



President  
Mr. Steve Baker  
City of Yreka

Vice President  
Mr. Wes  
Heathcock

Secretary  
VACANT

Treasurer  
Mr. Roger Carroll  
Town of Loomis

## SMALL CITIES ORGANIZED RISK EFFORT BOARD OF DIRECTORS MEETING

**Date:** Friday, June 11, 2021  
**Time:** 10:00 AM

**A Action**  
**I Information**

**Location:** TELECONFERENCE  
**Call in number:** 877-853-5257 (Toll Free) or 669-900-6833  
**Conference Code:** 991 3251 7977

**1 Attached**  
**2 Hand Out**  
**3 Separate Cover**  
**4 Verbal**

<https://alliantinsurance.zoom.us/j/99132517977?pwd=SCs2TjVCTGFHdmdXS2NQWFpwbnpjQT09>

*PAGE* **A. CALL TO ORDER 10:00AM**

**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 – March 26, 2021

*Pg. 12* 2. US Bank Custodial Account Statement – March – May 2021

*Pg. 30* 3. Investment Statements from Chandler Asset Management – March – May 2021

*Pg. 45* 4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments – March 31, 2021

*Pg. 46* 5. Treasurer’s Report as of March 31, 2021

*Pg. 48* 6. Target Solutions Utilization Report Summary – January – May 2021

*Pg. 49* 7. ACI Utilization Report – January – March 2021

**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 the Excess Representative of each Pool.*

I 4

*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.*

- a) **CJPRMA (Rep. Roger Carroll)** Minutes of the last meeting can be found at [www.cjprma.org](http://www.cjprma.org).
- b) **ERMA Update (Rep. John Duckett)** Minutes of the last meeting can be found at [www.ermajpa.org](http://www.ermajpa.org).
- c) **LAWCX Update (Rep. Steve Baker)** Minutes of the last meeting can be found at [lawcx.org](http://lawcx.org).

**3. Alliant Update**

*Marcus Beverly will update the Board on Alliant matters pertinent to SCORE.*

- a) **State of the Market**
- b) **Crime Renewals**

I 4

**G. FINANCIAL**

Pg. 55

**1. Quarterly Financials for QE March 31, 2021**

*Board Members will review the March 31, 2021 Quarterly financials and Statement of Net Assets presented by Gilbert Associates, Inc. and may take action to Accept and File and give direction.*

A 1

**2. Premium Payment Plan Requests for FY 21/22**

*The Board has received premium payment plan requests for FY 21/22 from three members. The Board will review and may approve the proposed Premium installment payment plans.*

A 1

Pg. 72

a. **City of Isleton**

Pg. 74

b. **City of Loyalton**

Pg. 76

c. **City of Tulelake**

**H. JPA BUSINESS**

Pg. 78

**1. LAWCX Excess Workers' Compensation Audit**

*The Board will receive a copy of the audit report and a response from Sedgwick.*

A 1

Pg. 92

**2. Identity Fraud Coverage FY 21/22**

*The Board will review the Travelers quote and will consider renewing coverage.*

A 1

Pg. 99

**3. Crime Coverage for SCORE Treasurer**

*The Board will consider renewing Crime coverage for the SCORE Treasurer through the ACIP Program with a limit of \$1 million.*

A 1

Pg. 112

**4. Delegation of Investment Authority to SCORE Treasurer**

*The Board will review and may approve Resolution 21-03 Authorizing Investment of SCORE funds.*

A 1

Pg. 114

**5. Nomination & Selection of SCORE Officer Positions—President & Secretary**

*The Board will be asked to nominate and select a new Secretary and President for the SCORE Board because of recent vacancies.*

