

RENEWAL PROPOSAL

CITY OF CARSON

Property, Liability and Excess Workers' Compensation Renewal Proposal for the 2016-2017 Program Year

May 26, 2016

Presented By:

Keenan
Associates

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May 26, 2016

Gail Dixon-McMahon
Director of Human Resources and Risk Management
City of Carson
701 E. Carson Street
Carson, CA, 90745

RE: 2016-2017 Property & Casualty Renewal Proposal

Dear Gail:

On behalf of the Keenan team, I am pleased to be able to present the City with renewal terms for the 2016-2017 fiscal year for all lines of coverage. As we discussed at our prior meeting, with the exception of the City's Liability coverage, the renewal went quite well. The insurance and reinsurance markets continue to be relatively soft with plenty of capacity given the low catastrophic insured losses during the past year. While this proved helpful renewing the City's Property coverage, many carriers are becoming more skeptical of public entity liability exposures in general, and specifically with regard to the City's employment practices exposure. Cities in California and nationally continue to be confronted with highly publicized and scrutinized law enforcement matters, data breach and cyber liability, employment related claims such as harassment and wrongful termination and pedestrian safety issues.

For California Workers' Compensation, rising medical costs, longer life expectancy, low investment returns, and California's WC Reform (SB863) not materializing as proclaimed continues to challenge the Excess Worker's Compensation market. Nevertheless, the City's Workers' Compensation exposures remained relatively stable as did the terms and conditions offered by the carriers for excess coverage.

The City's Liability renewal was, in contrast, exceptionally challenged by a series of Employment Practices cases that have developed rather dramatically during the year. These complications, which needn't be detailed further here, led to the incumbent carrier initially being unwilling to offer Employment Practices and Public Officials Liability Coverage to the City.

We have approached this challenged liability renewal from two fronts:

1. Bringing together the City and its partners in this matter; the City Attorney, defense counsel, claims administrator and insurance carrier, to improve the working relationship.
2. Performing an exhaustive market search for the best terms available for the City, both from the incumbent insurer as well as alternative markets and programs.

We have developed five options for the City's consideration. Due to the City's recent experience with Employment Practices claims, each of these options will come at a higher cost than the expiring coverage.

Recommended Option – Municipal Insurance Cooperative

The Municipal Insurance Cooperative (MIC) is a joint powers authority, formed to provide California public entities with a non-risk sharing, joint purchase alternative to the traditional insurance market by making use of the reinsurance market which is less problematic and more reliable than primary markets

Through MIC we are able to keep the City's retentions at \$250k and offer higher and, in our view, more adequate limits. As outlined in the program comparison, you will see MIC offers non-aggregated \$10M limits for all liability exposures. In addition to a lower retention, better limits and a single seamless Memorandum of Coverage developed by the members for the members, MIC also offers claims oversight for reportable claims, loss control services and more control over coverage. Keenan's claims professionals serve as the claims administrator for MIC, interacting with the reinsurer on behalf of MIC and its members. Given the City's experience with Employment Practices claims, this additional layer of oversight in claims handling is a valuable added benefit.

MIC offers occurrence based coverage for all coverage sections. Switching from claims made coverage to occurrence requires that the City consider purchasing additional reporting period coverage from the incumbent to cover claims that occur prior the inception of the occurrence coverage, but after the expiration of the claims made policy. This additional cost has been contemplated in the total pricing provided. It is common in the risk pooling/JPA environment for all coverage to be provided on an occurrence basis, so this is a cost that will need to be contemplated with any move from the City's current claims made coverage.

Alternate options: Brit, Great American, RSUI and Markel

There are four additional options for the City's consideration. Each of the alternate options parallels the expiring policy, as close as possible in terms and conditions, including limits and retentions. None of them offer occurrence based, seamless coverage with a manuscript Memorandum of Coverage

The last option, which includes increased limits through placements with RSUI and Markel. It is important to note that as you build limits with different carriers, there is a risk of gaps in coverage in addition to having to work with multiple representatives in the event a claim breaches the reporting requirements for the excess layers.

In light of the City's adverse Liability claims experience, we are pleased with the results we've been able to achieve. Furthermore, we look forward to working closely with the City and its various risk management partners to help you improve the City's loss experience, leading to future liability cost reductions.

On behalf of Keenan & Associates, it is truly a privilege and honor to serve the City and we appreciate all of your support and confidence in our services.

Sincerely,

Doug McKibbin
Senior Vice President

This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all the terms and conditions or exclusions of such proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all the terms, conditions and exclusions of such policy(ies).

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MARKETS APPROACHED

In the process of marketing your program needs, we approached the following companies to obtain quotes for one or more of your coverages.

Name of Carrier	A.M. Best Rating	Admitted / Non-Admitted
Property & Casualty / Workers Compensation		
ACE	A+ XV	Admitted
Affiliated	A+ XV	Admitted
AIG	A XV	Admitted
AIX	A XV	Non-Admitted
Allied World Insurance Company	A XV	Admitted
Arch Insurance Company	A+ XV	Admitted
Argonaut	A XI	Admitted
BRIT (Lloyd's Syndicate)	A XV	Non-Admitted
Chubb	A++ XV	Admitted
Great American E&S Insurance Company	A XIII	Non-Admitted
Hartford	A XV	Admitted
Ironshore	A XIV	Non-Admitted
Markel American Insurance Company	A XV	Admitted
Nationwide/Freedom Specialty	A+ XV	Admitted
Old Republic	A+ X	Non-Admitted
Princeton	A XV	Non-Admitted
RSUI Indemnity Company	A+	Admitted
Safety National Casualty Corporation	A+ XII	Admitted
Travelers	A++	Admitted
Zurich American Insurance Co.	A+ XV	Admitted

CARRIER FINANCIAL STRENGTH RATING DEFINITIONS

Guide to Best Ratings Rating Levels and Categories

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

KEENAN PUBLIC AGENCY SUPPORT TEAM

Local Account Management Service

Keenan's Public Agency Division provides high quality, innovative products and services that add value, increase reliability and provide financial security for our clients' property and liability, and workers compensation programs. Our services include a full Range of Insurance Broker Services in addition to risk management and loss control consulting services.

