses | | | | | | | \$0 |
| 505 | Accounting Services | \$ 30,000 | \$ 30,000 | \$60,000 | \$58,000 | 3% | \$2,000 |
| 506 | Financial Audit | \$ 11,250 | \$ 11,250 | \$22,500 | \$22,100 | 2% | \$400 |
| 507 | Actuarial Review and Studies | \$ 7,080 | \$ 7,080 | \$14,160 | \$13,820 | 2% | \$340 |
| 508 | Bill.com | \$ 360 | \$ 360 | \$720 | \$720 | 0% | \$0 |
| 509 | Legal Expenses | \$ 2,250 | \$ 5,250 | \$7,500 | \$7,000 | 7% | \$500 |
| 510 | Investment Management Fees | \$ 7,250 | \$ 7,250 | \$14,500 | \$14,500 | 0% | \$0 |
| 511 | Claims Audit (WC in Fall 2021 \$8,000, GL in Fall 2020 \$3,100) | \$ - | \$ 3,100 | \$3,100 | \$8,000 | -61% | (\$4,900) |
| 512 | Custodial Account Bank Fees | \$ 125 | \$ 125 | \$250 | \$250 | 0% | \$0 |
| 601 | Checking Account Bank Fees | \$ 125 | \$ 125 | \$250 | \$250 | 0% | \$0 |
| 605 | Board Meeting Expenses | \$ 5,425 | \$ 5,425 | \$10,850 | \$10,850 | 0% | \$0 |
| 606 | LRP and Training Day Meeting Expenses | \$ 10,000 | \$ 10,000 | \$20,000 | \$20,000 | 0% | \$0 |
| 607 | Company Nurse | \$ - | \$ - | \$0 | \$0 | | \$0 |
| 608 | Treasury Services (provided by Loomis) | \$ 500 | \$ 500 | \$1,000 | \$1,000 | 0% | \$0 |
| 609 | Website | \$ - | \$ - | \$0 | \$0 | | \$0 |
| 610 | Member Conference Reimbursements | \$ 9,500 | \$ 9,500 | \$19,000 | \$19,000 | 0% | \$0 |
| 612 | Contingent Reserve | \$ 12,500 | \$ 12,500 | \$25,000 | \$25,000 | 0% | \$0 |
| 615 | Dues & Subscriptions - CAJPA and PARMA (usually \$2,250)* | \$ 3,625 | \$ 3,625 | \$7,250 | \$2,250 | 222% | \$5,000 |
| 625 | Crime Insurance - ACIP for SCORE Treasurer | \$ 578 | \$ 578 | \$1,156 | \$1,100 | 5% | \$56 |
| 626 | ID Fraud Coverage | \$ - | \$ 3,399 | \$3,399 | \$3,667 | -7% | (\$268) |
| 670 | CAJPA Accreditation (completed in 2020 - next up 2024) | \$ - | \$ - | \$0 | \$4,750 | -100% | (\$4,750) |
| 675 | Loss Control Services DKF | \$ 55,000 | \$ 55,000 | \$110,000 | \$105,000 | 5% | \$5,000 |
| 676 | Lexipol Law Enforcement Policy Manual | \$ 8,290 | \$ 20,000 | \$28,290 | \$27,468 | 3% | \$822 |
| 677 | Target Solutions | \$ 13,207 | \$ 13,207 | \$26,415 | \$25,157 | 5% | \$1,258 |
| 699 | CA DIR OSIP Self Insurance Assessment# | \$ 37,214 | \$ - | \$37,214 | \$30,860 | 21% | \$6,354 |
| 999 | Miscellaneous Expenses | \$ 500 | \$ 500 | \$1,000 | \$1,000 | 0% | \$0 |
| | Total Administration Expenses | \$ 395,166 | \$ 462,251 | \$ 857,418 | \$ 896,881 | -4% | (\$39,463) |

* Proposed - Includes \$5k for Data Collection Donation

Estimated 15% increase from actually billed amount in FY 19/20 of \$32,360

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year PROPOSED 2020-2021
Funding (75% CL) - \$500k SIR**

| | | | |
|--|-----------|-------------------------|------------------|
| Total Admin Expenses: | \$857,418 | CJPRMA Premium: | \$270,195 |
| Total Liability Admin Expenses: | \$462,251 | CJPRMA Refund: | \$0 |
| Total WC Admin Expenses: | \$395,166 | Rate Per \$100 Payroll: | \$ 1.04 |
| Liability Participants | 17 | | |

| A | B | C | D | E | F | G | H | I | J |
|---------------------------------|---------------------------------------|---|--------------------------------------|--|---|--|----------------------------------|---|---|
| Formula/Allocation | CY 2019 Payroll x 3% Inflation Factor | Relative Loss Rate x Credibility Factor | Projected Payroll x Ex Mod | (Exp/\$100) x Rate | (Exp/\$100) x Rate | (Exp/\$100) x Rate | Banking + Shared + Excess Layers | (PP/\$100) x Banking, Shared and Excess Rates | (H) - (I) |
| MEMBER ENTITY | Projected Payroll (PP) | Ex Mod | Ex-Mod Adjusted Payroll (Exp) | BANKING LAYER at 75% CL \$0 to \$25,000 | SHARED LAYER at 75% CL \$25,000 to \$500,000 | EXCESS LAYER \$500k TO \$40M CJPRMA PREMIUM | LOSS FUNDING (LF) | UNADJUSTED LOSS FUNDING (ULF) | Ex Mod Impact on Loss Funding Increase or (Decrease) |
| Rate Per \$100 or Amount | 1.03 | Calc | | \$ 1.23 | \$ 2.26 | \$ 1.04 | Calc | | Calc |
| Biggs | \$421,306 | 1.18 | \$497,963 | \$ 6,105 | \$ 11,236 | \$ 5,167 | \$ 22,508 | \$ 19,041 | \$ 3,467 |
| Colfax | \$815,608 | 0.93 | \$759,540 | \$ 9,312 | \$ 17,139 | \$ 7,881 | \$ 34,331 | \$ 36,862 | \$ (2,531) |
| Dunsmuir | \$867,785 | 1.69 | \$1,464,539 | \$ 17,955 | \$ 33,047 | \$ 15,196 | \$ 66,197 | \$ 39,220 | \$ 26,977 |
| Etna | \$535,744 | 0.91 | \$487,252 | \$ 5,974 | \$ 10,995 | \$ 5,056 | \$ 22,024 | \$ 24,213 | \$ (2,189) |
| Isleton | \$390,983 | 1.02 | \$400,651 | \$ 4,912 | \$ 9,040 | \$ 4,157 | \$ 18,109 | \$ 17,671 | \$ 439 |
| Live Oak | \$1,393,398 | 0.83 | \$1,156,172 | \$ 14,175 | \$ 26,088 | \$ 11,996 | \$ 52,259 | \$ 62,976 | \$ (10,716) |
| Loomis | \$1,182,518 | 1.18 | \$1,393,737 | \$ 17,087 | \$ 31,449 | \$ 14,461 | \$ 62,997 | \$ 53,445 | \$ 9,553 |
| Loyalton | \$161,721 | 0.98 | \$159,076 | \$ 1,950 | \$ 3,589 | \$ 1,651 | \$ 7,190 | \$ 7,309 | \$ (119) |
| Montague | \$408,234 | 0.96 | \$392,728 | \$ 4,815 | \$ 8,862 | \$ 4,075 | \$ 17,751 | \$ 18,450 | \$ (699) |
| Mt. Shasta | \$2,507,482 | 1.52 | \$3,800,598 | \$ 46,595 | \$ 85,759 | \$ 39,434 | \$ 171,788 | \$ 113,327 | \$ 58,460 |
| Portola | \$904,933 | 0.90 | \$818,059 | \$ 10,029 | \$ 18,459 | \$ 8,488 | \$ 36,976 | \$ 40,899 | \$ (3,923) |
| Rio Dell | \$1,216,547 | 0.83 | \$1,004,578 | \$ 12,316 | \$ 22,668 | \$ 10,423 | \$ 45,407 | \$ 54,983 | \$ (9,576) |
| Shasta Lake | \$4,299,509 | 0.75 | \$3,234,589 | \$ 39,656 | \$ 72,987 | \$ 33,561 | \$ 146,204 | \$ 194,319 | \$ (48,115) |
| Susanville | \$4,420,501 | 0.76 | \$3,380,179 | \$ 41,441 | \$ 76,272 | \$ 35,072 | \$ 152,785 | \$ 199,787 | \$ (47,003) |
| Tulelake | \$423,418 | 0.94 | \$399,715 | \$ 4,901 | \$ 9,019 | \$ 4,147 | \$ 18,067 | \$ 19,137 | \$ (1,069) |
| Weed | \$2,269,813 | 1.31 | \$2,970,573 | \$ 36,419 | \$ 67,030 | \$ 30,822 | \$ 134,270 | \$ 102,586 | \$ 31,685 |
| Yreka | \$3,821,757 | 0.97 | \$3,721,308 | \$ 45,623 | \$ 83,970 | \$ 38,611 | \$ 168,204 | \$ 172,727 | \$ (4,523) |
| Grand Total | \$26,041,259 | | \$26,041,259 | \$ 319,266 | \$ 587,608 | \$ 270,195 | \$ 1,177,069 | \$ 1,176,952 | \$ 118 |

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year PROPOSED 2020-2021
Funding (75% CL) - \$500k SIR**

