



City Council Staff Report

DATE: MAY 18, 2011

Consent Agenda

SUBJECT: APPROVE ANNUAL INSURANCE POLICY RENEWALS FOR THE CITY'S INSURANCE PORTFOLIO FOR FISCAL YEAR 2011-12

FROM: David H. Ready, City Manager

BY: Douglas Holland, City Attorney

SUMMARY

The City is self-insured and annually purchases various lines of insurance coverage to minimize the adverse effects of accidental losses and claims against the City. This action would authorize the purchase of various lines of insurance for Fiscal Year 2011-12.

RECOMMENDATION:

Adopt Resolution No. ____ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, AUTHORIZING KEENAN & ASSOCIATES AS THE CITY'S BROKER OF RECORD, TO PURCHASE PROPERTY LIABILITY, EXCESS EARTHQUAKE/FLOOD LIABILITY (DIFFERENCE IN CONDITION), EXCESS LIABILITY, EXCESS WORKERS COMPENSATION, AIRPORT OWNERS AND OPERATORS LIABILITY, VILLAGE FEST LIABILITY, MULTI MEDIA LIABILITY, AIRCRAFT HULL LIABILITY, AND CRIME/FIDELITY LIABILITY INSURANCE POLICIES FROM VARIOUS CARRIERS FOR POLICY YEAR 2011-2012, EFFECTIVE JULY 1, 2011."

STAFF ANALYSIS:

The City is self insured for major risk programs such as property liability, excess earthquake/flood liability, general liability, auto liability and workers' compensation. In order to protect the assets of the City from potential loss, the City purchases various lines of insurance coverage for these risks. To assist in the purchase of various lines of insurance, the City entered into Agreement No. A5656 on April 30, 2008, with Keenan and Associates for professional insurance brokerage services.

Keenan and Associates has solicited pricing on the City's insurance portfolio and has delivered pricing that, if approved, is \$16,293 (+1.5%) more than the current year while providing the same level of coverage and deductibles. \$13,269 of the increase will be paid by the Waste Water Treatment Plant enterprise account and \$3,024 from the

General Fund. The following is a summary of last year's premiums, and staff's recommendation for the July 1 renewals for Fiscal Year 2011-12:

COVERAGE:	Premium FY 10-11	Premium FY 11-12
PROPERTY Premium Deductibles Limits	\$385,261 \$250,000 for Earthquake \$100,000 Flood \$10,000 all other Losses \$5M EQ/Flood Terrorism coverage included Airport Runways \$80M	\$410,000 \$250,000 for Earthquake \$100,000 Flood \$10,000 all other Losses \$5M EQ/Flood Terrorism coverage included Airport Runways \$80M
DIC (Earthquake/Flood) Premiums Limits	\$144,550 (City+Airport) \$5,000,000 (excess of \$5.0M) \$273,612 (dedicated WWTP) \$25,000,000	\$144,550 (City+Airport) \$5,000,000 (excess of \$5.0M) \$286,881 (dedicated WWTP) \$25,000,000
COMPREHENSIVE EXCESS GENERAL & AUTO LIABILITY Premium Self-Insured Retention Limits	\$144,720 \$500,000 Employment Practices, \$400,000, all other: \$10,000,000	\$129,600 \$500,000 Employment Practices, \$400,000, all other: \$10,000,000
EXCESS WORKERS' COMP Premium SIR- Police & Fire SIR-allother employees Limits	\$71,173 \$1,000,000 \$1,000,000 \$50,000,000 per occurrence	\$69,750 \$1,000,000 \$1,000,000 \$50,000,000 per occurrence
AIRPORT LIABILITY Premium Deductible Limits	\$35,381 \$1,000 \$50,000,000 Terrorism coverage included	\$31,844 \$1,000 \$50,000,000 Terrorism coverage included
VILLAGE FEST Premium Deductibles Limits	\$12,212 \$1,000 \$1,000,000/\$2,000,000 AGG/\$2,000,000 PROD/\$100,000 FIRE	\$12,213 \$1,000 \$1,000,000/\$2,000,000 AGG/\$2,000,000 PROD/\$100,000 FIRE
MULTI MEDIA Premium Deductibles Limits	\$8,776 \$5,000 \$1,000,000	\$7,899 \$5,000 \$1,000,000
AIRCRAFT HULL Premium Deductible Limits	\$4,145 \$75K hull, \$100 In Motion/\$500 Static \$5,000,000 Terrorism coverage included	\$3,733 \$75K hull, \$100 In Motion/\$500 Static \$5,000,000 Terrorism coverage included
CRIME / FIDELITY Premium Deductibles Limits	\$3,046 \$10,000/\$1,000 \$1,000,000/\$100,000/\$300,000	\$2,699 \$10,000/\$1,000 \$1,000,000/\$100,000/\$300,000
Total Premiums	\$1,082,876	\$1,099,169

PROPERTY PROGRAM:

Under the All Risk Property insurance program the quote of \$410,000 from Travelers, the City's current provider, is for one comprehensive policy which includes \$5 million in primary Earthquake/Flood coverage, enhanced wind damage coverage for trees and shrubs, Airport runway coverage, and attractive supplemental coverage such as Terrorism and Builder's Risk. The premium is \$24,739 more (+6.4%) than last year primarily due to the \$5.5 million dollar increase in the City's total insurable value (TIV) as a result of the new Animal Care Facility. Staff is again recommending the Airport runway coverage under this policy as Council approved last year.