Dedicated Public Agency Support Team

The following Keenan key personnel will support the City's overall program:

Doug McKibbin Senior Vice President Public Agency 901 Calle Amanecer, Suite 200 San Clemente, CA 92673 Phone: (800) 338-5247 (5120) Fax: (949) 369-0324 Cell : (949) 444-3076 dmckibbin@keenan.com	Vanessa Pena, AIS, CRIS Senior Account Manager 4204 Riverwalk Parkway, Suite 400 Riverside, CA 92505 Phone: (951) 715-0190 ext. 1169 Fax: (951) 715-0166 Cell: (909) 815-3744 vpena@keenan.com	Stephanie Richter Account Coordinator 4204 Riverwalk Parkway, Suite 400 Riverside, CA 92505 Phone: (951) 715-0190 ext. 1178 Fax: (951) 715-0166 srichter@keenan.com
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**Keenan's Integrated Solutions:
Technology**



TRAINING

Public Entity resources are becoming more scarce and limited with the current economic conditions the State is facing. Almost every public entity is trying to do more with less. Keenan SafePersonnel is an online safety training and tracking system designed specifically for public agency employees. All courses are written by expert authors and are set in a public entity environment. More than 40 courses are currently available with more being added periodically. The courses are categorized in the following workplace colleges:

- Emergency Management
- Employment Practices Liability / Supervisory
- Environmental
- Health
- Human Resources
- Transportation



Online learning and safety training is a **cost effective alternative** to conventional live instructor training. Online training with Keenan SafePersonnel gives you **better compliance and less time away from the workplace** because employees take the courses at their own pace from their own computer.

- Keenan SafePersonnel training can provide substantial savings as opposed to instructor led courses.
- Produces a 60-percent faster learning curve than instructor-led training alone.
- All employees are taught the same consistent, correct information.
- Achieves a high retention rate, making e-learning more valuable for employees.
- Data management system allows entities and supervisors to monitor utilization and record completions in one convenient data base.
- Complements instructor-led training to reinforce important topics.
- Relevant, engaging, timely courses are dynamic and consistently updated.
- Allows learners to bookmark course in case of interruption.

Convenient, Secure Access to Workplace Safety and Compliance Courses

Keenan SafePersonnel reduces travel costs, time out of office, materials, and instructor costs. Online learning brings learning to people instead of people to learning. Employees can securely access Keenan SafePersonnel anytime, anywhere from any computer that connects to the Internet.

PROGRAM PREMIUM COST SUMMARY

		Expiring Program		Renewal Option		
		7/1/15 - 7/01/16		7/01/16 - 7/01/17		% Change
General Liability with Buffer						
Total GL with Buffer	\$	239,785		See GL Options		See GL Options
Excess Workers Compensation						
Exposure Base (Estimated Payroll)	\$	30,396,695	\$	30,396,695		0.00%
Rate per \$100 Payroll	\$	0.3000	\$	0.3000		0.00%
Workers Compensation Premium	\$	91,190	\$	91,190		0.00%
Property / Equipment Breakdown						
Total Insurable Values (TIV)	\$	99,573,000	\$	99,976,201		0.40%
Rate per \$100 TIV		0.06565		0.06562		-0.03%
Premium base	\$	65,365	\$	65,607		
Premium: Inspection Fees and TRIA	\$	70,615	\$	70,857		0.34%
Volunteer Accident Hartford \$10,000 ADD	\$	340	\$	340		0.00%
Crime	\$	5,502		\$5,385		-2.13%
Total: \$		167,647	\$	167,772		0.07%

PROPERTY

CARRIER:	Affiliated FM Insurance Company Admitted – A.M. Best Rated: A + XV
Covering:	City of Carson
Policy Term:	July 1, 2016 - July 1, 2017
Annual Premium:	<p>\$63,107 Annual Premium \$ 1,250 Intermediary Fee <u>\$ 4,000 Inspection Fee</u> \$6,857 Total without TRIA <u>\$ 2,500 TRIA</u></p> <p>\$70,857 Total Premium with fees and TRIA</p>
Commission:	10%
Deductibles:	<p>The following deductible amounts shall apply per occurrence for loss under this policy in the respective loss categories indicated:</p> <ol style="list-style-type: none"> Boiler and Machinery Property Damage: \$10,000 Business Interruption Waiting Period: 24 hours Data, Programs, or Software & Computer Systems Non-Physical Damage Deductible: Per Location: \$50,000 Waiting Period: 48 Hours Off Premises Service Interruption Waiting Period: Property Damage: \$10,000 Business Interruption: 24 Hours Motor Vehicle Coverage \$100,000 All Other Losses: \$10,000
Limits:	<p>The Carrier's Liability will not exceed the respective Sub-Limits shown for the coverages involved. However, in no event will the total Limit of Liability exceed \$99,976,201 as a result of any one occurrence, regardless of the number of perils, coverages, or locations involved.</p> <p>Not Covered: Earth Movement or Flood</p> <ol style="list-style-type: none"> Each Motor Vehicle \$500,000subject to an aggregate limit of \$3,658,735 Extra Expense: \$1,000,000 Business Interruption: \$3,100,000