CSAC Pollution Premium: \$5,801
 CSAC Pollution Payroll: \$25,153,356
 Rate per \$100: 0.023062529

| A | K | L | M | N | O | P | Q | R | S | T |
|---------------------------------|--------------------------------------|------------------------------------|----------------------------|--------------------------------------|--|-------------------------------|--------------------------|-------------------------|----------------------------|------------------------|
| Formula/Allocation | (PP/100) x Rate | (Total Admin/2)/ Number of Members | (Total Admin/2)/ %PP | (L) + (M) | Loss Funding + Pollution + Admin | | | | | Member PP/ Total PP |
| MEMBER ENTITY | CSAC/CPIEA Pollution Coverage | 50% ADMIN FIXED EXPENSE | 50% ADMIN % PAYROLL | Proposed FY 20-21 Admin Total | Proposed FY 20-21 TOTAL FINAL DEPOSIT | FY 19-20 TOTAL DEPOSIT | \$ Change Overall | % Change Overall | % Change in Payroll | % Payroll (%PP) |
| Rate Per \$100 or Amount | \$ 0.0231 | \$231,126 | \$231,126 | \$462,251 | 75% CL | 75% CL | | | | |
| Biggs | \$97 | \$13,596 | \$3,739 | \$17,335 | \$39,940 | \$39,306 | \$634 | 2% | 2% | 1.62% |
| Colfax | \$188 | \$13,596 | \$7,239 | \$20,834 | \$55,354 | \$49,075 | \$6,279 | 13% | 15% | 3.13% |
| Dunsmuir | \$200 | \$13,596 | \$7,702 | \$21,298 | \$87,695 | \$81,540 | \$6,155 | 8% | 9% | 3.33% |
| Etna | | \$13,596 | \$4,755 | \$18,351 | \$40,374 | \$44,683 | -\$4,308 | -10% | -18% | 2.06% |
| Isleton | | \$13,596 | \$3,470 | \$17,066 | \$35,175 | \$32,481 | \$2,694 | 8% | 12% | 1.50% |
| Live Oak | \$321 | \$13,596 | \$12,367 | \$25,963 | \$78,543 | \$76,034 | \$2,509 | 3% | -2% | 5.35% |
| Loomis | \$273 | \$13,596 | \$10,495 | \$24,091 | \$87,361 | \$74,462 | \$12,899 | 17% | 21% | 4.54% |
| Loyalton | \$37 | \$13,596 | \$1,435 | \$15,031 | \$22,259 | \$19,944 | \$2,315 | 12% | 41% | 0.62% |
| Montague | \$94 | \$13,596 | \$3,623 | \$17,219 | \$35,064 | \$30,993 | \$4,072 | 13% | 24% | 1.57% |
| Mt. Shasta | \$578 | \$13,596 | \$22,255 | \$35,850 | \$208,216 | \$173,964 | \$34,252 | 20% | 11% | 9.63% |
| Portola | \$209 | \$13,596 | \$8,032 | \$21,627 | \$58,812 | \$47,766 | \$11,047 | 23% | 27% | 3.47% |
| Rio Dell | \$281 | \$13,596 | \$10,797 | \$24,393 | \$70,081 | \$61,627 | \$8,453 | 14% | 16% | 4.67% |
| Shasta Lake | \$992 | \$13,596 | \$38,160 | \$51,755 | \$198,951 | \$180,562 | \$18,389 | 10% | 3% | 16.51% |
| Susanville | \$1,019 | \$13,596 | \$39,234 | \$52,829 | \$206,633 | \$190,918 | \$15,715 | 8% | 7% | 16.97% |
| Tulelake | \$98 | \$13,596 | \$3,758 | \$17,354 | \$35,518 | \$34,419 | \$1,099 | 3% | 3% | 1.63% |
| Weed | \$523 | \$13,596 | \$20,145 | \$33,741 | \$168,535 | \$167,121 | \$1,414 | 1% | 4% | 8.72% |
| Yreka | \$881 | \$13,596 | \$33,919 | \$47,515 | \$216,600 | \$197,788 | \$18,813 | 10% | 6% | 14.68% |
| Grand Total | \$5,792 | \$231,126 | \$231,126 | \$462,251 | \$1,645,113 | \$1,542,925 | \$102,188 | 7% | 7% | 100.00% |

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
PROPOSED Fiscal Year 2020-21
Funding 80% CL**

| | | | |
|----------------------------|-----------|------------------------------------|----|
| Total Admin Expenses: | \$857,418 | Liability Participants | 17 |
| Total Liab Admin Expenses: | \$462,251 | WC Participants | 16 |
| Total WC Admin Expenses: | \$395,166 | WC members (Mini-Cities as one men | 13 |
| | | Mini-Cities Members | 4 |

| A | B | C | D | E | F | G | H | I | J |
|------------------------------|---|--|--|--|---|--|--|--|--|
| Formula/Allocation | CY 2019 Payroll + 3% Inflation Factor | Relative Loss Rate x Credibility Factor | (Projected Payroll x Ex Mod)/ExP Adjustment Factor | (ExP/\$100) x Rate | (ExP/\$100) x Rate | (ExP/\$100) x Rate | Banking + Shared + Excess Layers | (PP/\$100) x Banking, Shared and Excess Rates | (H) - (I) |
| MEMBER ENTITY | Projected Payroll (PP) | EX MOD | Ex-Mod Adjusted Payroll (ExP) | BANKING LAYER 80% CL \$0 to \$25K | SHARED LAYER 80% CL \$25K to \$250K | EXCESS LAYER \$250K TO STATUTORY LAWCX PREMIUM | Loss Funding | Unadjusted Loss Funding | Ex Mod Impact on Loss Funding Increase or (Decrease) |
| Rate/Amount | 1.03 | Calc | | \$ 1.91 | \$ 4.93 | \$ 1.45 | Calc | Calc | Calc |
| Colfax | \$815,608 | 0.83 | \$ 679,401 | \$ 12,991 | \$ 33,478 | \$ 9,837 | \$ 56,307 | \$ 67,595 | \$ (11,288) |
| Dunsmuir | \$867,785 | 1.04 | \$ 900,244 | \$ 17,214 | \$ 44,361 | \$ 13,035 | \$ 74,610 | \$ 71,920 | \$ 2,690 |
| Etna | \$535,744 | 0.87 | \$ 465,921 | \$ 8,909 | \$ 22,959 | \$ 6,746 | \$ 38,614 | \$ 44,401 | \$ (5,787) |
| Live Oak | \$1,393,398 | 0.74 | \$ 1,029,142 | \$ 19,679 | \$ 50,712 | \$ 14,901 | \$ 85,292 | \$ 115,481 | \$ (30,189) |
| Loomis | \$1,182,518 | 0.76 | \$ 903,453 | \$ 17,276 | \$ 44,519 | \$ 13,081 | \$ 74,876 | \$ 98,004 | \$ (23,128) |
| Mt. Shasta | \$2,507,482 | 0.85 | \$ 2,136,478 | \$ 40,854 | \$ 105,278 | \$ 30,934 | \$ 177,065 | \$ 207,813 | \$ (30,748) |
| Portola | \$904,933 | 1.28 | \$ 1,158,580 | \$ 22,154 | \$ 57,091 | \$ 16,775 | \$ 96,020 | \$ 74,998 | \$ 21,022 |
| Rio Dell | \$1,216,547 | 0.96 | \$ 1,170,816 | \$ 22,388 | \$ 57,693 | \$ 16,952 | \$ 97,034 | \$ 100,824 | \$ (3,790) |
| Shasta Lake | \$4,299,509 | 0.61 | \$ 2,639,885 | \$ 50,480 | \$ 130,084 | \$ 38,223 | \$ 218,786 | \$ 356,331 | \$ (137,545) |
| Susanville | \$4,420,501 | 1.10 | \$ 4,843,804 | \$ 92,623 | \$ 238,685 | \$ 70,133 | \$ 401,441 | \$ 366,359 | \$ 35,082 |
| Weed | \$2,269,813 | 1.09 | \$ 2,484,338 | \$ 47,505 | \$ 122,419 | \$ 35,970 | \$ 205,895 | \$ 188,116 | \$ 17,779 |
| Yreka | \$3,821,757 | 1.56 | \$ 5,964,158 | \$ 114,047 | \$ 293,892 | \$ 86,354 | \$ 494,293 | \$ 316,736 | \$ 177,556 |
| Subtotal Members | \$24,235,597 | 0.98 | \$ 24,376,218 | \$ 457,212 | \$ 1,178,211 | \$ 346,195 | \$ 1,981,618 | \$ 1,964,177 | \$ 17,441 |
| Isleton (do not participate) | | | | | | | | | |
| Biggs | \$421,306 | 0.93 | \$ 391,814 | \$ 7,492 | \$ 19,307 | \$ 5,673 | \$ 32,472 | \$ 34,917 | \$ (2,444) |
| Loyalton | \$161,721 | 0.93 | \$ 150,401 | \$ 2,876 | \$ 7,411 | \$ 2,178 | \$ 12,465 | \$ 13,403 | \$ (938) |
| Montague | \$408,234 | 0.93 | \$ 379,658 | \$ 7,260 | \$ 18,708 | \$ 5,497 | \$ 31,465 | \$ 33,833 | \$ (2,368) |
| Tulelake | \$423,418 | 0.93 | \$ 393,778 | \$ 7,530 | \$ 19,404 | \$ 5,701 | \$ 32,635 | \$ 35,092 | \$ (2,456) |
| Subtotal Mini Cities | \$1,414,679 | 0.93 | \$ 1,315,651 | \$ 25,158 | \$ 64,830 | \$ 19,049 | \$ 109,037 | \$ 117,245 | \$ (8,207) |
| Grand Total | \$25,650,275 | 0.97 | \$ 25,691,869 | \$ 482,370 | \$ 1,243,041 | \$ 365,244 | \$ 2,090,655 | \$ 2,081,421 | \$ 9,234 |

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
PROPOSED Fiscal Year 2020-21
Funding 80% CL**

Total Admin Expenses: \$857,418
Total Liab Admin Expenses: \$462,251
Total WC Admin Expenses: \$395,166