DIFFERENCE IN CONDITION (DIC) PROGRAM:

The City is self-insured and purchases various lines of insurance each year for additional protection to the Property Program above. Difference in Condition (additional flood and earthquake coverage) is almost always excluded from commercial property policies and may be purchased separately to enhance coverage. The DIC market is beginning to harden due to recent catastrophic events such as the earthquake in Japan, the floods in the midwest and tornadoes in the southern United States, and as a result we are starting to see some premium increases in this particular coverage.

The City's total insurable value (TIV) is approximately \$439 million for FY 11-12. While it is highly unlikely that the City would have to replace every single facility in the event of an earthquake, facilities such as the Airport and Wastewater Treatment Plant are considered critical to the continued operations of the City. These two facilities alone have an estimated replacement cost of over \$120 million. Last year Council authorized the purchase of Differences in Condition (DIC) insurance to augment its primary property earthquake/flood insurance policy to cover the Wastewater Treatment Plant, and all other City Buildings (including the Airport buildings). Staff is again recommending a separate dedicated stand-alone policy to cover the Wastewater Treatment Plant from the first dollar to \$25 million for a total cost of \$286,881 (\$13,269 more than last year, or +4.8%) that would be paid in full by the wastewater enterprise account. Also, staff recommends \$5 million in excess of the \$5 million in coverage provided under the primary Property Program insurance (above) for all other City Buildings (including the Airport buildings) for a total cost of \$144,550 at the same premium as last year (\$0 increase) and the cost would be shared by the City's General Fund and Airport enterprise account.

COMPREHENSIVE EXCESS GENERAL & AUTO LIABILITY PROGRAM:

The premium cost quoted for Comprehensive Excess General & Auto Liability coverage of \$129,600 from the incumbent Everest National/Starr Indemnity is \$15,120 less (-10.4%) than last year, and given the increase in litigation against public agencies due to the Joint & Several Liability law created by Prop 51 (aka "the deep pockets rule"), staff recommends this coverage at this favorable quote in today's insurance market.

EXCESS WORKERS' COMPENSATION PROGRAM:

Maintenance of Excess Workers' Compensation insurance is important to protect the City from the negative financial consequences of potential catastrophes involving multiple employee injuries or deaths from occurrences, such as major fires, police activities, terrorist attacks and earthquakes during working hours. The renewal for the same \$50 million in coverage is \$69,750 from Safety National, which is \$1,423 (-2%) less than last year.

AIRPORT PROGRAM:

Airport Liability covers incidents such as injury to a person (ie: passenger slip and fall in terminal) or damage to a plane (ie: airport equipment hits a plane) that occur on the premises. Aircraft Hull Liability is specifically for the 1974 Cessna Aero Squadron plane, covering the property itself and our liability in the event of an accident. The combined cost of these two policies from ACE and Westchester is \$35,577 which includes terrorism and war coverage, and is \$3,949 (-10%) less than last year.

MISCELLANEOUS

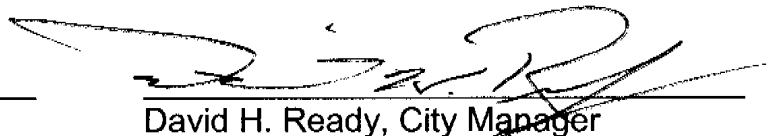
Finally, for the Village Fest, Multi Media and Crime/Fidelity policies, Keenan's marketing efforts resulted in a combined premium of \$22,811 and is \$1,223 (-5%) less than last year.

FISCAL IMPACT:

Total cost of recommended insurance to all funds for the fiscal year is \$1,099,169, including all fees and taxes. Funds will be allocated in the respective FY 11-12 Risk Management Fund accounts accordingly, as well as the airport enterprise account and wastewater enterprise account, as appropriate.



Douglas Holland, City Attorney



David H. Ready, City Manager

Attachments:

Proposed Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA AUTHORIZING KEENAN AND ASSOCIATES, AS THE CITY'S BROKER OF RECORD, TO PURCHASE PROPERTY LIABILITY, EXCESS EARTHQUAKE/FLOOD LIABILITY (DIFFERENCE IN CONDITION), EXCESS LIABILITY, EXCESS WORKERS COMPENSATION, AIRPORT OWNERS AND OPERATORS LIABILITY, VILLAGE FEST LIABILITY, MULTI MEDIA LIABILITY, AIRCRAFT HULL LIABILITY, AND CRIME/FIDELITY LIABILITY INSURANCE POLICIES FROM VARIOUS CARRIERS FOR POLICY YEAR 2011-2012, EFFECTIVE JULY 1, 2011.

The City Council of the City of Palm Springs, California, finds:

A. The City is self insured for major risk programs, such as property, general liability, auto liability and workers' compensation.

B. The City annually purchases various lines of insurance coverage to minimize the adverse effects of accidental losses and claims against the City.

C. The City is located in the vicinity of several known active and potentially active earthquake faults, including the San Andreas, the San Jacinto and the Elsinore faults.