A 1

Pg. 115	<b>6. Selection of ERMA Board Representative</b> <i>The Board will be asked to nominate and select a new representative due to a recent vacancy of the position.</i>	A	1
Pg. 116	<b>7. Risk Control Update – DKF Solutions</b> <i>David Patzer will provide an update regarding recent risk control activities, plans for FY 21/22, and the latest COVID updates from Cal OSHA.</i>	I	1
Pg. 118	<b>8. Loss Control Grant Funds FY 21/22</b> <i>The Board of Directors will receive status of funds used in FY 20/21 and will consider the FY 21/22 funding.</i>	A	1
Pg. 124	<b>9. CJPRMA Update</b> <i>Members will receive an update on significant changes to the excess coverage available to CJPRMA from its reinsurers.</i>	I	1
	<b>10. Memoranda of Coverage (MOC)</b> <i>Annually, the Board reviews SCORE's Memorandums of Coverage and approves or makes changes to the current version.</i>	A	1
Pg. 125	<b>a. Liability MOC Approval</b>		
Pg. 132	<b>b. Workers' Compensation MOC Approval</b>		
	<b>11. PRELIMINARY FY 21/22 SCORE Program Budget</b> <i>Annually, the Board reviews and adopts the Program Budget which includes Administrative Operating expenses and expense of retaining risk and risk transfer.</i>		
Pg. 156	<b>a. Administrative Expenses</b>	A	1
Pg. 158	<b>b. Liability Program Funding</b>		
Pg. 165	<b>c. Workers' Compensation Program Funding</b>		
Pg. 171	<b>d. ERMA Funding</b>		
Pg. 172	<b>12. PROPERTY PROGRAM (APIP) CHANGES &amp; OPTIONS</b> <i>The Board will receive an overview of the anticipated changes in coverage for the APIP program for FY 21/22 and options for lower vehicle deductibles.</i>	I	1
Pg. 262	<b>I. GENERAL RISK MANAGEMENT ISSUES</b> <i>This is an opportunity for a member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the member is facing. Please mail a copy of any materials to each member City in advance of the meeting.</i>	I	4
	<b>J. INFORMATION ITEMS</b>	I	1
Pg. 264	1. SCORE Glossary of Terms		
Pg. 274	2. SCORE Resource Contact Guide		
Pg. 283	<b>K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95 **REQUESTING AUTHORITY</b>		



1. **Liability**
  - a. SCGA02015A2 v. City of Yreka\*\*
2. **Workers Compensation**
  - a. SCWA-556100 and SCWA-556174 v. City of Weed\*\*

Pg. 284 L. **REPORT FROM CLOSED SESSION**

I 4

**K. CLOSING COMMENTS**

**L. ADJOURNMENT**

### **UPCOMING MEETING**

***Board of Directors Teleconference Meeting – June 25, 2021***

**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](http://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.*



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item E.**

**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:** The Program Administrator recommends 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* – March 26, 2021
2. US Bank Custodial Account Statement –March – May 2021
3. Investment Statements from Chandler Asset Management – March – May 2021
4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments – March 31, 2021
5. Treasurer’s Report as of March 31, 2021
6. Target Solutions Utilization Report Summary – January – May 2021
7. ACI Utilization Report – January – March 2021



**Small Cities Organized Risk Effort (SCORE)  
Board of Directors Meeting Minutes  
March 26, 2021**

**Member Cities Present:**

Mark Sorensen, City of Biggs  
Wes Heathcock, City of Colfax  
Blake Michaelsen, City of Dunsmuir  
Aaron Palmer, City of Live Oak  
Roger Carroll, Town of Loomis  
Kathy LeBlanc, City of Loyalton  
David Dunn, City of Montague  
Muriel Howarth Terrell, City of Mt. Shasta

Lauren Knox, City of Portola  
Kyle Knopp, City of Rio Dell  
John Duckett, City of Shasta Lake  
Heidi Whitlock, City of Susanville  
Jenny Coelho, City of Tulelake  
Emily Coulter, City of Weed  
Rhett Hogan, City of Yreka

**Member Cities Absent:**

City of Etna

City of Isleton

**Consultants & Guests**

Marcus Beverly, Alliant Insurance Services  
Conor Boughy, Alliant Insurance Services  
Michelle Minnick, Alliant Insurance Services  
Dori Zumwalt, Sedgwick  
Jill Petrarca, Sedgwick

Ariel Leonhard, Sedgwick  
Shawn Millar, Sedgwick  
Kevin Wong, Gilbert Associates, Inc.  
Jennifer Zraick, Gilbert Associates, Inc.