Liability Participants 17
WC Participants 16
WC members (Mini-Cities as o 13
Mini-Cities Members 4

| A | K | L | M | N | O | P | Q | R | S | T | U | V |
|-----------------------------|-------------------------------|---------------------------------------|-------------------------|-------------------------------|----------------------|----------------|---------------------------------|-----------------------------|-------------------|------------------|---------------------|---------------------------|
| Formula/Allocation | 10-year Assessment Allocation | (Total Admin x .5)/ Number of Members | (Total Admin x .5)/ %PP | (L) + (M) | | | (H) + (K) + (N) | | | | | Member PP/Total PP |
| MEMBER ENTITY | LAWCX ASSESMENT | 50% ADMIN FIXED EXPENSE | 50% ADMIN % PAYROLL | Proposed Admin Total FY 20-21 | Admin Total FY 19-20 | % Change ADMIN | Proposed FY 20-21 TOTAL DEPOSIT | Prior Year FY 19-20 DEPOSIT | \$ Change Overall | % Change Overall | % Change in Payroll | % Projected Payroll (%PP) |
| Rate/Amount | Calc | \$197,583 | \$197,583 | \$395,166 | \$393,651 | 0.4% | 80% CL | 80% CL | | | | |
| Colfax | \$ 158 | \$12,349 | \$ 6,272 | \$18,621 | \$17,271 | 7.8% | \$75,086 | \$63,661 | \$11,425 | 18% | 15% | 3.2% |
| Dunsmuir | \$ 374 | \$12,349 | \$ 6,674 | \$19,023 | \$17,987 | 5.8% | \$94,007 | \$97,499 | -\$3,492 | -4% | 9% | 3.4% |
| Etna | \$ (346) | \$12,349 | \$ 4,120 | \$16,469 | \$16,828 | -2.1% | \$54,737 | \$63,671 | -\$8,934 | -14% | -18% | 2.1% |
| Live Oak | \$ (757) | \$12,349 | \$ 10,716 | \$23,065 | \$23,070 | 0.0% | \$107,600 | \$103,427 | \$4,173 | 4% | -2% | 5.4% |
| Loomis | \$ 223 | \$12,349 | \$ 9,094 | \$21,443 | \$19,413 | 10.5% | \$96,541 | \$78,652 | \$17,889 | 23% | 21% | 4.6% |
| Mt. Shasta | \$ 1,192 | \$12,349 | \$ 19,284 | \$31,633 | \$29,711 | 6.5% | \$209,890 | \$220,191 | -\$10,301 | -5% | 11% | 9.8% |
| Portola | \$ 168 | \$12,349 | \$ 6,959 | \$19,308 | \$17,297 | 11.6% | \$115,496 | \$70,815 | \$44,682 | 63% | 27% | 3.5% |
| Rio Dell | \$ 112 | \$12,349 | \$ 9,356 | \$21,705 | \$20,010 | 8.5% | \$118,850 | \$93,708 | \$25,142 | 27% | 16% | 4.7% |
| Shasta Lake | \$ 1,336 | \$12,349 | \$ 33,065 | \$45,414 | \$45,223 | 0.4% | \$265,537 | \$260,114 | \$5,422 | 2% | 3% | 16.7% |
| Susanville | \$ 2,859 | \$12,349 | \$ 33,996 | \$46,345 | \$44,670 | 3.8% | \$450,644 | \$396,370 | \$54,275 | 14% | 7% | 17.2% |
| Weed | \$ 803 | \$12,349 | \$ 17,456 | \$29,805 | \$29,175 | 2.2% | \$236,503 | \$189,131 | \$47,372 | 25% | 4% | 8.8% |
| Yreka | \$ 893 | \$12,349 | \$ 29,391 | \$41,740 | \$40,508 | 3.0% | \$536,926 | \$416,923 | \$120,002 | 29% | 6% | 14.9% |
| Subtotal Members | | \$148,187 | \$ 186,384 | \$334,571 | \$304,334 | 9.9% | \$2,307,080 | \$1,990,492 | \$316,588 | 16% | 7% | 94.5% |
| Isleton (do not participat | | | | | | | | | | | | |
| Biggs | \$ 72 | \$12,349 | \$ 3,240 | \$15,589 | \$14,908 | 4.6% | \$48,133 | \$44,618 | \$3,515 | 8% | 2% | 1.6% |
| Loyalton | \$ (61) | \$12,349 | \$ 1,244 | \$13,593 | \$12,502 | 8.7% | \$25,996 | \$20,751 | \$5,246 | 25% | 41% | 0.6% |
| Montague | \$ (174) | \$12,349 | \$ 3,140 | \$15,488 | \$14,228 | 8.9% | \$46,779 | \$37,875 | \$8,904 | 24% | 24% | 1.6% |
| Tulelake | \$ - | \$12,349 | \$ 3,256 | \$15,605 | \$14,881 | 4.9% | \$48,240 | \$44,348 | \$3,892 | 9% | 3% | 1.6% |
| Subtotal Mini Cities | | \$49,396 | \$ 10,880 | \$60,275 | \$89,316 | -32.5% | \$169,150 | \$266,406 | -\$97,257 | -37% | 12% | 5.5% |
| Grand Total | \$ 6,851 | \$197,583 | \$ 197,263 | \$394,847 | \$393,651 | 0.3% | \$2,476,230 | \$2,256,898 | \$219,332 | 10% | 7% | 100.0% |

SCORE ERMA FY 2020-2021

| MEMBER ENTITY | Calendar Year 2019 DE9 Payroll (P) | Calendar Year 2018 DE9 Payroll (P) | % CHANGE IN PAYROLL | DEDUCTIBLE | Premium before Retro Adjustment | RETRO ADJUSTMENT | 2020-2021 PREMIUM (Net of Retro. Adj.) | 2019-2020 PREMIUM | % Change |
|------------------------|------------------------------------|------------------------------------|---------------------|------------|---------------------------------|------------------|--|-------------------|------------|
| Rate/Amount | | | | | | | | | |
| Biggs | \$409,035 | \$401,785 | 1.80% | \$25,000 | \$2,130 | \$0 | \$2,131 | \$1,696 | 20% |
| Colfax | \$791,853 | \$686,919 | 15.28% | \$25,000 | \$4,124 | \$562 | \$3,563 | \$2,899 | 19% |
| Dunsmuir (eff. 1/1/20) | \$842,510 | N/A | N/A | N/A | \$5,851 | \$0 | \$5,851 | N/A | |
| Etna | N/A | N/A | N/A | N/A | | N/A | N/A | N/A | |
| Isleton | N/A | N/A | N/A | N/A | | N/A | N/A | N/A | |
| Live Oak | \$1,352,814 | \$1,386,601 | -2.44% | \$25,000 | \$7,046 | \$1,130 | \$5,917 | \$5,853 | 1% |
| Loomis | \$1,148,076 | \$945,313 | 21.45% | \$25,000 | \$5,980 | \$736 | \$5,244 | \$3,990 | 24% |
| Loyalton | N/A | N/A | N/A | N/A | | N/A | N/A | N/A | |
| Montague | N/A | N/A | N/A | N/A | | N/A | N/A | N/A | |
| Mt. Shasta | \$2,434,448 | \$2,187,870 | 11.27% | \$25,000 | \$16,906 | \$2,030 | \$14,878 | \$9,235 | 38% |
| Portola | \$878,576 | \$690,093 | 27.31% | \$25,000 | \$4,576 | \$544 | \$4,032 | \$2,913 | 28% |
| Rio Dell | \$1,181,113 | \$1,017,409 | 16.09% | \$25,000 | \$6,152 | \$857 | \$5,295 | \$4,294 | 19% |
| Shasta Lake | \$4,174,281 | \$4,059,563 | 2.83% | \$25,000 | \$21,741 | \$2,144 | \$19,600 | \$17,134 | 13% |
| Susanville | \$4,291,749 | \$3,992,736 | 7.49% | \$25,000 | \$29,804 | \$3,016 | \$26,791 | \$16,852 | 37% |
| Tulelake | \$411,085 | \$398,501 | 3.16% | \$25,000 | \$2,141 | \$0 | \$2,141 | \$1,682 | 21% |
| Weed | \$2,203,702 | \$2,123,162 | 3.79% | \$100,000 | \$8,664 | \$0 | \$8,665 | \$6,747 | 22% |
| Yreka | \$3,710,444 | \$3,490,579 | 6.30% | \$25,000 | \$19,326 | \$2,587 | \$16,740 | \$14,733 | 12% |
| Grand Total | \$23,829,685 | \$21,380,531 | 4.00% | | \$134,441 | \$13,606 | \$120,848 | \$91,009 | 25% |

SCORE ACI EAP Program FY 9/1/2020-8/31/2021 PROPOSED

*NOTE: Program Renews 9/1/2020

| MEMBER ENTITY | 2020 Number of Employees | 2019 Number of Employees | # of EE change | Total Rate per month | Total months | 2020-2021 Premium | Premium % change | Premium \$ change |
|---------------------------------|--------------------------|--------------------------|----------------|----------------------|--------------|-------------------|------------------|-------------------|
| Rate/Amount | | | | \$2.25 | | | | |
| Biggs | 13 | 13 | 0 | \$29.25 | 12 | \$351 | 0% | \$0 |
| Colfax | 17 | 17 | 0 | \$38.25 | 12 | \$459 | 0% | \$0 |
| Dunsmuir | 19 | 19 | 0 | \$42.75 | 12 | \$513 | 0% | \$0 |
| Etna | 17 | 17 | 0 | \$38.25 | 12 | \$459 | 0% | \$0 |
| Isleton | 13 | 13 | 0 | \$29.25 | 12 | \$351 | 0% | \$0 |
| Live Oak | 75 | 75 | 0 | \$168.75 | 12 | \$2,025 | 0% | \$0 |
| Loomis | 15 | 15 | 0 | \$33.75 | 12 | \$405 | 0% | \$0 |
| Loyalton | 9 | 9 | 0 | \$20.25 | 12 | \$243 | 0% | \$0 |
| Montague (Does not participate) | 17 | 17 | | | | | | |
| Mt. Shasta | 46 | 46 | 0 | \$103.50 | 12 | \$1,242 | 0% | \$0 |
| Portola | 14 | 14 | 0 | \$31.50 | 12 | \$378 | 0% | \$0 |
| Rio Dell (Does not participate) | 24 | 24 | | | | | | |
| Shasta Lake | 53 | 53 | 0 | \$119.25 | 12 | \$1,431 | 0% | \$0 |
| Susanville | 64 | 64 | 0 | \$144.00 | 12 | \$1,728 | 0% | \$0 |
| Tulelake | 19 | 19 | 0 | \$42.75 | 12 | \$513 | 0% | \$0 |
| Weed | 43 | 43 | 0 | \$96.75 | 12 | \$1,161 | 0% | \$0 |
| Yreka | 75 | 75 | 0 | \$168.75 | 12 | \$2,025 | 0% | \$0 |
| Grand Total | 492 | 492 | 0 | | | \$13,284 | -4% | -\$540 |



**Small Cities Organized Risk Effort
Board of Directors Meeting
June 26, 2020**

Agenda Item G.9.