D. The topography of the City makes it prone to flooding, especially during times of heavy rainfall.

E. The City purchases a primary earthquake and flood insurance policy.

F. The City supplements its primary insurance policy with excess coverage to properly protect its public facilities from catastrophic loss from earthquake or flood.

G. The City Council appoints a broker of record to purchase insurance policies for the City and the City's insurance broker has solicited proposals from various insurance companies for insurance coverage.

NOW, THEREFORE, the City Council resolves:

SECTION 1: The City Council of the City of Palm Springs, California authorizes Keenan & Associates, as the City's Broker of Record, to purchase the following insurance policies for Fiscal Year 2011-12:

COVERAGE:	Premium FY 11-12
PROPERTY Premium Deductibles Limits	\$410,000 \$250,000 for Earthquake \$100,000 Flood \$10,000 all other Losses \$5M EQ/Flood Terrorism coverage included Airport Runways \$80M
DIC (Earthquake/Flood) Premiums Limits	\$144,550 (City+Airport) \$5,000,000 (excess of \$5.0M) \$286,881 (dedicated WWTP) \$25,000,000
COMPREHENSIVE EXCESS GENERAL & AUTO LIABILITY Premium Self-Insured Retention Limits	\$129,600 \$500,000 Employment Practices, \$400,000, all other: \$10,000,000
EXCESS WORKERS' COMP Premium SIR- Police & Fire SIR-allother employees Limits	\$69,750 \$1,000,000 \$1,000,000 \$50,000,000 per occurrence
AIRPORT LIABILITY Premium Deductible Limits	\$31,844 \$1,000 \$50,000,000 Terrorism coverage included
VILLAGE FEST Premium Deductibles Limits	\$12,213 \$1,000 \$1,000,000/ \$2,000,000 AGG/\$2,000,000 PROD/\$100,000 FIRE
MULTI MEDIA Premium Deductibles Limits	\$7,899 \$5,000 \$1,000,000
AIRCRAFT HULL Premium Deductible Limits	\$3,733 \$75K hull, \$100 In Motion/\$500 Static \$5,000,000 Terrorism coverage included

CRIME / FIDELITY	
Premium	\$2,699
Deductibles	\$10,000/\$1,
Limits	000
	\$1,000,000/
	\$100,000/\$3
	00,000
Total Premiums	\$1,099,169

SECTION 2. The City Manager is hereby authorized to accordingly adjust the budget and allocate the insurance expense to the appropriate enterprise and other funds.

SECTION 3. The City Manager is hereby authorized to execute any documents to effectuate such actions.

ADOPTED THIS 18th DAY OF MAY, 2011.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy as was duly adopted at a regular meeting of the City Council of the City of Palm Springs on May 18, 2011 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California

RENEWAL PROPOSAL

CITY OF PALM SPRINGS

Property, Liability and Excess Workers' Compensation Renewal Proposal for the 2011-2012 Program Year

May 5, 2011

Presented By:

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RECOMMENDED PROGRAM PREMIUM COST SUMMARY

COVERAGES:	2010-2011	2011-2012
Property Program Includes: Terrorism - \$12,300, Runways - \$10,000, Equip Breakdown - \$16,686	\$ 385,261	\$ 410,000
Total Insured Value (TIV)	\$ 433,400,406	\$ 438,828,807
Rate Per \$100 of TIV	\$.0889	\$.0930
Difference In Conditions All Locations Except WWTP \$5,000,000 Excess Of \$5,000,000	\$ 144,550	\$ 144,550
Waste Water Treatment Plant \$25,000,000 Limit	\$ 273,612	\$ 286,881
Excess General & Auto Liability Program \$10,000,000 Limit	\$ 144,720	\$ 129,600
Workers' Compensation Estimated Premium	\$ 71,173	\$ 69,750
Estimated Payroll	\$ 29,943,742	\$ 27,484,617
Rate Per \$100 Of Payroll	\$.226	\$.226
Airport Liability Program Premium Includes War & Terrorism	\$ 35,381	\$ 31,844
Villagefest Liability	\$ 12,212	\$ 12,213
Multi-Media Professional Liability Program	\$ 8,776	\$ 7,899
Aircraft Hull & Liability Premium Includes War & Terrorism	\$ 4,145	\$ 3,733
Crime / Fidelity	\$ 3,046	\$ 2,699
Total Premium	\$ 1,082,876	\$ 1,099,169

Above premiums are based upon the best rates achieved for a renewing program with similar limits, terms and conditions as the expiring program. Premiums will vary depending upon the City's final selection as the City may choose optional quotations or choose to waive certain coverages.

All quotes and/or indications are subject to all terms and conditions included in other sections of this proposal and actual policies.