**A. CALL TO ORDER**

Mr. Steve Baker called the meeting to order at 10:01 a.m.

**B. ROLL CALL**

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of

**C. APPROVAL OF AGENDA AS POSTED**

*A motion was made to approve the Agenda as posted.*

**MOTION: Lauren Knox**

**SECOND: Roger Carroll**

**MOTION CARRIED  
UNANIMOUSLY**



## **D. PUBLIC COMMENT**

There were no public comments.

## **E. CONSENT CALENDAR**

1. Executive Committee Meeting *Draft* Minutes – January 28, 2021
2. Board of Directors Meeting *Draft* Minutes – January 29, 2021
3. US Bank Custodial Account Statement – January – February 2021
4. SCORE Checking Register – January – February 28, 2021
5. Investment Statements from Chandler Asset Management – January – February 2021
6. Target Solutions Utilization Report Summary – January – February 2021
7. PRISM Pollution – Premium Estimate V3 – March 2021
8. FY 21/22 SCORE Service Calendar – Draft Approved by BOD on January 29, 2021
9. Loss Control Fund Program Usage by member as of March 18, 2021

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

**MOTION: Kathy LeBlanc**

**SECOND: Blake Michaelsen**

**MOTION CARRIED  
UNANIMOUSLY**

## **F. ADMINISTRATIVE REPORTS**

### **F1. President's Report**

Mr. Wes Colfax had no issues to report for SCORE.

### **F.2.A. CJPRMA Update**

Mr. Roger Carroll noted the indications for the insurance rates re-insurance is looking at 40% increase and Marcus will discuss later as it affects the SCORE pool.

### **F.2.B. ERMA Update**

John Duckett provided the Board of Directors with a brief update of the February ERMA Meeting and noted that there was some staffing updates as ERMA is recruiting due to a retirement pending in September. He reminded members of Resolution 2021-3 which requires members to provide proof of compliance of training mandated by state law and noted that 90% of all employees and elected officials is considered substantial compliance. Another agency did not timely report a claim and so their SIR was increased by 25% so be aware if you are a member of ERMA report within 30 days in order to ensure coverage with ERMA.

### **F.2.C. LAWCX Update**

Marcus Beverly provided the Board of Directors with an update of LAWCX matters and hot topic of Remote Workers – he noted that if the employment contract is entered into in California then they would still be covered by California Workers' Compensation or the Workers' Compensation of the state where the injury occurred.

**F.3. Alliant Update**

- a. **Form 700**
- b. **SCORE Website ADA Compliance**

Michelle Minnick provided the Board with a reminder to complete the Annual Form 700 by the deadline of April 1, 2021. Members were encouraged to complete before then to avoid any potential fine for not filing timely. Marcus Beverly noted that we are in the process of updating the current SCORE Website to include ADA compliance updates and we will keep the Board informed as updates are rolled out.

**G. FINANCIAL**

**G.1.a. Actuarial Studies – Liability**

Mike Harrington provided a review of the Liability Actuarial Study and noted that SCORE currently funds at the 75% Confidence Level (CL), \$500,000 SIR, 1.5 Discount Level rate.

- Combined rates have decreased 9% (from \$3.48 last year to \$3.167 this year)
- Outstanding Liabilities in the Banking Layer have increased from \$277,000 is \$307,000
- Outstanding Liabilities in the Shared Layer have decreased from \$1,400,000 to \$1,384,000

28:34

**G.1.b. Actuarial Studies – Workers’ Compensation**

Michael Harrington provided a review of the Workers’ Compensation Actuarial Study and noted that SCORE funds at the 80% Confidence Level (CL), 1.5 Discount Level rate.