LONG RANGE PLANNING MEETING TOPICS

INFORMATION ITEM

ISSUE: The Program Administrators are requesting Board input on topics for the annual Long Range Planning Meeting which will be held on October 22, 2020 followed by the Board of Directors Meeting on October 23, 2020.

This year we will concentrate on planning topics with a few focused training sessions. Suggestions:

- Funding – “stress test” review of benchmarks and formulas. Prepare for higher SIRs.
- Review Excess coverage funding and options
- Pre-meeting: New Member Orientation
- Annual Report – present contents of annual report – financial condition, benchmarks/ratios, review of coverage and services, plans for future
- Governing Document Review – updates of policies and procedures
- Property Options - pooled layer, others
- EPL Training (ERMA sponsored) – tbd
- Risk Management Training – tbd

RECOMMENDATION: Discuss and provide direction regarding agenda topics.

FISCAL IMPACT: Not to exceed \$20,000

BACKGROUND: At least every three years SCORE holds a Long Range Planning Meeting to provide Board members with an opportunity to discuss the coverage programs, risk management and loss control services available to members as well as any topics that Members may want to address. Presentations will also be provided by the Program Administrators and SCORE partners. The Gaia Hotel in Anderson was selected as the destination for this year’s meeting on October 22 and 13, 2020.

ATTACHMENTS: None



ERMA COVERAGE – TRAINING REQUIREMENTS

INFORMATION ITEM

ISSUE: Most SCORE members belong to the Employment Risk Management Authority (ERMA) for coverage of Employment Practices Liability (EPL) claims up to the \$500,000 attachment point for the group's excess coverage with CJPRMA. The group has implemented a requirement for members to attest to having substantially complied with the sexual harassment training requirements of California Government Code §12950.1 when submitting a claim.

Any underlying member that fails to comply with the mandated sexual harassment training or that fails to provide ERMA with documentation evidencing compliance will have its retained limit increased by 100% for the submitted claim. The Board of Directors will have discretion to consider lack of compliance as a factor in determining whether a member should be subject to a Risk Assessment.

The attached Resolution was adopted by the ERMA Board in January, 2020 and is effective currently. Training must be completed by January 1, 2021 and ERMA is setting up a way for members to document compliance online.

RECOMMENDATION: Review and comply with ERMA training requirements

FISCAL IMPACT: None

BACKGROUND: ERMA takes a very proactive approach to managing claims and requires members to report any claim, oral or written, immediately and may decline a claim or impose an additional penalty SIR for late reporting.

ATTACHMENTS: ERMA Resolution Number 2020-1

RESOLUTION NO. 2020-1

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EMPLOYMENT RISK MANAGEMENT AUTHORITY REQUIRING
MEMBERS TO PROVIDE PROOF OF COMPLIANCE WITH TRAINING
MANDATED BY STATE LAW**

WHEREAS, the Employment Risk Management Authority, hereinafter ERMA, is a Joint Powers Authority organized and existing in accordance with the laws of the State of California;

WHEREAS, one of the functions of ERMA is to operate a “Pooled Wrongful Employment Practices” “risk sharing” program;

WHEREAS, it is in the best interests of the ERMA members to ensure that all underlying members comply with the minimum training requirements mandated by state law;

WHEREAS, the Board previously adopted Resolution No. 2019-3 to ensure that all ERMA members complied with sexual harassment training mandated by state law (Government Code §12950.1) and to establish a compliance program in which underlying members would be required to establish proof of compliance with such training to avoid penalties for noncompliance; and

WHEREAS, the Legislature has addressed conduct other than sexual harassment in Government Code § 12950.1, and this Resolution reflecting such scope is therefore appropriate.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

This Resolution 2020-1 supersedes Resolution 2019-3.

Senate Bill 778 extends the deadline from January 1, 2020 to January 1, 2021 for all employers with five or more employees to provide: 1) At least two hours of sexual harassment prevention training to all supervisory employees and elected officials and 2) At least one hour of sexual harassment prevention training to all non-supervisory employees. New employees should be trained within six months of appointment to a supervisory position. Thereafter, employees must be provided with refresher training once every two years. Temporary and/or seasonal employees must receive harassment prevention training by January 1, 2021.

Such training is required to address sexual harassment as well as harassment based on gender identity, gender expression, and sexual orientation; “abusive conduct” as defined; and more generally address unlawful discrimination, harassment and retaliation.

In an effort to ensure mandated training requirements are met, ERMA staff will monitor participation of live and online training for ERMA members via an established self-certification process, beginning January 1, 2021.

For any *Claim*, as such term is defined in ERMA's Memorandum of Coverage, that is submitted to ERMA by an underlying member which relates to the subject matter of California Government Code §12950.1, each underlying member is required to provide ERMA with documentation evidencing they have substantially complied with as the training requirements mandated by said code section. Substantial compliance is defined as having 90% of all employees and elected officials trained in compliance with §12950.1 as of the date of occurrence of the *Claim*.

At the time the Claim is submitted, and at the request of an ERMA representative, the underlying member shall within 30 days provide an attestation that the following occurred:

1. The underlying member is in compliance with the training and education requirements set forth in California Government Code §12950.1 and the regulations of the Fair Employment and Housing Commission relating thereto;
2. The underlying member documented the date of the training for each employee;
3. The underlying member retained a description of the course (including content and duration) and the course materials;
4. The underlying member retained a brief biography on the course trainer; and
5. The underlying member retained a copy of the participant sign-in sheets, certificates of completion, or other proof of attendance.

Any underlying member that fails to comply with the mandated sexual harassment training or that fails to provide ERMA with documentation evidencing compliance will have its retained limit increased by 100% for the submitted Claim. The Board of Directors will have discretion to consider lack of compliance as a factor in determining whether a member should be subject to a Risk Assessment.

This Resolution was adopted by the Board of Directors at a regular meeting held on February 7, 2020, in Santa Cruz, California, by the following vote:

| | |
|---------|----------|
| AYES | <u>8</u> |
| NOES | <u>0</u> |
| ABSTAIN | <u>0</u> |
| ABSENT | <u>3</u> |



PRESIDENT

ATTEST:



BOARD SECRETARY



TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

INFORMATION ITEM

ISSUE: Time is reserved for members to discuss items of concern or interest to other members.

RECOMMENDATION: None – information only.