Above premiums include taxes and fees

MARKET SUMMARY BY COVERAGE

PROPERTY PROGRAM MARKET SUMMARY

Insurance Carrier	Response
Travelers	Quoted - Premium Rate of \$.0930

DIFFERENCE IN CONDITIONS PROGRAM MARKET SUMMARY

Insurance Carrier	Response
Empire Indemnity	
QBE Specialty	
North East Insurance	
Endurance American	
Alterra Excess	
Waste Water Treatment Plant - \$25,000,000 Limit	Quoted - \$286,880
All Other Locations - \$5,000,000 excess of \$5,000,000	Quoted - \$144,500

EXCESS COMPREHENSIVE GENERAL LIABILITY

Insurance Carrier	Response
Starr Indemnity & Liability Co.	Quoted - \$129,600
Navigators Insurance	<i>Not Competitive</i>
Torus Specialty Insurance	<i>Not Competitive</i>
Westchester Fire	<i>Not Competitive</i>
Genesis Insurance	\$200,000 minimum premium

EXCESS WORKERS' COMPENSATION PROGRAM MARKET SUMMARY

Insurance Carrier	Response
Safety National Casualty Corporation	Quoted - \$69,750 (Quoted premium includes \$7,635 aircraft flat charge)

AIRPORT LIABILITY & AIRCRAFT HULL & LIABILITY PROGRAM MARKET SUMMARY

Insurance Carrier	Response
ACE - Airport Liability	Quoted - \$31,844
Westchester - Aircraft Liability & Hull	Quoted - \$3,733

CRIME INSURANCE PROGRAM MARKET SUMMARY

Insurance Carrier	Response
Zurich	Quoted - \$2,699

CARRIER RATINGS AND ADMITTED STATUS

Carriers	A.M. Best's Rating (Effective Date)	Admitted/ Non-Admitted
ACE Property & Casualty Insurance Company	A+ XV affirmed 5/3/2010	Non-Admitted
Alterra Excess and Surplus Ins. Co.	A XIV affirmed 9/7/2010	Admitted
Empire Indemnity (Zurich Financial)	A+ XV affirmed 11/19/2010	Non-Admitted
Endurance American Insurance Company	A XV affirmed 2/25/11	Non-Admitted
Everest National Insurance Company	A+ XV affirmed 7/29/2010	Admitted
General Star National Insurance Company (Berkshire Hathaway)	A++ XV affirmed 5/6/2010	Non-Admitted
Genesis Indemnity (Berkshire Hathaway)	A+ V affirmed 5/6/2010	Non-Admitted
Landmark American Insurance Company	A XII upgraded 5/21/2010	Non-Admitted
Lexington Insurance Company (AIG)	A XV affirmed 12/20/2010	Non-Admitted
Nautilus (W.R. Berkley Co.)	A+ X affirmed 4/11/2011	Non-Admitted
Navigators Insurance Company	A X affirmed 6/22/2010	Non-Admitted
North East Insurance Company	A X affirmed 4/1/2010	Non-Admitted
QBE Specialty	A X affirmed 10/1/2010	Non-Admitted
Safety National Casualty Corp	A X affirmed 12/13/2010	Admitted
Starr Indemnity and Liability Co. Everest National Insurance Company	A X affirmed 8/26/10	Admitted
Torus Specialty	A XI affirmed 10/26/2010	Non-Admitted
Travelers Insurance Company	A+ XV upgraded 6/8/2010	Admitted
Westchester Fire Insurance Group	A+ XV affirmed 5/3/2010	Non-Admitted
Zurich American Insurance Company	A+ XV upgraded 11/19/2010	Admitted

CARRIER RATINGS AND ADMITTED STATUS

Guide to Best Ratings Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

Financial Size Categories

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I	Up to 1,000	FSC IX	250,000 to
500,000			
FSC II	1,000 to 2,000	FSC X	500,000 to
750,000			
FSC III	2,000 to 5,000	FSC XI	750,000 to
1,000,000			
FSC IV	5,000 to 10,000	FSC XII	1,000,000 to
1,250,000			
FSC V	10,000 to 25,000	FSC XIII	1,250,000 to
1,500,000			
FSC VI	25,000 to 50,000	FSC XIV	1,500,000 to
2,000,000			
FSC VII	50,000 to 100,000	FSC XV	2,000,000 or more
FSC VIII	100,000 to 250,000		

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages. Copies of the Best's Insurance Reports on the insurance companies are available upon your request. Keenan uses A.M. Best & Co.'s rating services to evaluate the financial condition of the insurers whose policies we propose to deliver. The rating of the carrier and the year of the publication of that rating are indicated above. Keenan makes no representations and/or warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

PROPERTY PROGRAM

CARRIER:	Travelers Property & Casualty Company of America Admitted – A.M. Best Rated: A + XV		
Covering:	City of Palm Springs		
Policy Term:	July 1, 2011 - July 1, 2012		
Amount of Insurance:	\$438,828,807		
Annual Premium:	\$ 410,000 Annual Premium (Includes TRIA \$12,300) \$.0930 Rate		
Building Premium:	\$ 385,261 Annual Premium (Includes TRIA \$10,763) \$.0889 Rate		
Valuation:	Replacement Cost except otherwise stated		
Deductible:	Earthquake	5% per unit	\$250,000
	EQSL		\$ 10,000
	Flood		\$100,000
	Utility Services – Time Element		24 hours
	Any other covered loss		\$ 10,000
	Auto Physical Damage Fire Trucks Only		\$ 50,000
Optional Quote:	Deductible – Any other covered loss \$50,000		\$ 390,318