CARRIER:

Affiliated FM Insurance Company
Admitted – A.M. Best Rated: A + XV

Sub-Limits:

All Risk – Extensions of Coverage Sub-Limits:

Accounts Receivable: \$1,000,000
Arson or Theft Reward: \$100,000
Brands and Labels: Policy Limit
Change in Temperature: \$100,000
Control of Damaged Property: Policy Limit
Data, Programs or Software: \$500,000
Debris Removal: Policy Limit
Decontamination Costs: Policy Limit
Deferred Payment: \$100,000
Demolition and Increased Cost of Construction: Policy Limit
Errors and Omissions: \$1,000,000
Expediting Expenses: \$250,000
Fine Arts: \$2,000,000
Green Coverage not to exceed 25% of the amt of the prop damage loss: \$50,000
Land and Water Clean Up Expense annual aggregate: \$50,000
Locks and Keys: \$100,000
Money and Securities: \$100,000
Newly Acquired Property: \$2,500,000
Off Premises Service Interruption – Prop Damage not to exceed \$50k for voice, data, and video services: \$500,000
Professional Fees: \$100,000
Property Removed from a location: Policy Limit
Protection and Preservation of Property – Property Damage not to exceed \$250,000 for security costs: Policy Limit
Tax Treatment: \$100,000
Tenants Legal Liability: \$100,000
Terrorism Coverage & the Supplemental US Certified Act of Terrorism Endorsement.
 A. US Certified Act of Terrorism Charge \$99,576,000
 B. Terrorism Coverage for Locations Outside of the US \$100,000
Transit not to exceed \$250,000 for Business Interruption: \$500,000
Unnamed Location: \$1,000,000
Valuable Papers and Records: \$500,000
Business Interruption Coverage:
Gross Earnings not to exceed 30 days for ordinary payroll: 3,100,000
Gross Profits for 12 months Period of Liability not to exceed 30 days for ordinary payroll: 3,100,000
Rental Income: 3,100,000
Extra Expense: \$1,000,000
Business Interruption Coverage Extensions
Attraction Property: \$100,000
Days of Civil or Military Authority: 30
Computer Systems Non-Physical Damage annual Aggregate: \$250,000
Contractual Penalties \$100,000
Crisis Management not to exceed 30 Days: \$100,000
Extended Period of Liability: 90 days
Ingress/Egress: \$500,000
Leasehold Interest \$250,000
Logistics Extra Cost: \$100,000
Off-Premises Service Interruption- Business Interruption not to exceed \$50,000 for Voice, data, and video services: \$500,000
Protection and Preservation of Property BI: Policy Limit
Research and Development: Policy Limit
Soft Costs: \$100,000
Supply Chain: \$500,000

CARRIER:	Affiliated FM Insurance Company Admitted – A.M. Best Rated: A + XV
Conditions:	<ul style="list-style-type: none"> • 25% Minimum Earned Premium in the event of cancellation. • MOTOR VEHICLE COVERAGE: This policy is extended to cover: <ul style="list-style-type: none"> a. Motor vehicles; b. Trucks; and c. Trailers; Licensed for highway use. • This policy does not cover loss or damage resulting from: <ol style="list-style-type: none"> 1) Collision; or 2) Overturn; While such motor vehicles, trucks, and trailers are being operated under their own power; or being towed (whether or not in motion at the time of loss). NOTE: Deductible for Motor Vehicles is \$100,000 • Section E., Property Excluded, Item 7., is amended to: <ol style="list-style-type: none"> 7. Motor vehicles owned by officers and employees of the Insured
Conditions Continued:	<ul style="list-style-type: none"> • United States Certified Act of Terrorism 2015: Per Carrier Quote attached • Contingent Business Interruption Coverage Territory Coverage provided in Section 5. Extensions of Coverage, Item D. Contingent Business Interruption Coverage, is limited to property anywhere in the world except in the following countries, provinces or jurisdictions listed on the Carrier Quote. • Notice of Cancellation: Per Carrier Quote attached • Mortgagee/Lenders Loss Payable: Per Carrier Quote attached • Transmission and Distribution Systems Exclusion: Including poles, towers and fixtures, overhead conductors and devices, underground or underwater conduit or conductors & devices, line transformers, service meters, street lighting and signal systems

CARRIER:	Affiliated FM Insurance Company Admitted – A.M. Best Rated: A + XV
Schedule of Locations	<ul style="list-style-type: none"> • City Hall, 701 East Carson Street, Carson, CA, 90745-2224 • Community Center Building, 801 East Carson Street, Carson, CA, 90745 • Public Works/Corporation Yard, 2390 East Dominguez Street, Long Beach, CA, 90810-1010 • Veterans Park/Sports Club, 22400 Moneta Avenue, Carson, CA, 90745 • Hemmingway Park, 700 East Gardena Boulevard, Carson, CA, 90746-1016 • Stevenson Park, 17400 Lysander Drive, Carson, CA, 90746 • Anderson Park, 19101 Wilmington Avenue, Carson, CA, 90746-2846 • Calas Park, 1000 East 220th Street, Carson, CA, 90745 • Carriage Crest Park, 23800 Figueroa Street, Carson, CA, 90745 • Carson Park, 21411 Orrick Avenue, Carson, CA, 90745 • Mills Park, 1340 East Dimondale Drive, Carson, CA, 90745 • Del Amo Park, 703 East del Amo Boulevard, Carson, CA, 90746-3309 • Dominguez Park, 21300 South Santa Fe Avenue, Carson, CA, 90810 • Scott Park, 23410 Catskill Avenue, Carson, CA, 90745 • Dolphin Park, 21205 Water Street, Carson, CA, 90745
Subjectivity:	Signed TRIA Disclosure Notice