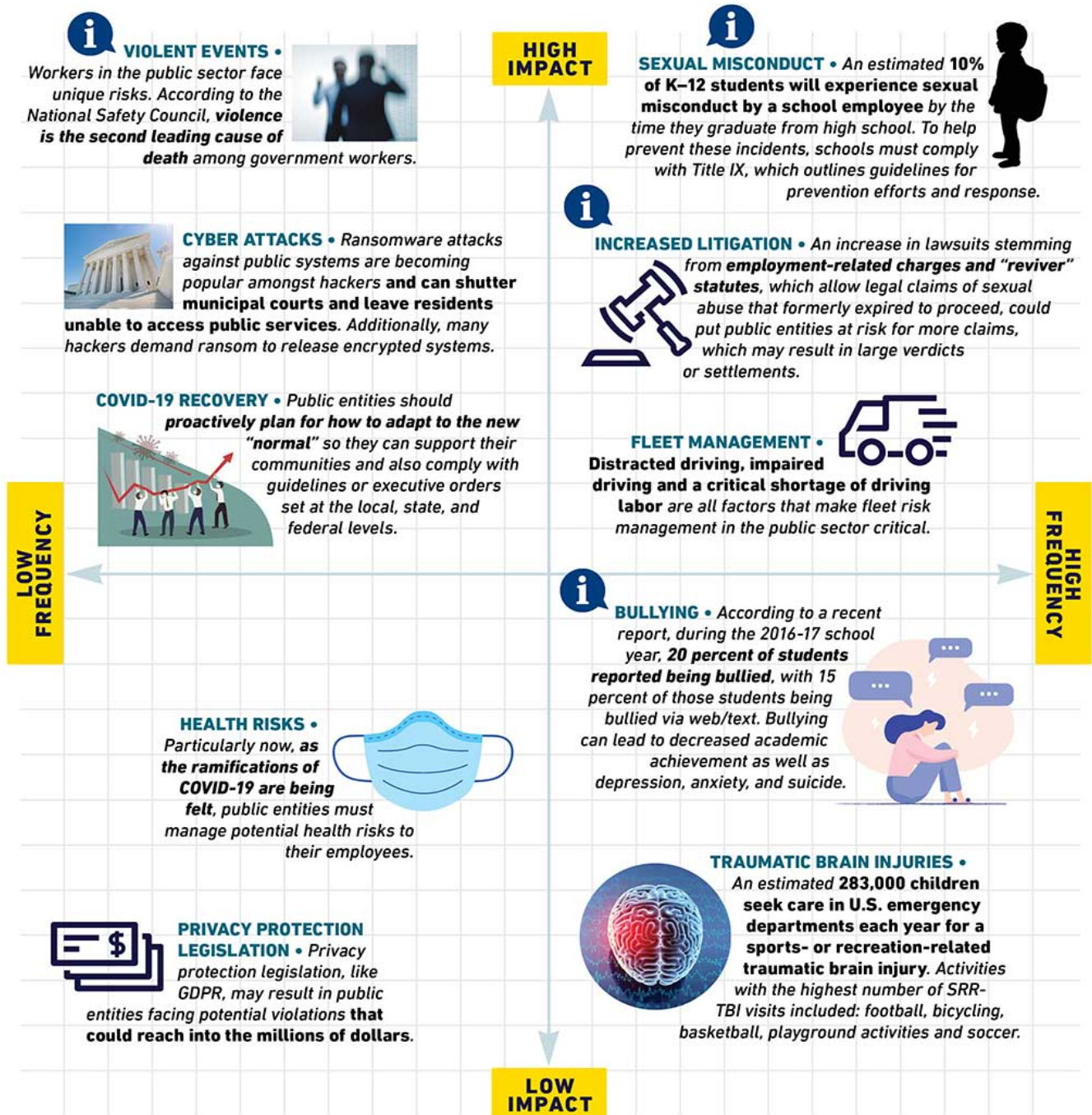
FISCAL IMPACT: None

BACKGROUND: None

ATTACHMENTS: Public Entity Risk Matrix

PUBLIC ENTITY RISK MATRIX

June 2020



Note: The Risk Matrix is produced by the Risk and Insurance® editorial team. Liberty Mutual Insurance is the presenting sponsor and has no responsibility for the content.



INFORMATION ITEMS

INFORMATION ITEM

ISSUE: The following items are being presented as information for SCORE members.

RECOMMENDATION: None. This item is offered as information only.

BACKGROUND: None

FISCAL IMPACT: None

ATTACHMENT(S):

1. CAJPA Conference – September 10-13, 2020 in South Lake Tahoe
2. SCORE Resource Contact Guide
3. SCORE Glossary of Terms

PROGRAM ADMINISTRATION

Alliant Insurance Services, Inc.
 2180 Harvard Street Ste 460
 Sacramento, CA 95815
 Main: (916) 643-2700 Fax: (916) 643-2750
www.Alliant.com

| SUBJECT | MAIN CONTACT | PHONE | EMAIL |
|---|--|---|---|
| <p>JPA MANAGEMENT ISSUES –coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development; program budget/funding, financial analysis, coordination w/financial auditor/JPA accountant</p> | <p>Marcus Beverly Conor Boughey Michael Simmons Michelle Minnick Joan Crossley</p> | <p>(916) 643-2704 (916) 660-2725 (cell) (415) 403-1411 (415) 403-1425 (925) 708-3374 (cell) (916) 643-2715 (916) 643-2712</p> | <p>Marcus.Beverly@alliant.com cboughey@alliant.com msimmons@alliant.com Michelle.Minnick@alliant.com jcrossley@alliant.com</p> |
| <p>JPA ADMINISTRATIVE ISSUES – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies & procedures, JPA state compliance, Form 700, changes in Board members, website maintenance.</p> | <p>Michelle Minnick Marcus Beverly Joan Crossley</p> | | |
| <p>COVERAGE / RISK MANAGEMENT ISSUES –</p> <ul style="list-style-type: none"> ➤ Certificates of coverage, additions/deletions of coverage’s, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs ➤ Coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development ➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services & audits, third party contract review | <p>Michelle Minnick Marcus Beverly Joan Crossley</p> | | |

CLAIMS ADMINISTRATION
 York Risk Services Group, Inc.
 P.O. Box 619079
 Roseville, CA 95678
 Main: (800) 922-5020 Fax: (866) 548-2637
www.yorkrisk.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|---|---|
| <p>CLAIMS ADMINISTRATION – questions regarding liability and Workers’ Compensation claims handling can be forwarded to York Risk Services Group</p> <p>Property Recovery Program This program is designed to recover damages from a third party when a member has incurred a loss caused by a third party who was determined to be liable.</p> <p style="text-align: center;"><u>Liability Claims</u></p> <p style="text-align: center;"><u>Workers’ Compensation Claims</u></p> <p style="text-align: center;"><u>Subrogation</u></p> | <p>Jill Petrarca, Senior Manager Property & Casualty Adjuster</p> <p>Shawn Millar, Property & Casualty Adjuster</p> <p>Caroline Sbabo, Property & Casualty Adjuster</p> <p>Alex Davis, Property & Casualty Adjuster</p> <p>Ariel Leonhard, Claims Examiner</p> <p>John Peshkoff, Senior Claims Manager</p> <p>Alicia Veloz, Senior Claims Examiner</p> <p>Jill Petrarca, Senior Manager Property & Casualty Adjuster</p> | <p>(916) 746-8849</p> <p>(916) 746-8820 C:530-210-4910</p> <p>(916) 746-6340</p> <p>(925) 349-3890</p> <p>(916) 960-0974</p> <p>(916) 960-0956</p> <p>(916) 960-0982</p> <p>(916) 746-8849</p> | <p>jill.petrarca@sedgwick.com</p> <p>shawn.millar@sedgwick.com</p> <p>caroline.sbabo@sedgwick.com</p> <p>alex.davis@sedgwick.com</p> <p>ariel.leonhard@sedgwick.com</p> <p>john.peshkoff@sedgwick.com</p> <p>alicia.veloz@sedgwick.com</p> <p>jill.petrarca@sedgwick.com</p> |
| <p>ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues</p> <p>COMPUTER SERVICES, TRUST ACCOUNT SERVICES – loss runs, special reports, check registers, bank reconciliations</p> | <p>Dori Zumwalt, Account Executive, Client Services</p> <p>Kelly Stewart, Vice President Property and Casualty Claims</p> | <p>(916) 960-1017</p> <p>(714) 620-1302</p> | <p>dorienne.zumwalt@sedgwick.com</p> <p>kelly.stewart@sedgwick.com</p> |

CLAIM REPORTING AND TRIAGE SERVICES

Company Nurse Injury Hotline

Main: (888) 817-9282

<https://companynurse.com/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|---|-----------------------|---|
| <p>CLAIM REPORTING AND TRIAGE SERVICES –Company Nurse strives to streamline injury reporting and reduce injury reporting lag time and overall cost</p> <ul style="list-style-type: none"> • Quick, easy, cost efficient way to immediately report workplace injuries • 24/7 Nurse Triage Hotline 1-888-545-9154 (Please ensure to use the city code specific to your member) | <p>Chris Park, Account Executive</p> | <p>(480) 717-6842</p> | <p>service@companynurse.com</p> |

ACCOUNTING SERVICES

Gilbert Associates, Inc.

Main: (916) 646-6464 Fax: (916) 929-6836

www.gilbertcpa.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|---|-----------------------|---|
| <p>ACCOUNTING SERVICES – any questions regarding accounting, accounts payable, invoicing, and checks can be forwarded to Gilbert Associates</p> | <p align="center">Kevin Wong Jennifer Zraick</p> | <p>(916) 646-6464</p> | <p>kswong@gilbertcpa.com JZraick@gilbertcpa.com</p> |

POLICE AND FIRE RISK MANAGEMENT SERVICES

Lexipol

Main: (949) 484-4444 Fax: (949) 484-4443

<http://www.lexipol.com/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|---|---|
| <p>POLICE RISK MANAGEMENT SERVICES – Lexipol helps to review members’ Police and Fire Risk Management policies and offers state-specific policy manuals that are integrated with scenario-based daily training on high-risk, low frequency events</p> | <p>Dale Cephers, West Region Market Development Executive Sarah Graham, Marketing Campaign Manager</p> | <p>(469) 731-4685 (949) 325-1237</p> | <p>dcephers@lexipol.com sgraham@lexipol.com</p> |

ERMA POOL ADMINISTRATION/EXCESS PARTNER

Main: (800) 541-4591 Fax: (916) 244-1199

<http://www.ermajpa.org/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|---|---|
| <p>ERMA – provides loss prevention services designed to minimize employment practices liability (EPL) exposure of members</p> <p align="right">Board Member - John Duckett</p> <p align="right">Alternate - Roger Carroll</p> <p>Services Offered</p> <ul style="list-style-type: none"> • Employee Reporting line • Attorney Hotline • Employment Practices Training | <p>Jennifer Jobe, Executive Director</p> <p>Mona Hedin, Analyst & Training Coordinator</p> | <p>(530) 275-7427</p> <p>(916) 652-1840</p> <p>(916) 244-1141</p> <p>(916) 290-4645</p> | <p>info@ermajpa.org</p> <p>jduckett@cityofshastalake.org</p> <p>rcarroll@loomis.ca.gov</p> <p>jennifer.jobe@sedgwick.com</p> <p>mona.hedin@sedgwick.com</p> |