CARRIER:	Travelers Property & Casualty Company of America Admitted – A.M. Best Rated: A + XV	
	Coverage	Sub-Limits
	Electronic Data Processing Systems, Data & Med	\$ 10,000,000
	Accounts Receivable	10,000,000
	Valuable Papers	10,000,000
	Fine Arts	1,500,000
	Newly Constructed or Acquired Property: 120	5,000,000
	Outdoor Property including Debris Removal	1,000,000
	Trees, Shrubs & Plants	5,000 per item
	Covered Property at Undescribed Premises	5,000,000
	Covered Property in Transit	1,000,000
	Pollutant Cleanup	100,000 Aggregate
	Ordinance or Law	
	Loss to the Undamaged Portion	25,000,000
	Demolition	Included
	Increased Cost of Construction	Included
	Business Income	\$ 25,421,960
	Ordinary Payroll: 30 days	
	Extended Business Income: 60 days	
	Civil Authority: 30 days	
	Dependant Property	250,000
	Ordinance or Law – Increased Period of Rest	250,000
	Newly Acquired Locations: 120 days	500,000
	Claim Data	25,000
	Extra Expense	5,000,000
	Civil Authority: 30 days	
	Dependant Property	50,000
	Ordinance or Law – Increased Period of Rest	50,000
	Newly Acquired Locations: 120 days	50,000
	Claim Data	25,000
	Earthquake, Volcanic Eruption, Landslide & Mine Subsidence:	
	Occurring in California	5,000,000
	Earthquake Sprinkler Leakage	
	Occurring in California	25,000,000
	Flood within Zone A or Zones prefixed A	5,000,000
	Flood - other than Zone V or Zones prefixed V	25,000,000

Sub-Limits:

CARRIER:	Travelers Property & Casualty Company of America Admitted – A.M. Best Rated: A + XV	
Sub-Limits Continued:	Boiler & Machinery:	
	Property Damage, in any one accident	Included
	Business Income, in any one accident	Included
	Extra Expense, in any one accident	Included
	Hazardous Substance, in any one accident:	
	Ammonia Contamination	250,000
	Any Other Substance	250,000
	Water Damage, in any one accident	250,000
	Consequential Damage, in any one accident	100,000
	Boiler & Machinery, maximum any one accident, all coverages combined	100,000,000
	Limited Fungus, Wet Rot & Dry Rot:	
	Direct Damage: in any one occurrence	1,000,000
	Business Income & Extra Expense: 30 days	1,000,000
	Property in the Course of Construction	
	Fire-Resistive or Non-Combustible	25,000,000
Wood Frame	10,000,000	
Builders Risk Property at Temp Storage Locati	50,000	
Builders Risk Property in Transit	50,000	
Soft Costs	100,000	
Reimbursement of Master Key Expense	100,000	
Utility Services – Combined Direct Damage & Time Element including Boiler	5,000,000	
Terms and Conditions:	Quote expires June 30, 2011	
	TRIA is included in the premium	
	The policy will be adjusted Quarterly for any changes in values and premiums	
	The policy will be subject to all mandatory state endorsements	

CARRIER:	Travelers Property & Casualty Company of America Admitted – A.M. Best Rated: A + XV
Endorsements	Supplemental Coverage Declarations Property Coverage Form Business Income Coverage Form Excluding Extra Expense Extra Expense Earthquake Sprinkler Leakage Earthquake, Volcanic Eruption, Landslide & Mine Subsidence Flood Boiler & Machinery Fungus, Wet Rot, Dry Rot & other cause of Loss Changes Exclusion Nuclear Hazard War Military Action Electronic VMM & Pathogenic Exclusion of Loss Due to Virus or Bacteria Builders Risk Soft Costs Reimbursement of Master Key Costs Utility Services – Direct Damage Utility Services - Time Element General Conditions Replacement Cost Extra Expense Deductible Claim Data Expense High Hazard Earthquake Counties High Hazard Earthquake, Volcanic Eruption, Landslide & Mine Subsidence Counties Exclusion Certain Computer Losses Due to dates or Times (Property & BM Coverages) California Changes – Cancellation & Nonrenewal California Changes Notice to Policyholders – Jurisdictional Inspections Important Notice regarding Independent Agent & Broker Compensation Terrorism Risk Insurance Act of 2002 Disclosure Cap on losses from Certified Acts of Terrorism Earthquake Sprinkler Leakage Property Coverage Form Changes Per Policy Form