- Combined rates have decreased 5.3% (from \$6.74 to \$6.39 this year)
- Outstanding Liabilities in the Banking Layer rates have decreased from \$1.91 to \$1.794
- Outstanding Liabilities in the Shared Layer rates have decreased from \$4.83 to \$4.592

*A motion was made to accept and request a final report for both the Liability and Workers’ Compensation Programs.*

**MOTION: Roger Carroll**

**SECOND: John Duckett**

**MOTION CARRIED  
UNANIMOUSLY**

**G.2. Quarterly Financial Report – Period Ended December 31, 2020**

Kevin Wong presented a summary of the Quarterly Financial Report for the Period Ended December 31, 2020. It was noted that revenues are slightly higher than budgeted while total expenses are slightly under budget, resulting in a Net Position of \$9.5M.

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

**MOTION: John Duckett**

**SECOND: Blake Michaelsen**

**MOTION CARRIED  
UNANIMOUSLY**



## **LUNCH PRESENTATION – ALLIANT PROPERTY INSURANCE PROGRAM**

Marcus Beverly provided the Board with a review of the coverage provided by the APIP Property Program. Members were encouraged to review their current property schedule and consider if they have set appropriate limits for Business Interruption, Rental Interruption and/or Tax Interruption.

### **H. JPA BUSINESS**

#### **H.1. SCORE Liability Claims Audit**

Marcus Beverly provided a review of the Liability Claims Audit and noted that we received a Liability Audit with no recommendations and indicated the overall performance meeting or exceeds industry standards.

*A motion was made to accept and file the report.*

**MOTION: Kathy LeBlanc**

**SECOND: Jenny Coelho**

**MOTION CARRIED  
UNANIMOUSLY**

#### **H.2. SCORE Resolution 21-02 – Delegation of Treasurer Responsibilities**

Marcus Beverly provided a brief review of the SCORE Resolution and reminded members that we review this annually to keep our banking institutions apprised of any changes.

*A motion was made to accept and file the Resolution as presented.*

**MOTION: Blake Michaelsen**

**SECOND: Lauren Knox**

**MOTION CARRIED  
UNANIMOUSLY**

#### **H.3.a. FY 21/22 Funding Rates – Liability Program**

Marcus Beverly noted that the Program Administration is recommending staying at the 75% CL and to remain at the \$500k SIR. He also noted the proposed funding at 75% CL, \$750,000 SIR, 1.5 Discount Level rates and noted the combined rates have decreased 8.3% (from \$3.48 last year to \$3.19 this year). Program Administration was provided with direction to maintain the 75% CL and remain at \$500k and request the final budget numbers to be presented at the June Meeting.

#### **H.3.a. FY 21/22 Funding Rates – Workers' Compensation Program**

Marcus Beverly noted that the Program Administration is recommending staying at the 80% CL and to remain at the \$250,000 SIR. He noted the proposed funding at 80% CL, \$250,000 SIR, 1.5 Discount Level rate and noted that the combined rates have decreased 6.1% (from \$6.84 last year to \$6.42 this year). Program Administration was provided with direction to maintain the 80% CL and remain at \$250k and request the final budget numbers to be presented at the June Meeting.



#### **H.4. FY 21/22 SCORE Preliminary Administration Budget**

Marcus Beverly presented the Board with the preliminary budget and reviewed the changes to the Administrative Budget – he also noted that this is presented as preliminary summary but is subject to change as information from the carriers is released. Program Administration was provided with direction to bring the final Proposed Budget to the next meeting for final approval.

#### **H.5. Loss Control Grant Fund**

Michelle Minnick provided the Board with a review of the current FY 20/21 Loss Control Grant Funds available. Members were encouraged to review the current amount available and consider using the funds now, or, if a larger project is on the horizon to make a request to roll over FY 20/21 funds into FY 21/22.

#### **H.6. SCORE Driving Standards**

Marcus Beverly provided a review of the SCORE Driving Standards and noted the recommended limit of insurance was added to the policy, which shows higher limits (above the state minimum requirements). He reviewed some of the requirements and standards included in the policy including those for volunteers and elected officials and use of private vehicles.

*A motion was made to approve the policy as presented.*

**MOTION: Roger Carroll**

**SECOND: Kathy LeBlanc**

**MOTION CARRIED  
UNANIMOUSLY**

#### **H.6. SCORE Training/Planning Day**

Marcus Beverly noted that we are playing to meet in person for the October 28-29, 2021 Board meeting and members were asked to consider planning and training topics for discussion.