CARRIER:	Travelers Admitted – A.M. Best Rated: A ++
Covering:	City of Carson
Policy Term:	July 1, 2016 - July 1, 2017
Annual Premium:	\$73,701 Annual Premium \$ 0 Inspection Fee \$73,701 Total without TRIA \$ 744 TRIA \$74,445 Total Premium with fees TRIA
Commission:	10%
Deductible:	Business Income : 72 Hours Any Other Covered Loss: \$10,000
Limits:	Building and Business Personal Property Limits of Insurance: \$96,876,201 Business Income and Extra Expense: \$3,100,000
Sub Limits:	Sub-Limits: Accounts Receivable: \$500,000 Debris Removal: \$250,000 Decontamination Costs: Policy Limit Deferred Payment: \$25,000 Extra Expense: \$25,000 Expediting Expenses: \$25,000 Fine Arts: \$50,000 at described premises, \$25,000 in transit Green Coverage maximum amt each building: \$100,000 Locks and Keys: \$25,000 Newly Acquired Property: \$2,500,000 Newly Acquired Personal Property: \$1,000,000 Transit not to exceed \$500,000 Valuable Papers and Records: \$500,000 Business Income and Extra Expense: Rental Value Included Ordinary Payroll Included Business Income from Dependent Property \$250,000

CARRIER:	Travelers Admitted – A.M. Best Rated: A ++
Sub-Limits:	<p>Equipment Breakdown: Spoilage \$250,000 Ammonia Contamination \$250,000 Hazardous Substance \$250,000</p> <p>Utility Services Direct Damage in any one occurrence \$50,000 Coverage is for: Water Supply, Communication Supply, Power Supply Coverage for Overhead Transmission Lines is Excluded</p> <p>Public Sector Services Additional Coverage Endorsements: Sewer or Drain Backup: \$50,000 Confiscated Property: \$100,000 Street Lights: \$2,500, each item / \$50,000 maximum per occurrence Street Signs: \$2,500, each item / \$50,000 maximum per occurrence Traffic Lights: \$2,500, each item / \$50,000 maximum per occurrence Stadium Lights: \$2,500, each item / \$50,000 maximum per occurrence</p>

Incumbent Affiliated, Travelers, AIG price comparison:

Insurer	Affiliated FM 2015-2016	Affiliated FM 2016-2017	Travelers 2016-2017	AIG 2016-2017
AM Best Rating	A+ XV	A+ XV	A++	A
Values	\$99,573,000	\$99,976,201	\$99,976,201	\$99,976,201
Percent Change in values		0.40%	0.40%	0.40%
PREMIUM				
Property & Boiler Premium	\$62,865	\$63,107	\$73,701	\$70,255
Intermediary Fee	\$1,250	\$1,250	\$0	\$0
Engineering Fee	\$4,000	\$4,000	\$0	\$3,650
Total Premium and Engineering Fee +Intermediary Fee	\$68,115	\$68,357	\$73,701	\$73,905
Commission to Keenan :	10%	10%	10%	10%
RATE Per \$100 of Value	0.0684	0.0684	0.07372	0.07392
Percent Change in Rate		-0.05%	7.76%	8.06%
Terrorism Premium - Optional	\$2,500	\$2,500	\$744	\$3,013
Total Cost with TRIA and Engineering Fees	\$70,615	\$70,857	\$74,445	\$76,918