DIFFERENCE IN CONDITIONS PROGRAM

Flood & Earthquake

Covering:	All Locations Except Waste Water Treatment Plant Excess Physical Damage - Earthquake & Flood
Carrier:	Alterra Excess & Surplus Insurance Co. Non-Admitted – A.M. Best Rated: A XIV
Policy Term:	July 1, 2011- July 1, 2012
Limits of Insurance:	\$ 5,000,000 excess of \$ 5,000,000 Per Occurrence/Annual Aggregate
Annual Premium:	\$140,000.00 Annual Premium 4,550.00 Surplus Lines Tax & Stamping Fee <u>\$144,550.00 Total</u>
Essential Premium:	\$ 144,550.50 (Premium including Taxes & Fees)
Amount:	Replacement Cost except otherwise stated
Deductibles:	\$ 100,000 per Occ - Flood 5% of Total Insured Value subject to \$250,000 minimum per Occ - Earthquake
Covering:	Waste Water Treatment Plant Excess Physical Damage - Earthquake & Flood
Carrier:	Various Non-Admitted – A.M. Best Rated: All Carriers Minimum Rating - A
Policy Term:	July 1, 2011- July 1, 2012
Limits of Insurance:	\$ 25,000,000 Per Occurrence/Annual Aggregate
Annual Premium:	\$277,250.00 Annual Premium 9,630.13 Surplus Lines Tax & Stamping Fee <u>\$286,880.13 Total</u>
Essential Premium:	\$ 274,232.00 (Premium including Taxes & Fees)
Amount:	Replacement Cost except otherwise stated
Deductibles:	\$ 100,000 per Occ - Flood 5% of Total Insured Value subject to \$100,000 minimum per Occ – Earthquake

EXCESS LIABILITY PROGRAM

CARRIER:	Starr Indemnity & Liability Co. Admitted – Best Rated: A X
Coverage:	Excess Liability
Policy Term:	July 1, 2011 - July 1, 2012
Limits of Insurance:	<p>Products & Completed Operations Hazard \$10,000,000 Per Occurrence</p> <p>Errors & Omissions Liability - Other than “wrongful acts” of “personal injury offense” or “advertising injury offense” \$10,000,000 Per Occurrence</p> <p>Employment Practice Liability Wrongful Act: \$10,000,000 Per EPL Wrongful Act</p> <p>Employee Benefit Liability \$10,000,000 Per Emp Bnft. Wrongful Act</p> <p>Products & Completed Operations Hazard \$10,000,000 Aggregate</p> <p>Errors and Omissions Liability - Other than “wrongful acts” of “personal injury offense” or “advertising injury offense” \$10,000,000 Aggregate</p> <p>Employment Practice Liability Wrongful Act: \$10,000,000 Aggregate</p> <p>Employee Benefit Liability \$10,000,000 Aggregate</p>
Retention:	<p>\$ 500,000 Any one Employment Practice Liability wrongful Act</p> <p>\$ 400,000 All Other</p>
Annual Premium:	\$ 129,600
Terms and Conditions:	<p>Quote is valid until 07/01/2011</p> <p>TRIA coverage is available for Additional Premium of \$2,592</p> <p>No flat cancellations</p> <p>25% Minimum Earned Premium</p> <p>Please refer to policy for exclusions & endorsements</p>
Optional Coverage:	<p>Optional Quotes:</p> <p>\$15,000,000 @ \$146,796</p> <p>\$20,000,000 @ \$160,329</p> <p>\$25,000,000 @ \$171,754</p>

EXCESS WORKERS' COMPENSATION PROGRAM

CARRIER:	Safety National Casualty Corporation Admitted – Best Rated: A X
Coverage:	Workers' Compensation - Excess Employers Liability
Policy Term:	July 1, 2011 - July 1, 2012
Limits of Insurance:	Workers' Compensation: \$ 50,000,000 Employer's Liability \$ 1,000,000 each accident \$ 1,000,000 disease each employee \$ 1,000,000 disease limit
Retention:	\$ 1,000,000 Self Insured Retention
Estimated Payroll:	\$ 27,484,617
Estimated Annual Premium:	\$ 27,484,617 Estimated Payroll 0.226 Rate per \$100 of payroll \$ 62,115 Premium 7,635 Aircraft \$ 69,750 Total Estimated Premium
Terms, Conditions & Comments:	Minimum premium \$63,539 (includes \$7,635 flat aircraft charge) California Mandatory Endorsement(s), If Applicable Employers' Liability Maximum Limit and Aggregate Maximum Limit of Indemnity Policyholder Disclosure Notice of Terrorism Insurance Coverage Employers' Liability Per Occurrence & Aggregate Maximum Limit of Liability - California Please refer to policy for complete endorsements & exclusions Subject to final payroll/premium audit Expiring Premium: \$71,173/ Payroll: \$29,973,742 / Rate: .226

AIRPORT OWNERS AND OPERATORS LIABILITY

CARRIER:	ACE Property & Casualty Ins. Co. Admitted – Best Rated: A+ XI		
Coverage:	Airport Liability		
Policy Term:	July 1, 2011 - July 1, 2012		
Limits:	Airport Premises	\$ 50,000,000	Per Occurrence
	Products & Completed Operations	\$ 50,000,000	Aggregate
	Personal Injury & Advertising Injury	\$ 50,000,000	Aggregate
	Malpractice	\$ 50,000,000	Aggregate
	Fire Damage	\$ 100,000	Per Fire
	Medical Expense	\$ 5,000	each Person
	Hangarkeeper not "in flight"	\$ 50,000,000	Per Occurrence/Per Aircraft
	Non-Owned Aircraft	\$ 50,000,000	Per Occurrence
	Excess Auto	\$ 50,000,000	xs of \$1 Mil any one accident/occ.
	Excess Employers Liability	\$ 50,000,000	xs of \$1 Mil any one accident/occ.
	Extended Coverage-War, Hi-Jacked and other perils	\$ 50,000,000	Aggregate
Deductibles:	Each Occurrence or Offense - \$1,000 Aggregate Deductible - \$5,000		
Annual Premium:	\$ 31,844 (includes war & TRIA)		
Expiring Premium:	\$ 35,381 (includes war & TRIA)		
Terms, Conditions & Comments:	War + TRIA Combined premium of \$ 3,539 is included in the annual premium 90 days notice of cancellation, non-renewal or reduction in coverage by Insurer, but 10 days notice for non-payment of premium. This provision does not override the Automatic Termination review or cancellation provisions of endorsements AAP 203 or AAP 237		