LAWCX POOL ADMINISTRATION/EXCESS PARTNER

Main: (800) 541-4591 Fax: (916) 244-1199

<http://www.lawcx.org/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|---|---|---|
| <p>LAWCX – Provides Excess Workers’ Compensation coverage and additional training resources</p> <p align="right">Board Member - Steve Baker</p> <p align="right">Alternate – Marcus Beverly</p> <p>Online Risk Control Services</p> <ul style="list-style-type: none"> • Employees can access online training courses by registering online at www.lawcx.org. • Video/Webinars – There are over 300 Training videos and over 30 recorded webinars available. Live Webinars are also available • Training Tools – Sample Training Matrices, Safety Communications, Safe Practices Guidelines • Programs/Forms Comprehensive Sample Programs with implementation guides and Sample Forms • Blog – Timely and informational reports from Risk Control Experts • Can you Risk It? Liability Exposures- real questions from actual members are answered | <p>Jim Elledge, Executive Director</p> <p>Tammy Vitali, Workers’ Compensation Program Manager</p> <p>Terrie Norris, Risk Control Services Manager</p> <p>Kim Sackett, Board Secretary & Analyst</p> | <p>(530) 841-2321</p> <p>(916) 643-2704</p> <p>(916) 244-1124</p> <p>(916) 244-1114</p> <p>(916) 290-4655</p> <p>(916) 290-4601</p> | <p>sbaker@ci.yreka.ca.us</p> <p>Marcus.Beverly@alliant.com</p> <p>jim.elledge@sedgwick.com</p> <p>tammy.vitali@sedgwick.com</p> <p>terrie.norris@sedgwick.com</p> <p>kim.sackett@sedgwick.com</p> |

CJPRMA POOL ADMINISTRATION/EXCESS PARTNER

Main: (925) 837-0667 Fax: (925) 290-1543

<http://www.cjprma.org/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|---|--|--|
| <p>CJPRMA – Provides Excess Liability coverage and additional training resources</p> <p align="center">Board Member - Roger Carroll</p> <p align="center">Alternate - John Duckett</p> <p>Services Offered</p> <ul style="list-style-type: none"> • Five annual regional training workshops throughout California-previous years topics include Contractual Risk Transfer, Police Liability, Parks and Recreation Liability, and Sidewalk Liability Controls. • Two to four training sessions per year available at no charge. Topics include: police liability, tort issues, streets and sidewalks, contractual liability, employment practices • Personal assistance available to review contracts and to help look at any risk related issues (Contact Tony Giles General Manager or Marinda Griese) <p>**Services offered at an additional cost**</p> <ul style="list-style-type: none"> • Certificates of Insurance tracking through Risk Console (cost for each user is \$100/year) • Pins Advantage (alternative to Risk Console) is available to all members at a reduced rate is provided on a month to month basis and can be canceled at any time. | <p align="center">Marinda Griese, Claim Administrator</p> <p align="center">Tony Giles, General Manager</p> | <p align="center">(916) 652-1840</p> <p align="center">(530) 275-7427</p> <p align="center">(925) 290-1315</p> <p align="center">(925) 290-1316</p> | <p align="center">rcarroll@loomis.ca.gov</p> <p align="center">jduckett@cityofshastalake.org</p> <p align="center">marinda@cjprma.org</p> <p align="center">tony@cjprma.org</p> |

LOSS CONTROL SERVICES

DKF Solutions

Fax: (707) 647-7200

www.dkfsolutions.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|--|---|---|
| <p>LOSS CONTROL SERVICES – DKF Solutions is the Loss Control Service Provider responsible for coordination for all Risk Management Training for SCORE. DKF has completed Risk Assessments for all members and is currently working on the approved Risk Control Plans for SCORE.</p> <p>Services available to all SCORE members Maintenance Training & Sewer Management Plans Phone and email hotline (contact David Patzer) On-Site Visit with Biomechanics Training & Review of Operations/Current Practices Online Training: Employees can access online training courses by going to: www.mysafetyofficer.com/employeetraining and entering the username “employee” and password “safety” which will grant access to the following training:</p> <ul style="list-style-type: none">• Interactive Training: Free self-paced web training modules which include quiz questions are available to help facilitate knowledge about different topics ranging from Bloodborne Pathogens to Respiratory Protection. * requires Adobe Flash software• Tailgate Training: Free downloadable tailgate training materials covering topics from Aerial Lift Safety to Zoonotics• Webinar archive: access to one-hour webinars in your web browser covering topics ranging from Bloodborne Pathogens Regulations to SSO Volume Estimation * requires Adobe Flash software• ***NOTE: Monthly news update with a different article each month at http://www.dkfsolutions.com/blog/ | <p>David Patzer</p> <p>John Balestrini</p> <p>Katie Frassinelli</p> | <p>(707) 373-9709</p> <p>(916) 532-5802</p> | <p>dpatzer@dkfsolutions.com</p> <p>john@dkfsolutions.com</p> <p>Kfrassinelli@dkfsolutions.com</p> |

EMPLOYEE ASSISTANCE PROGRAM

ACI Specialty Benefits Corporation
 Main: (800) 932-0034 Fax: (858) 452-7819
www.acieap.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|--|--------------------------------------|--|
| <p>EMPLOYEE ASSISTANCE PROGRAM - EAP provides 24 hour/365 day assistance to employees and their family members who can receive up to three counseling visits per year by contacting 1-800-932-0034 or by visiting the following website http://score.acieap.com</p> <ul style="list-style-type: none"> • Each city has 4 hours per year for On-Site Employee Orientations, Manager & Supervisor Trainings, and Lunch ‘n Learn Seminars Per City per year • <i>Unlimited</i> Critical Incident Stress Management (CISM) Telephonic Consultation for Crisis response • Each city has 1 On-Site Critical Incident Stress Debriefing (CISD) per year for Crisis response • Legal and Financial Hardship Services- Employees and their family members have limited access to telephonic legal and financial hardship services (first 60 minutes are free and if they retain the attorney then additional time is offered at a discounted rate) <p>**Services offered at an additional cost**</p> <ul style="list-style-type: none"> • Wellness Resources The Core Platform wellness program is available to employees which includes workshops, personalized meal and exercise plans, articles about health, health logs, recipes, exercise tracker and log and blogs about wellness | <p align="center">Colleen Shuster</p> | <p align="center">(858) 529-0171</p> | <p align="center">cshuster@acieap.com</p> |

AQUATICS RISK MANAGEMENT

Total Aquatic Management
 Main: (510) 523-3155
www.totalaquaticmanagement.webs.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|--------------------------------------|---|
| <ul style="list-style-type: none"> • Aquatic Safety services • Certified Pool Operator (CPO) Trainings | <p align="center">Jim Wheeler</p> | <p align="center">(510) 523-3155</p> | <p align="center">jim@totalaquaticmanagement.com</p> <p align="center">swimnjim@hotmail.com</p> |

TRAINING SERVICES

Target Solutions

Main: (800) 840-8048 Fax: (858) 487-8762

www.targetsolutions.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|---|----------------|--|
| TRAINING SERVICES – a Web-based Safety Training Platform Services Offered <ul style="list-style-type: none">• OSHA Training Documentation• Online Video Library http://app.targetsolutions.com/auth/index.cfm?action=login.showlogin&customerid=19258&customerpath=score• Policy Templates (IIPP examples, Bloodborne Pathogens, HAZWOPER, Emergency Response Plans)• Training Records management (i.e. Diplomas, Certificates of Completion)• Continuing Education Courses for Fire and Safety Personnel | Karly Andrade , Account Specialist | (858) 376-1636 | karly.andrade@vectorsolutions.com |

CONCRETE CUTTING

Precision Concrete Cutting

Main: (866) 792-8006 Fax: (650) 240-3866

www.dontgrind.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|--------------------------------------|--|
| SIDEWALK TRIP HAZARD SERVICES Services Offered <ul style="list-style-type: none">• Sidewalk Asset Management• Surveying Sidewalk Infrastructure• Repairing Uneven Sidewalk Panels | Joseph Ortega Katrina Lynch | (650) 576-4303 (916) 847-7346 | jortega@DontGrind.com Klynch@dontgrind.com |

LEAGUE OF CALIFORNIA CITIES

Main: (916) 658-8200 Fax: (866) 593-2927

www.cacities.org

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|--|----------------|--|
| The League of California Cities is an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities. | Charles W. Anderson , Regional Public Affairs Manager | (916) 798-2231 | canderson@cacities.org |

| Term | Definition |
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| 4850 | Labor Code 4850 |
| AB 1234 | Ethics Education for Local Officials |
| AB 1825 | Harassment Prevention Training for Supervisors |
| Active Negligence | The party that was negligent took an active part in doing whatever caused the damage. For example, a city digging a hole and someone falls in |
| ACV (Actual Cash Value) | The amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss. It is the actual value for which the property could be sold, which is always less than what it would cost to replace it |
| Additional Insured | A type of status associated with general liability insurance policies that provides coverage to other individuals/groups that were not initially named. After endorsement, the additional insured will then be protected under the named insurer's policy and can file a claim in the event that they are sued. |
| Adhesion | When one party has greater power over the other party in drafting the contract (i.e. the provisions of the contract are prepared by one party—the insurer. The other party the insured does not take part in the preparation of the contract) |
| ATD (Aerosol Transmissible Diseases) | An epidemiologically significant disease that is transmitted via droplet or airborne route |
| Aggregate | The term used to describe the cumulative amount of all losses for a period of time. |
| Aggregate Stop Loss | A financial arrangement with a JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would "drop down" and pay losses within the JPIA's SIR, or pooled layer |
| AME (Agreed Upon Medical Examiner) | A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam. An AME is selected (or agreed upon) by two parties in order to help resolve a dispute about a WC claim. |
| Aleatory | An insurance contract is aleatory meaning it is contingent on an uncertain event (a loss) that provides for unequal transfer of value between the parties |
| ACIP (Alliant Crime Insurance Program) | Program offered by Alliant that created to bring the advantages of group purchase to public entities seeking very broad coverage for illegal acts committed by their employees while on the job. |
| APIP (Alliant Property Insurance Program) | The largest single property insurance placement in the world. Formed by Alliant Insurance Services in 1993 to meet the unique property insurance needs faced by public entities |
| ADA (American Disability Act) | A federal law that prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA also establishes requirements for telecommunications relay services. For the U.S. Equal Employment Opportunity Commission office (EEOC office) in your area, call 1-800-669-4000 or 1-800-669-6820 (TTY). |
| Assessment company | Providing primarily fire and windstorm insurance for small towns and farmers (charge members a pro rata share of losses at the end of each policy period) |
| AIS (Associate in Insurance Services) | Professional designation awarded by the Insurance Institute of America (IIA) upon successful completion of four national exams, one specifically designed for this program and the three examinations in the IIA Program in General Insurance |