GENERAL LIABILITY

Comprehensive Coverage Options

CARRIER:	Expiring Brit	Option 1 Municipal Insurance Cooperative	Option 2 Great American	Option 3 Brit	Option 4 Brit	Option 5 BRIT, RSUI & Markel
Limits of Liability						
General	10,000,000*	10,000,000	10,000,000*	10,000,000*	10,000,000*	10,000,000*
Sexual Harassment	2,000,000*	10,000,000	2,000,000*	2,000,000*	2,000,000*	2,000,000*
Sexual Abuse	2,000,000*	10,000,000	2,000,000*	2,000,000*	2,000,000*	2,000,000*
E&O/EPL	2,000,000*	10,000,000	2,000,000*	2,000,000*	2,000,000*	10,000,000*
Sexual Harassment	2,000,000*	10,000,000	2,000,000*	2,000,000*	2,000,000*	10,000,000*
Sexual Abuse	2,000,000*	10,000,000	2,000,000*	2,000,000*	2,000,000*	10,000,000*
Automobile	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Employee Benefits	10,000,000*	10,000,000	10,000,000*	10,000,000*	10,000,000*	10,000,000*
Law Enforcement Legal	10,000,000*	10,000,000	10,000,000*	10,000,000*	10,000,000*	10,000,000*
Sexual Harassment	2,000,000*	10,000,000	10,000,000*	10,000,000*	10,000,000*	2,000,000*
Sexual Abuse	2,000,000*	10,000,000	10,000,000*	10,000,000*	10,000,000*	2,000,000*
Workers' Compensation	250,000	250,000	250,000	250,000	250,000	250,000
Employer's Liability	250,000	250,000	250,000	250,000	250,000	250,000
Clash	50,250,000	N/A	50,250,000	50,250,000	50,250,000	50,250,000
*occurrence and aggregate limit Limits shown in red are provided on a claims made basis						
Self Insured Retentions (SIR)						
General	250,000	250,000	250,000	250,000	250,000	250,000
E&O/EPL	250,000	250,000	250,000	250,000	650,000	250k/350k
Automobile	250,000	250,000	250,000	250,000	250,000	250,000
Employee Benefits	250,000	250,000	250,000	250,000	250,000	250,000
Law Enforcement Legal	250,000	250,000	250,000	250,000	250,000	250,000
Sexual Harassment	250,000	250,000	250,000	250,000	250,000	250,000
Sexual Abuse	250,000	250,000	250,000	250,000	250,000	250,000
Workers' Compensation	750,000	750,000	750,000	750,000	750,000	750,000
Employers Liability	750,000	750,000	750,000	750,000	750,000	750,000
Corridor Retention	N/A	N/A	N/A	300,000	N/A	N/A
Cost Considerations						
Premium	232,350	375,000	345,000	235,000	225,000	353,160
TRIA		N/A	N/A	2,200	2,200	2,200
CM Tail Premium		80,000	80,000	N/A	N/A	80,000
Broker Fee		N/A	57,000	N/A	N/A	N/A
MIC Fee		40,000	N/A	N/A	N/A	N/A
Surplus Lines		N/A	13,920	7,590	7,270	11,873
Total Fixed Costs	232,350	495,000	495,920	244,790	234,470	447,233
Est. Addl Retention/SIR				300,000	400,000	100,000
Estimated Excess Costs	232,350	495,000	495,920	544,790	634,470	547,233
Commission						
Keenan	15%	0%	0%	15%	15%	15%

LJMS No. 0451271

EXCESS WORKERS' COMPENSATION

CARRIER:	Arch Insurance Admitted – A.M. Best Rated: A + XV		
Covering:	City of Carson Excess Workers Compensation and Employers Liability		
Policy Term:	July 1, 2016 - July 1, 2017		
Est. Payroll	30,396,695		
Commission:	18%		
Limits:	Option 1: A. Part One – Excess Workers Compensation Insurance Limit of Liability – Each Accident: \$25,000,000 Limit of Liability – Disease Each Employee: \$25,000,000 B. Part Two – Excess Employers Liability Insurance Limit of Liability – Each Accident: \$1,000,000 Limit of Liability – Disease Each Employee: \$1,000,000 Limit of Liability – Aggregate: \$1,000,000 Option 2: A. Part One – Excess Workers Compensation Insurance Limit of Liability – Each Accident: Statutory Limit of Liability – Disease Each Employee: Statutory B. Part Two – Excess Employers Liability Insurance Limit of Liability – Each Accident: \$1,000,000 Limit of Liability – Disease Each Employee: \$1,000,000 Limit of Liability – Aggregate: \$1,000,000		
Annual Premium:		Rate per \$100 payroll	Estimated Premium
	Option 1:	.3000	\$91,190
	Option 2:	.3250	\$98,789
Retained Limits:	Part One- Excess Workers Compensation Insurance and Part Two – Excess Employers Liability Insurance Combined: • Retained Limit – Each Accident: \$1,000,000 • Retained Limit – Disease. Each Employee \$1,000,000		
Endorsements:	• Losses Redefined to include Allocated Loss Adjustment Expenses Endorsement • California Volunteer Coverage Excess Voluntary Compensation and Employers Liability Coverage Endorsement • California Foreign Voluntary Compensation and Employers Liability and Repatriation Coverage Endorsement (\$100,000 per Person and \$500,000 per Occurrence) • Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement • California Amendatory Endorsement Per Policy Form		

CARRIER:	Arch Insurance Admitted – A.M. Best Rated: A + XV
Optional Long Term:	<p>An offer to maintain the current premium rate structure through July 1, 2019 is subject to the following conditions:</p> <ul style="list-style-type: none"> • No significant changes in the insured's operations either through acquisitions, growth, decrease in exposure, employee concentrations or service changes. Significant change in exposure or employee concentrations means any change of +/- 15%. Service changes mean any material departure from the insured's current business operations, trade territory, product mix. Or core business model. • No significant or material management and or ownership changes • Acceptable audit results of the Third Party Administrator or insured's claims self administrator reserving practices as determined by Arch Insurance Company. • Loss activity submitted for both July 1, 2017 and July 1, 2018 renewals of the insured's program remains consistent in type and amounts with the data submitted at the inception of the July 1, 2016 program. • No significant change in the limits of liability, coverage or deductible/retention levels, or program structure. • There has been no loss of or significant change in the Terrorism Risk Insurance Act of 2002 and the Terrorism Risk Insurance Program Reauthorization Act of 2015. • City agrees to remain current on all payments and comply with all terms and requirements of the binder. • City continues to focus and improve on current safety and loss control efforts. • Any minimum premiums proposed apply in total for the combined three year commitment. If not specified in the proposal or loss sensitive agreements, the three year minimum premium will equal the dollar minimum for the first year times a factor of three. <p>The rate commitment does not apply to :</p> <ul style="list-style-type: none"> • Changes in coverage forms as required by the individual states, the NCCI or ISO. • Changes in taxes, loss assessments surcharges or other state fees. <p>If all of the conditions of the agreement are not met for any one of the Of the lines of business listed above, the rate commitments expressed will not apply to any of the lines of business.</p>