CARRIER:	ACE Property & Casualty Ins. Co. Admitted – Best Rated: A+ XI
Endorsements:	The Airport Owners & Operators General Liability Policy contains, inter alia, the following exclusion clauses: War, Hi-jacking and Other Perils Exclusion Clause; Noise, Pollution and Other Perils Exclusion Clause Amendment of Noise and Pollution and Other Perils Exclusion Extension-Specific Excess Liability Insurance - Automobile Liability Immunity Waiver Endorsement Extension-Specific Excess Liability Insurance - Employers Liability Cancellation Notification Change - 90 days except for non-payment of premium (10 days) Airport Limited Enhanced Coverage Endorsement Airport Liability Program Profit Commission (applies to the first \$25M of limit only, subject to regulatory approval) Nuclear Risks Exclusion Clause Volunteers Endorsement Date Recognition Exclusion Endorsement Date Recognition Limited Coverage Endorsement Pollution Endorsement Limited Terrorism Coverage Endorsement Silica and Silica-Related Dust Exclusion Trade or Economic Sanctions Endorsement Infringement of Copyright, Patent, Trademark, or Trade Secret Endorsement Amendment to Supplementary Payments (Court Cost) Endorsement California Changes - Cancellation and Nonrenewal

AIRCRAFT LIABILITY AND HULL

CARRIER:	Westchester Fire Insurance Company (an ACE Company) Admitted – Best Rated: A + XV
Coverages:	Aircraft Liability and Hull- 1974 Cessna 182P N47PS
Policy Term:	July 1, 2011 - July 1, 2012
Limits of Insurance:	Aircraft Liability: \$5,000,000 each occurrence limit Medical Payments: \$ 1,000 per person Hull Coverage: \$ 40,000
Deductibles:	\$ 100 Not in Motion \$ 500 In Motion
Annual Premium:	\$ 2,403 Liability Premium <u>\$ 1,330 Hull Premium</u> \$ 3,733 Total Premium includes War & TRIA
Expiring Premium:	\$ 2,670 Liability Premium <u>\$ 1,475 Hull Premium</u> \$ 4,145 Total Premium includes War & TRIA
Terms, Conditions & Coverages:	War/TRIA Combined premium of \$ 292 is included in the annual premium 30 days notice of cancellation, non-renewal but 10 days notice for non-payment of premium. This provision does not override the Automatic Termination review or cancellation provisions of endorsements AC111 or AC112

VILLAGEFEST – SPECIAL EVENT LIABILITY

CARRIER:	Nautilus (W. R. Berkley Company) Non-Admitted – Best Rated: A+ X
Coverage:	Special Event- General Liability
Policy Term:	July 1, 2011 - July 1, 2012
Premium Basis:	Special Event from 5,001-10,000 Daily Attendance. Rate is \$250 per week/year (52)
Limits of Insurance:	\$ 1,000,000 Each Occurrence \$ 1,000,000 Personal & Advertising Injury Included Products/Completed Operations Aggregate \$ 2,000,000 General Aggregate \$ 100,000 Damage to Rented Premises \$ 5,000 Medical Expense (Any One Person)
Retentions:	\$ 1,000 Bodily Injury Per Claim (Including Costs and Expenses) \$ 1,000 Property Damage Per Claim (Including Costs and Expenses)
Annual Premium:	\$ 13,000.00 Premium 350.00 Processing Fee 422.50 Surplus Lines Tax & Stamping Fee <hr/> \$ 13,772.50 Total 1,560.00 Less commission <hr/> \$ 12,212.50 Grand Total
Expiring Premium:	\$ 12,213.00 (Including Taxes, Fees & Broker Fee)
Terms and Conditions:	Premium is annual and Deposit 25% Minimum Earned Premium Premium is due in 15 days from Policy inception Risk Placement Services Ins. is the only entity authorized to issue certificates of Insurance Terrorism premium is available for an additional \$125 (fully earned) Signed D-1 Form Signed and dated ACORD Application & Special Event Application Signed Policyholder Disclosure Notice of Terrorism Coverage Inspection