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| AGRIP (Association of Governmental Risk Pools) | A national organization of JPA's and public agency insurance pools. Formed for educational, information gathering and political lobbying purposes. Affiliated with PRIMA |
| ALCM (Associate in Loss Control Management) | A professional designation earned after the successful completion of five national examinations given by the Insurance Institute of America (IIA). |
| ARM (Associate in Risk Management) | A nationally recognized educational program for dedicated risk management professionals, developed by the Insurance Institute of America. |
| Attachment Point | The dollar amount of a loss where the next layer of insurance begins to pay for the loss |
| Automobile Liability | Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles. May include medical payments, uninsured/underinsured motorists' liability coverages |
| Automobile Physical Damage | Usually a first party coverage; however, some entities have "Bailment" or "care, custody and control" liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots |
| Best's Rating | A rating system that indicates the operating and financial condition of insurance companies. Information is developed and published annually by the A. M. Best company. Generally one looks for a company with a rating of A VII or better |
| Binder | A legal agreement issued by either an agent or an insurer to provide temporary evidence of insurance until a policy can be issued. Binders should contain definite time limits, should be in writing, and should clearly designate the insurer with which the risk is bound. |
| BOD/BD (Board of Directors) | body of elected or appointed members who jointly oversee the activities of a company or organization |
| BI (Business Interruption) | A form of insurance coverage that replaces business income lost as a result of an event that interrupts the operations of the business, such as fire or a natural disaster. |
| CAJPA (California Association of Joint Powers Authorities) | Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs |
| CIPRA (California Institute for Public Risk Analysis) | Organized to develop, analyze and disseminate information on risk management in California's public sector, especially self-insured entities and Joint Powers Authorities |
| CJPRMA (California Joint Powers Risk Management Authority) | CJPRMA provides the excess coverage to SCORE's Liability Program |
| California State Association of Governments (CSAC) | CSAC is a lobbying, advocacy and service organization representing the state's 58 counties at the state and federal level. Areas of focus include the state budget, health-care reform, corrections reform, transportation funding, water and climate change |
| California State Association of Governments - Excess Insurance Authority (CSAC-EIA) | CSAC-EIA is a member directed insurance risk sharing pool. The EIA has developed effective risk management solutions to help California public entities proactively control losses and prepare for different exposures |
| CalTIP (California Transit Insurance Pool) | In 1986 the California Transit Association formed an insurance committee and authorized the preparation of a study of alternative methods of providing liability insurance coverage and began providing liability coverage in 1987 |

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| Catastrophic Loss Reserve | A separate JPIA reserve account designated to pay losses without additional premium assessments to members |
| CIC (Certified Insurance Counselor) | an insurance agent professional certification designation |
| Certificate Of Insurance | A certificate of insurance is a document issued by an insurance company/broker that is used to verify the existence of insurance coverage under specific conditions granted to listed individuals. |
| Certified Industrial Hygienist (CIH) | CIH is a professional whose job it is to protect the health of workers and the general public. A CIH is educated, trained and certified to recognize health hazards, test the environment for those hazards and determine when they pose a risk to those who might be exposed to them |
| Chartered Property Casualty Underwriter (CPCU) | CPCU is a professional designation in property-casualty insurance and risk management |
| Claim | A demand of a right. In general a demand for compensatory damages, resulting from the actions of another |
| Claims Made | A provision of an insurance policy that requires it to pay only for claims presented during the policy period with no regard for when the action causing the claim took place. Typically, a claims-made form also includes a retroactive date setting the earliest date for which a covered occurrence can happen. (Also see "Occurrence") |
| Compromise and Release (C&R) | A type of settlement in which you receive a lump sum payment and become responsible for paying for your future medical care. A settlement like this must be approved by a workers' compensation judge. |
| Conditional | an insurance policy includes a number of conditions that both the insured and the insurer must comply with. (i.e. a covered loss occurs, the insured must notify the insurer about the loss and the insurer must use the valuation methods specified in the policy to settle the loss- thus the contract is conditional) |
| Conditions | describe the responsibilities and the obligations of both the insured and the insurance company |
| Confidence Level (CL) | an estimated probability that a given level of funding will be sufficient to pay actual claim costs. The higher a CL the greater the certainty the actuary has that losses will not exceed the dollar value used to attain the CL |
| Contract | a legal agreement between two competent parties that promises a certain performance in exchange for a certain consideration |
| Contract of Utmost Good Faith | as the insurance company relies on the truthfulness and integrity of the applicant when an issuing a policy. In return, the insured relies on the company's promise and ability to provide coverage and pay claims |
| Certified Safety Professional (CSP) | CSP's are qualified persons that are competent and trained to detect and appraise hazardous materials, procedures and activities of workers, materials and work environments. They are highly educated, trained and experienced in the field of safety. |
| California State Association of Counties Excess Insurance Authority (CSAC-EIA) | SCORE participates in a group purchase of pollution liability coverage with CSAC-EIA |
| Cumis Counsel | Cumis refers to a lawsuit against the Cumis Insurance Society in which they were found to have controlled the defense attorney to the detriment of their insured. The court determined that the Society should have assigned separate counsel to represent the exclusive interests of the insured. The need for <i>cumis</i> |

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| | <i>counsel</i> arises in situations where there are significant coverage issues and defense counsel is conflicted between his duty to his client and the obligations to the insurance carrier. |
| DE9 | Quarterly Contribution Return and Report of Wages |
| Declarations | contain information such as the name of the insured, the address, the amount of coverage provided, a description of property, and the cost of the policy |
| Deductible | It is that portion of each claim that is paid by the member at the time of loss. It is in addition to any premium already paid |
| Defense | A defendant's denial to a complaint or cause of action |
| Definitions | clarify the meaning of certain terms used in the policy |
| Deposit Premium | Premium required at the beginning of a policy period based on estimated costs |
| Difference In Conditions (DIC) | A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA's Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses |
| Directors and Officers (D&O) | Liability insurance payable to the directors and officers of a company, or to the organization(s) itself, as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers. |
| Directors, Officers and Trustees Liability | Intended to protect nonprofit board members, officers, and directors for faulty decisions, which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrongdoers |
| Date of Loss (DOL) | Regarding property claims this is usually the date of occurrence of physical damage to property. In WC claims this is usually the date a physical injury occurred to an employee. |
| Doctrine of reasonable expectations | a policy includes coverages that an average person would reasonably expect it to include regardless of what the policy actually provides |
| Earthquake (EQ) | a sudden and violent shaking of the ground, sometimes causing great destruction, as a result of movements within the earth's crust or volcanic action |
| Employers' Liability | Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits |
| Employment Practices Liability (EPL) | Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc |
| Endorsement | any change to the original policy (attached to the policy itself) |
| Environmental Impairment Liability | Also referred to as "Pollution" and "Pollution Legal" Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First party (damage to owned property) and third party (liability for damage to others) protections are often provided on the same policy |
| Employment Risk Management Authority (ERMA) | ERMA provides employment practices Liability coverage to SCORE members desiring such coverage |

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| Errors and Omissions Insurance (E&O) | Professional liability insurance that protects companies and individuals against claims made by clients for inadequate work or negligent actions, usually includes both court costs and any settlements up to the amount specified on the insurance contract. |
| Errors and Omissions Liability | Excludes bodily injury and property damage; intended to afford protection for the “misfeasance, malfeasance or non-feasance” of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys |
| Excess Insurance | Insurance that is purchased to provide higher limits than the primary policy or coverage provides |
| Excess Loss | The portion of a loss that is allocated to, or paid by, excess coverage |
| Exclusions | describe the losses for which the insured is not covered |
| Executive Committee (EC) | committee within that organization which has the authority to make decisions and ensures that these decisions are carried out |
| Expected liabilities | Outstanding reserves plus Incurred But Not Reported (IBNR) and Loss Adjustment Expense, discounted at the “Expected” Confidence Level (CL) |
| Exposure | a condition or situation that presents a possibility of loss (i.e. home built on flood plain is exposed to the possibility of flood damage) |
| Financial Accounting Standards Board (FASB) | FASB standards, known as generally accepted accounting principles (GAAP), govern the preparation of corporate financial reports and are recognized as authoritative by the Securities and Exchange Commission |
| Fidelity Bonds | Written as financial guarantees of employees’ honesty. Personnel with money-handling responsibilities are considered exposures to loss |
| Fiduciary Liability | Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds |
| Generally Accepted Accounting Principles (GAAP) | GAAP refers to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice |
| Governmental Accounting Standards Board (GASB) | GASB) is the source of generally accepted accounting principles (GAAP) used by State and Local governments in the United States. As with most of the entities involved in creating GAAP in the United States, it is a private, non-governmental organization |
| General Liability | Written to protect the member’s assets against liability for property damage of or bodily injury to third parties (see definition of parties) |
| Hazard | anything that increases the chance of loss (also see Physical Hazard, Morale Hazard and Moral Hazard) |
| Health Insurance Portability and Accountability Act (HIPAA) | A federal law enacted in 1996 that protects continuity of health coverage when a person changes or loses a job, that limits health-plan exclusions for preexisting medical conditions, that requires that patient medical information be kept private and secure |
| Incurred But Not Reported (IBNR) | It is that part of the total claims that is unknown at any point in time. At any time, SCORE has claims that have not been reported or recognized by SCORE or has claims recognized by SCORE but without knowledge of the cost when such claim is finally closed. SCORE uses an actuary to project the costs of these unknown liabilities to SCORE <ul style="list-style-type: none"> - the estimate of funds needed to pay for covered losses that have occurred but have not been reported to the member and/or SCORE and expected future development on claims already reported |