VOLUNTEER ACCIDENT

CARRIER:	The Hartford. Admitted – Best Rated: A Excellent		
Coverage:	Blanket Accident Insurance for Volunteers		
Policy Term:	July 1, 2016 - July 1, 2017		
Limits:	Accidental Death Benefit	Principal Sum	\$10,000
	Accidental Dismemberment Benefit	Principal Sum	\$10,000
	Accident Medical Expense Benefit	Maximum Benefit	\$10,000
	Maximum Dental Limit		\$250
Deductibles:	Deductible Amount \$0		
Annual Premium:	\$340 Annual Premium \$340 Expiring Premium		
Covered Activities:	This policy covers each Insured Person during the policy period while he or she is participating in, attending or preparing for the city office volunteer activities sponsored by the Policyholder while on the premises of and under the direct supervision of the Policyholder.		
AD&D Benefit:	If the Insured Person' Injury results in any of the losses listed in the table below within 180 days after the date of the accident, the sum shown will be paid		
	Life	Principal Sum	
	Both Hands or Both Feet or Sight of Both	Principal Sum	
	One Hand and One Foot	Principal Sum	
	Either Hand and Sight of One eye	Principal Sum	
	Either Foot and Sight of One Eye	Principal Sum	
	Speech and Hearing in Both Ears	Principal Sum	
	Either Hand or Foot	One Half Principal Sum	
	Sight of One Eye	One Half Principal Sum	
	Speech or Hearing in Both Ears	One Half Principal Sum	
	Thumb and Index Finger on the Same Hand	One Quarter Principal Sum	

CARRIER:	The Hartford. Admitted – Best Rated: A Excellent
Exclusions:	<ul style="list-style-type: none"> • Intentionally self-inflicted injury, suicide, or attempted suicide, whether sane or insane. • War or act of war, whether declared or undeclared • Injury sustained while in the armed forces of any country or international authority • Injury sustained while in or on, boarding or alighting from, being struck or run down by, any aircraft except as an airline passenger on an aircraft • Repair, replacement, examination for prescriptions, or fitting of eyeglasses, (b) contact lenses or (c) hearing aids • Dental work or treatment on natural teeth which is not necessary for the repair or relief of injury • Repair, replacement of existing dentures, partial dentures, braces, fixed or removable bridges, or other artificial dental restoration • Repair or replacement of artificial limbs or orthopedic braces • Injury for which the Insured Person is eligible to receive Workers' Compensation benefits or similar benefits, regardless of whether he or she has applied for the benefits • Injury sustained while the Insured Person is voluntarily taking drugs which federal law prohibits dispensing without a prescribed or administered by a licensed Physician • Injury sustained by an Insured Person during or as a result of his or her commission of a felony or while incarcerated for a felony, except that this exclusion will not be applicable upon acquittal or dismissal of the felony charges • Injury sustained as a result of the Insured Person's being legally intoxicated from the use of alcohol while operating a motor vehicle • Expenses incurred for services, treatment, supplies or facilities rendered by (a) the Policyholder's health service or infirmary or (b) any Physician or nurse employed or retained by the Policyholder • Expenses covered under any automobile reparations insurance (no-fault) or automobile insurance medical payments benefit
Commission:	15%
Notes:	<ul style="list-style-type: none"> • Rating is based on 46 volunteers

CRIME

Premium / Limits	Expiring Limits	1. Option Limits Annual as Exp.	2. Optional Limits Annual	3. Optional Prepaid 3 Yrs. Limits	4. Optional Limits	5. Optional Limits
Employee Theft per Loss	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000	\$10,000,000
Depositors Forgery or Alteration	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Inside the Premises Theft of Money & Securities	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Inside the Premises Robbery or Safe Burglary of Other Property	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Outside Premises	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Computer Fraud	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Funds Transfer Fraud	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Money Orders & Counterfeit	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Credit Card Forgery	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Faithful Performance	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Identity Fraud Expense			\$250,000	\$250,000	\$250,000	\$250,000
Fraudulent Impersonation			\$250,000	\$250,000	\$250,000	\$250,000
Premium	\$5,502	\$5,385	\$5,551	\$14,984	\$7,195	\$9,153
Annualized cost for Prepaid				\$4,995		

Premium / Limits	Expiring Deductible	1. Option Deductible	2. Option Deductible	3. Option Deductible	4. Option Deductible	5. Option Deductible
Employee Theft per Loss	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000	\$100,000
Depositors Forgery or Alteration	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Inside the Premises Theft of Money & Securities	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Inside the Premises Robbery or Safe Burglary of Other Property	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Outside Premises	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Computer Fraud	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Funds Transfer Fraud	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Money Orders & Counterfeit	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Credit Card Forgery	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Faithful Performance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Identity Fraud Expense			-	-	-	-
Fraudulent Impersonation			\$50,000	\$50,000	\$50,000	\$50,000

Fraudulent Impersonation Coverage is subject to receipt, and satisfactory review, of a signed and dated Fraudulent Impersonation Questionnaire.