CARRIER:	Nautilus (W. R. Berkley Company) Non-Admitted – Best Rated: A+ X
Endorsements:	<ul style="list-style-type: none"> Amendment of Conditions- Premium Audit 25% Minimum Earned Premium Endorsement Amendment of Definitions – Insured Contract Limitation of coverage to Designated Operations Service Suit – California Cap on losses from certified acts of terrorism (if TRIA is elected) Policyholder TRIA Disclosure (if TRIA is elected) Per Policy Form
Exclusions:	<ul style="list-style-type: none"> Nuclear Energy Liability Exclusion Asbestos Exclusion Silica or Silica-Related Dust Exclusion Certain Computer Related Losses Exclusion Total Pollution Exclusion Employment Related Practices Exclusion Punitive of Exemplary Damages Exclusion Microorganisms, Biological Organisms, Bioaerosols or Organic Contaminants Exclusion Injury to Employees, Contractors, Volunteers & workers exclusion Violation of Statutes Exclusion Subsidence or Movement of Soil, Land, Bedrock or Earth- Total Exclusion Terrorism Exclusion Total Liquor Liability Exclusion New Entities Exclusion Intellectual Property Hazard Exclusion Products Hazard Exclusion-Designated Products Excepted “Food and Beverages provided or sold by event sponsor” Exception to Terrorism Exclusion for Certified Acts – (if TRIA is elected) Per Policy Form

MEDIA LIABILITY

CARRIER:	Landmark American Ins. Co. (an Alleghany Company) Non-Admitted – Best Rated: A XII
Coverage:	Professional Liability Media Perils Policy Film & Program Producer
Policy Term:	July 1, 2011 - July 1, 2012
Policy Form:	Occurrence
Limits of Insurance:	\$ 1,000,000 per Claim Limit \$ 1,000,000 Aggregate
Deductible:	\$ 5,000 per Claim – applies to indemnity and expense
Annual Premium:	\$ 7,650.00 Premium 248.63 Surplus Lines Tax & Stamping Fee <hr/> \$ 7,898.63 Total
Expire Premium:	\$ 8,776.25
Terms and Conditions:	Quote is valid until 07/01/2011 25% Minimum Earned Premium in the event of cancellation No Flat Cancellations are allowed Defense Cost are within the Limits of Liability Signed D-1 Form Signed Application
Endorsements:	Additional Insured Endorsement Service of Suit CA State Fraud Statement CA Surplus Lines Disclosure Notice Media Perils Policy - Film & Program Producer Minimum Retained Premium Prior Knowledge Endorsement Employment Related Practices Exclusion Nuclear Energy Liability Exclusion Per Policy Form

CRIME INSURANCE PROGRAM

CARRIER:	Zurich Admitted – Best Rated: A+ XV	
Coverage:	Crime	
Policy Term:	July 1, 2011 - July 1, 2012	
Limits of Insurance:	Employee Theft per Loss	\$ 1,000,000
	Depositors Forgery & Alteration	\$ 100,000
	Inside the Premises - <i>Theft of Money & Securities</i>	\$ 300,000
	Money Orders & Counterfeit	
	Paper Currency	\$ 100,000
	Faithful Performance	Included
Annual Premium:	\$ 2,699	
Deductibles:	Employee Theft per Loss	\$ 10,000
	Depositors Forgery & Alteration	\$ 1,000
	Inside the Premises - Theft of Money & Securities	\$ 1,000
	Money Orders & Counterfeit	
	Paper Currency	\$ 1,000
	Faithful Performance	Included
Expiring Premium:	\$ 3,046	
Terms and Conditions:	Quote is valid until 07/01/2011 Quote does not include Robbery & Safe Burglary Quote does not include Computer & Funds Transfer Fraud	
Endorsements:	Government Crime Policy (Discovery Form) California Changes Add Faithful Performance of Duty w/ sublimit - \$1 M limit; \$10k SIR Bonded Employees, Treasurers & Tax Collectors	

SUMMARY – BINDING COVERAGE OPTIONS

LINE:	CARRIER	DEDUCTIBLE	PREMIUM	OPTIONS	SELECT COVERAGES TO BIND
Property	Travelers	\$10,000	\$ 410,000		<input type="checkbox"/>
		\$50,000	\$ 390,318	Deductible	<input type="checkbox"/>
DIC:	Various – Waste Water Treatment Plant	Flood \$100,000 EQ \$100,000	\$ 286,881	\$25M Limit	<input type="checkbox"/>
	Various – All Other Locations	Flood \$100,000 EQ \$250,000	\$ 144,550	\$5M xs of \$5M	<input type="checkbox"/>
Excess Liability	Starr / Everest	\$400,000/ \$500,000 EPL	\$ 129,600	\$10M	<input type="checkbox"/>
			\$ 146,796	\$15M	<input type="checkbox"/>
			\$ 160,329	\$20M	<input type="checkbox"/>
			\$ 171,754	\$25M	<input type="checkbox"/>
Excess Workers Compensation:	Safety National				
	Rate of \$.226	\$ 1,000,000	\$ 69,750		<input type="checkbox"/>
Airport Liability:	Ace	\$1,000/\$5,000	\$ 31,844		<input type="checkbox"/>
Villagefest Liability	Nautilus	\$ 1,000	\$ 12,213		<input type="checkbox"/>
Multi-Media Liability	Landmark American	\$ 5,000	\$ 7,899		<input type="checkbox"/>
Aircraft Liability:	Westchester	\$100/\$500	\$ 3,733		<input type="checkbox"/>
Crime	Zurich	\$10,000/\$1,000	\$ 2,699		<input type="checkbox"/>

We have reviewed the information presented by Keenan & Associates in regards to insurance coverage. Please bind coverage with the above selected options:

Authorized Signature: _____ Date: _____