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| Incurred Loss | This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves) |
| Injury Illness Prevention Program (IIPP) | Proactive process of assessing workplace hazards prior to an injury being reported |
| Insurable Interest | before you can benefit from insurance; you must have a chance of financial loss or a financial interest in the property |
| Insurance | a contract or device for transferring risk from a person, business, or organization to an insurance company that agrees, in exchange for a premium, to pay for losses through an accumulation of premiums |
| Insurance Requirements in Contracts (IRIC) | In insurance, the insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay. |
| Insurance Services Office, Inc. (ISO) | An insurance industry association that collects statistical data for rate making and develops standard insurance policy forms. ISO is the organization that drafted the standard commercial general liability (CGL) commonly used by insurers |
| Insuring agreements | state in general what is to be covered, also includes a description of what type of property is covered and the perils against which it is insured (i.e. the losses for which the insured will be indemnified) |
| Inverse Condemnation | Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages |
| Limit | The most that will be paid in a loss |
| Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) | LAWCX provides excess coverage to SCORE's workers' compensation pool |
| Long Range Planning (LRP) | Exercise aimed at formulating a long-term plan, to meet future needs estimated usually by extrapolation of present or known needs. It begins with the current status and charts out a path to the projected status, and generally includes short-term (operational or tactical plans) for achieving interim goals. |
| Loss Adjustment Expense (LAE) | administrative expense to manage a claim to conclusion- Allocated LAE (ALEA) are expenses attributable to a specific claim such as attorney fees- Unallocated LAE (ULAE) are overhead expenses not attributable to a specific claim such as salaries or office rental |
| Loss Payee | The party to whom the claim from a loss is to be paid. Loss payee can mean several different things; in the insurance industry, the insured or the party entitled to payment is the loss payee. The insured can expect reimbursement from the insurance carrier in the event of a loss. |
| Loss Ratio | The amount of loss divided by the amount of premium, contributions, payroll or property values |
| Master Plan Documents | A document issued by a JPA defining the structure, rights and obligations of the participants and procedures of an insurance or self- funded program |
| Maximum Medical Improvement (MMI) | When an injured employee's condition is well stabilized and unlikely to change substantially in the next year, with or without medical treatment. Once |

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| | an employee reaches MMI, a doctor can assess how much, if any, permanent disability resulted from the work injury. See also P&S |
| Memorandum of Coverage (MOC) | A document issued by a JPA defining the coverage provided to the members |
| Moral Hazard | a person might create a loss situation on purpose just to collect from the insurance company (i.e. a pre-arranged faked theft of an older vehicle so the owner could collect insurance money and buy something new) |
| Morale Hazard | an individual, through carelessness or by irresponsible actions, can increase the possibility for a loss (i.e. a person who drives a car carelessly because he knows a loss will be insured if an accident occurs) |
| Mutual interest company | the insureds are also owners of the company and so they can vote to elect the management of the company (profits are returned to the insureds in the form of dividends or reductions in future premiums) |
| Named Insured | Any person, firm, or corporation, or any of its members specifically designated by name as insured(s) in the policy as distinguished from others who, although unnamed, are protected by the policy definition. A named insured under the policy has rights and responsibilities not attributed to additional insureds, such as premium payment, premium return, notice of cancellation, and dividend participation |
| Net Assets | (Equity, surplus or Net Position) Total assets less Expected liabilities- the amount of funds remaining after subtracting liabilities at the actuarially determined "Expected" Confidence Level (approx. 50% CL) |
| Net Contribution | a total contribution for losses less excess insurance costs |
| Non Vacant land | refers to land that is occupied and used, and/or has structures on it (i.e. shack, building, park with benches) |
| Obligee | Is an individual, partnership, corporation, or a government entity which requires the guarantee that an action or service will be performed. If not properly performed, the surety pays the obligee for any damages or fulfills the obligation |
| Occurrence | A) In order for SCORE to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act which results in "damages," "bodily injury," or "property damage" neither expected nor intended from the covered parties' conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented. |
| Passive Negligence | The party that was negligent did not take part in the action that caused the damage, but was responsible for somehow allowing it to take place. For example, a city allowed a contractor to dig a hole on city property and someone fell in |
| Peril | Cause of a loss |
| Permanent and Stationary (P&S) | When an employee's medical condition has reached maximum medical improvement. Once an employee is declared P&S, a doctor can assess how much, if any, permanent disability resulted from the work injury. If the disability is rated under the 2005 schedule you will see the term maximal medical improvement (MMI) used in place of P&S. See also MMI |
| Permanent Disability (PD) | Any lasting disability that results in a reduced earning capacity after maximum medical improvement is reached |

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| Personal Protective Equipment (PPE) | PPE refers to protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury |
| Physical Hazard | a hazard that arises from the condition, occupancy, or use of the property itself (i.e. skateboard left on the porch steps) |
| Plaintiff | The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit |
| Pooled Loss | The portion of a loss that is allocated to, or paid by, the self-insured pool. SCORE's Liability Program pools, or self-insures, the first \$500,000 of each occurrence. Loss costs exceeding this amount are paid by excess insurance |
| Principal | Is an individual, partnership, or corporation who offers an action or service and is required to post a bond. Once bonded, the surety guarantees that he will perform as promised |
| Principle of Indemnity | when a loss occurs an individual should be restored to the approximate financial condition he was in before the loss no more and no less |
| Property Insurance | This covers the member for damage to its own property, sometimes called first-party coverage |
| Public Agency Risk Managers Association (PARMA) | A statewide association for risk managers in the public sector. Educational and lobbying activities |
| Public Entity Property Insurance Program (PEPIP) | A group purchase program from which many SCORE members purchase their insurance |
| Public Risk Management Association (PRIMA) | A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes |
| Pure Risk | involves only the possibility of loss |
| QME (Qualified Medical Examiner) | A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam. |
| Reciprocal company | (to give/take), a member of a reciprocal agrees to share the insurance responsibilities with all other members of the unincorporated group (all members insure each other and share the losses with each other) NOTE: managed by an attorney-in-fact who is empowered to handle all of the business of the reciprocal |
| Replacement Cost (RC) | The cost to replace damaged property with like kind and quality, with no deduction for depreciation, but still subject to a "limit" |
| Reserve | In order to budget for its expected costs and to know when a claim must be reported to the excess coverage, SCORE estimates the ultimate expected total value of each claim and "reserves" part of the not paid. As moneys are paid out for a claim, the reserve amount is decreased |
| Retrospective Premium Adjustment | At the beginning of each policy period, SCORE collects a deposit premium representing the estimated costs for that year. Each year a calculation of expenses associated with the policy period are subtracted from the deposit premium. At some point the excess funds will be returned, or shortage of funds will be charged. This process is repeated annually for each coverage year until all claims for that year are closed out and there is no IBNR allocated to that policy year. |
| Risk | the chance or uncertainty of loss (also see Speculative Risks and Pure Risks) |

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| Risk and Insurance Management Society (RIMS) | National professional organization to promote principles of risk management and assist risk managers in their daily activities |
| Risk Control | Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others |
| Risk Financing | Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques -- retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses by an unrelated entity for a consideration (such as a payment of a premium) |
| Risk Management | One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing. |
| Self-Insured | Coverage of losses from the insured's own funds, rather than an insurance policy. Generally refers to a planned program for financing or otherwise recognizing losses |
| Self-Insured Retention (SIR) | the maximum amount of exposure to a single loss retained by SCORE |
| Severability of Interests Clause | An insurance policy provision clarifying that the word "insured," as it appears within various parts of a policy, applies severally and not collectively. When there is more than one insured, the effect is as though a separate policy is issued to each insured. Thus, a policy containing such a clause will cover a cross liability claim – a claim made by one insured against another insured. The one exception to the separate application to each insured of a policy containing a severability of interest clause is that the limits are not cumulative; that is, one set of limits applies to all insureds collectively |
| Special Events | Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies' loss integrity. Another type of special event coverage, known as a "tenants and permittees" policy, can be issued for third parties who rent or use your owned facilities. |
| Speculative Risk | risks in which there exists both the possibility of gain and the possibility of loss (i.e. poker game) |
| Spread of Risk | the greater the spread of risk the less likely that there will be a catastrophic loss for the insurance company (i.e. NOT insuring every person in a single town that could be hit by a fire which destroys the town= catastrophic loss for the insurance company vs. insuring several people in MANY towns to spread out the risk of a catastrophic loss) |
| Stock company | sells stock to stockholders to raise the money necessary to operate the business (profits attributed to the operation of the company are returned as dividends to the stockholders, not the insureds) |
| Subrogation | The insurer's right to proceed against a third person if that third person was responsible for a claim paid by the insurer. Employee dishonesty can be subrogated by the insurance company against a dishonest employee |
| Surety | Is usually a corporation which determines if an applicant (principal) is qualified to be bonded for the performance of some act or service. If so, the |

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| | surety issues the bond. If the bonded individual does not perform as promised, the surety performs the obligation or pays for any damages |
| Temporary Disability Benefits (TD) | Payments an employee receives if they lose wages because of a work related injury which prevents them from doing their usual job while recovering |
| Third Party Administrator (TPA) | TPA is a person or organization that processes claims and performs other administrative services in accordance with a service contract, usually in the field of employee benefits |
| Total Insured Values (TIV) | The values shown on a member city's schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss |
| Terrorism Risk Insurance Act (TRIA) | TRIA is a United States federal law signed into law by President George W. Bush on November 26, 2002. The Act created a federal "backstop" for insurance claims related to acts of terrorism. |
| Vacant land | refers to land that is unoccupied and unused, and/or has no structures on it |
| Vehicle Identification Number (VIN) | unique code including a serial number, used by the automotive industry to identify individual motor vehicles, towed vehicles, motorcycles, scooters and mopeds as defined in ISO 3833 |