CYBER

CARRIER:	Illinois Union Insurance Company Admitted – Best Rated: A++ XV: Non-Admitted																																																																											
Coverage:	Cyber Liability																																																																											
Policy Term:	July 1, 2016 - July 1, 2017																																																																											
Limits:	Aggregate Limit of Liability for all coverage Combined: \$1,000,000 or \$2,000,000																																																																											
Option 1:	<table><tr><td>Cyber Option 1:</td><td>Limit / Agg</td><td>Retention</td><td>Hrs</td><td>Retro Date</td></tr><tr><td>Privacy Liability</td><td>\$1,000,000</td><td>\$20,000</td><td></td><td>7/1/2015</td></tr><tr><td>Data Breach Fund</td><td></td><td></td><td></td><td></td></tr><tr><td> Std Limit</td><td>\$250,000</td><td>\$20,000</td><td></td><td>7/1/2015</td></tr><tr><td> Data Inside Limit</td><td>\$1,000,000</td><td>\$20,000</td><td></td><td>7/1/2015</td></tr><tr><td>Network Security</td><td>\$1,000,000</td><td>\$20,000</td><td></td><td>7/1/2015</td></tr><tr><td>Internet Media</td><td>\$1,000,000</td><td>\$20,000</td><td></td><td>7/1/2015</td></tr><tr><td>Network Extortion</td><td>\$1,000,000</td><td>\$20,000</td><td></td><td>7/1/2015</td></tr><tr><td>Digital Asset Coverage</td><td>\$1,000,000</td><td>\$20,000</td><td></td><td></td></tr><tr><td>Business Interruption</td><td>\$1,000,000</td><td>\$20,000</td><td>10</td><td></td></tr><tr><td> Premium</td><td>\$19,781</td><td></td><td></td><td></td></tr><tr><td> If Elected TRIA</td><td>\$219</td><td></td><td></td><td></td></tr><tr><td> Cost</td><td>\$20,000</td><td></td><td></td><td></td></tr><tr><td> Cost TRIA and tax</td><td>\$20,640</td><td></td><td></td><td></td></tr><tr><td>Cost No TRIA and tax</td><td>\$20,414</td><td></td><td></td><td></td></tr></table>	Cyber Option 1:	Limit / Agg	Retention	Hrs	Retro Date	Privacy Liability	\$1,000,000	\$20,000		7/1/2015	Data Breach Fund					Std Limit	\$250,000	\$20,000		7/1/2015	Data Inside Limit	\$1,000,000	\$20,000		7/1/2015	Network Security	\$1,000,000	\$20,000		7/1/2015	Internet Media	\$1,000,000	\$20,000		7/1/2015	Network Extortion	\$1,000,000	\$20,000		7/1/2015	Digital Asset Coverage	\$1,000,000	\$20,000			Business Interruption	\$1,000,000	\$20,000	10		Premium	\$19,781				If Elected TRIA	\$219				Cost	\$20,000				Cost TRIA and tax	\$20,640				Cost No TRIA and tax	\$20,414			
Cyber Option 1:	Limit / Agg	Retention	Hrs	Retro Date																																																																								
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Cost No TRIA and tax	\$20,414																																																																											
	<p>Note Limits will automatically increase to the limits referenced in the Data Breach Team (inside the Limit) option if the data breach team is used and subject to all terms of the endorsement.</p> <p>Regulatory Proceedings Sub-Limit of Liability: \$1,000,000 Payment Card Industry Sub-Limit of Liability: \$1,000,000</p> <p>The offered additional year of retro coverage is available with favorable review of appropriate warranty questions being answered.</p> <p>Extended Reporting Period: 12 Months</p>																																																																											

CARRIER:	Illinois Union Insurance Company Admitted – Best Rated: A++ XV: Non-Admitted				
Option 2:	Cyber: Option 2	Limit / Agg	Retention	Hrs	Retro Date
	Privacy Liability	\$2,000,000	\$25,000		7/1/2015
	Data Breach Fund				
	Std Limit	\$250,000	\$25,000		7/1/2015
	Data Inside Limit	\$2,000,000	\$25,000		7/1/2015
	Network Security	\$2,000,000	\$25,000		7/1/2015
	Internet Media	\$2,000,000	\$25,000		7/1/2015
	Network Extortion	\$2,000,000	\$25,000		7/1/2015
	Didital Asset Coverage	\$2,000,000	\$25,000		
	Business Interruption	\$2,000,000	\$25,000	10	
	Premium	\$31,725			
	If Elected TRIA	\$275			
	Cost	\$32,000			
	Cost TRIA and tax	\$33,024			
Cost No TRIA and tax	\$32,740				
	Limits will automatically increase to the limits referenced in the Data Breach Team (inside the Limit) option if the data breach team is used and subject to all terms of the endorsement.				
	The offered additional year of retro coverage is available with favorable review of appropriate warranty questions being answered.				
	Regulatory Proceedings Sub-Limit of Liability: \$2,000,000 Payment Card Industry Sub-Limit of Liability: \$2,000,000				
	Extended Reporting Period: 12 Months				
Various Options:	Higher limits are available: <ul style="list-style-type: none">• \$3M/\$25k retention: \$40,949 without TRIA• \$5M/ \$50k retention: \$51,224 without TRIA• Optional pre-breach loss mitigation services for an additional \$3K				
Commission:	17.5%				
Subjectivity:	Completed Chubb Main-form application.				

BIND ORDER SELECTION

I have reviewed and accept the attached Proposal. Please accept this as our authorization to bind coverage effective July 1, 2016. This proposal provides a summary of coverages. In the event of a conflict, the actual terms, conditions, limitations and exclusions of the policy shall prevail.

1. **Property:**

- ☐ Affiliated FM Insurance Co \$70,857 with TRIA
- ☐ Travelers \$74,445 with TRIA
- ☐ AIG Indication \$76,918 with TRIA

2. **Excess General & Auto Liability with Buffer**

- ☐ Option 1: Municipal Insurance Cooperative: \$495,000
- ☐ Option 2: Great American Stand Alone \$495,920
- ☐ Option 3: BRIT: \$544,790
- ☐ Option 4: BRIT w/ higher SIR E&O at \$650k: \$634,470
- ☐ Option 5: BRIT, RSUI, Markel \$547,233

3. **Excess Workers Compensation**

- ☐ Arch Insurance \$91,190
- ☐ Arch Insurance Statutory Limits: \$98,789

4. **Volunteer Accident**

- ☐ Hartford Life \$340

5. **Crime: Zurich American Insurance Company**

- ☐ \$5,385 Annual Installment three year
- ☐ \$5,551 Annual with Increased limits for Identity Fraud and Fraudulent Impersonation
- ☐ \$14,984 Annual Pre-Paid 3 year with increased limits for Identity Fraud and Fraudulent Impersonation
- ☐ \$7,195 Annual Increased limits for Employee Theft/Identity Fraud & Fraudulent Impersonation
- ☐ \$9,153 Annual Increased limits for Employee Theft/Identity Fraud & Fraudulent Impersonation

6. **Cyber: Illinois Union Insurance Company Indication**

- ☐ Indication 1: \$20,414
- ☐ Indication 1 with TRIA: \$20,640
- ☐ Indication 2: \$32,740
- ☐ Indication 2 with TRIA \$33,024
- ☐ Higher Limits: _____

Signature _____

Date _____

KEENAN DISCLOSURE STATEMENT

Nature of Our Services

As your broker, Keenan will act as your advisor and consultant, but you will remain the ultimate decision maker. We will assist you in evaluating the information presented so that you can make an informed decision. You will, at all times, retain the right and responsibility to determine whether to accept or implement any information, recommendation, or suggestion presented by Keenan.

Keenan does not provide legal, tax, or accounting service, advice, or opinion, and our services are not to be interpreted as representing any such service, advice, or opinion. Clients are expected to consult their own counsel and their tax/accounting experts on all legal, tax, and accounting matters relating to their insurance programs.

Needs Assessment and Marketing Plan

Keenan will work with you to assess and address your insurance needs. During this phase we will gather important information from you that will help us to develop a marketing plan and present your organization to prospective carriers. It is important that any information you provide us – or that someone else provides on your behalf – is accurate and complete. Prospective carriers will rely on this information as they develop their quotes.

After we develop a marketing plan, Keenan will contact those markets that it has determined most likely to meet the needs you have identified. We will not, however, contact every available market for the particular coverage being sought. In so far as practical, Keenan will honor requests to contact specific markets, but Keenan will not present a client to any carrier that we have determined will not provide a competitive quote. Keenan cannot guarantee the availability or price of insurance products, and cannot be responsible for fluctuations in the premiums charged by insurers.

Use of Intermediaries

We generally prefer to approach markets directly wherever possible. Upon occasion, however, we may use intermediaries, including but not limited to co-brokers, sub-brokers, managing general agents/managing general underwriters, wholesale brokers, or reinsurance brokers if we believe it is necessary or appropriate.

Marketing Results and Review of Options

Keenan will report to you in summary format, information concerning all markets and carriers approached. The summary shall include, as applicable: name of carriers approached, limits, premium, and deductible. The summary shall also include the names of any carriers who declined to provide a quote. We will also present a comparison summary highlighting the significant terms and/or differences among the various coverages quoted. The summary is provided **for convenience only**. It is not a comprehensive review of all policy terms and conditions. It is your responsibility to ask questions and to request any additional information that you deem necessary to make an informed decision regarding your insurance or self-insurance program.

Keenan cannot guarantee the solvency of any carrier with which we place business. Clients are encouraged to review all publicly available information and to contact us regarding any questions they may have. Ultimately, it remains the client's decision whether or not to accept a particular insurance carrier.

Binding Coverage

Once you have made your decision, Keenan will communicate your decision to the selected carrier so that coverage can be bound on your behalf. It is your responsibility to carefully review all documents we give you, including binders, policies and endorsements, and to advise us immediately if you find any mistakes, or believe the materials do not properly reflect your needs or instructions.

Compensation

Our service agreement with you will outline the specific terms of Keenan's compensation. Brokers often receive commissions from insurance carriers based on the insurance products sold. Commissions that are directly related to the insurance coverage purchased may impact the pricing that Keenan is able to obtain for such coverage.

It is possible that Keenan may also provide services to other entities that also provide services to our clients. They may include administrative, underwriting, marketing, loss control, and/or reinsurance related services. To the extent that any such services are provided, Keenan will be separately compensated by the recipient of those services.

Consistent with industry practices, insurers may also pay insurance brokers, such as Keenan, indirect compensation based upon volume efficiencies, client renewals, marketing services, product development, technology investments and other additional services. Keenan seeks written assurances from insurers that any such indirect compensation will not adversely impact the pricing or coverage terms that Keenan is able to obtain for its clients.

Keenan complies with all applicable state and/or federal laws and regulations regarding disclosure of compensation. We embrace industry efforts for transparency and believe it is important that clients have access to information that may be relevant to their choice of insurance products, including the cost of such insurance and services, and, the compensation that may be directly or indirectly paid to Keenan in connection with the products or services that are selected. If you have questions regarding any of these items or desire additional information, you may contact your Keenan account representative to discuss this matter in more detail.

CARRIER QUOTES