### **I. GENERAL RISK MANAGEMENT ISSUES**

- 1. Shake and Pay**
- 2. Wildfire Legislation**

Marcus Beverly provided a review of Shake and Pay Earthquake Insurance that provides coverage based on policy triggers and if those conditions are met, you will receive a payment even if there is not much damage as a result of the earthquake. Members were encouraged to reach out if they are interested in a quote. John Duckett noted that he will be retiring at the end of May and as he is the current SCORE Secretary, the Board will need to hold a special meeting to nominate and elect a new SCORE Secretary to serve the remainder of a two year term which began July 1, 2020 and concludes July 1, 2022.

### **J. INFORMATION ITEMS**



**J.1. Glossary of Terms**

This was provided as an information item only.

**J.2. FY 20/21 Resource Contact Guide**

This was provided as an information item only.

**K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95  
\*\*REQUESTING AUTHORITY**

**1. Liability**

a. SCGA02085A2 v. City of Dunsmuir\*\*

**2. Workers Compensation**

a. SCWA-556085 v. City of Portola\*\*

b. SCWA-556110 v. City of Yreka\*\*

c. SCWA-386445 v. City of Williams\*\*

**L. REPORT FROM CLOSED SESSION**

The Board returned from closed session at 12:19 P.M. Mr. Beverly reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

**M. CLOSING COMMENTS**

**N. AJOURNMENT**

The meeting was adjourned at 12:21 PM

**NEXT MEETING DATE: June 26, 2021 Teleconference**

Respectfully Submitted,

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John Duckett, Secretary

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Date



**QUESTIONS?**

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

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**Portfolio Manager:**  
TS PRT RC #1 - AUTO  
CN-OH-W6TC

**ACCOUNT NUMBER: 001050986308**  
**SMALL CITIES ORGANIZED RISK EFFORT**

**This statement is for the period from March 1, 2021 to March 31, 2021**

000003565 04 SP 000638774321818 P  
SMALL CITIES ORGANIZED RISK EFFORT  
2180 HARVARD STREET, SUITE 460  
SACRAMENTO, CA 95815-3329



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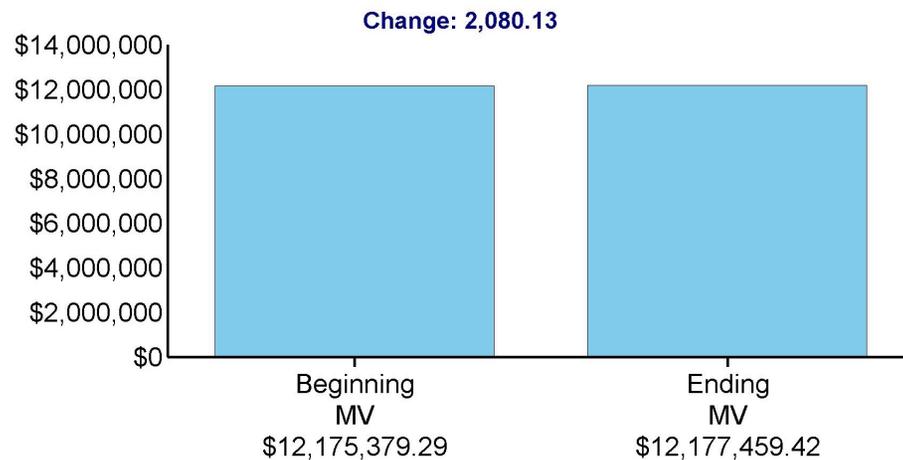


SMALL CITIES ORGANIZED  
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March 1, 2021 to March 31, 2021

**MARKET VALUE SUMMARY**

	<b>Current Period 03/01/21 to 03/31/21</b>
<b>Beginning Market Value</b>	<b>\$12,175,379.29</b>
Taxable Interest	36,162.76
Fees and Expenses	-1,330.37
Long Term Gains/Losses	14,949.16
Change in Investment Value	-47,701.42
<b>Ending Market Value</b>	<b>\$12,177,459.42</b>





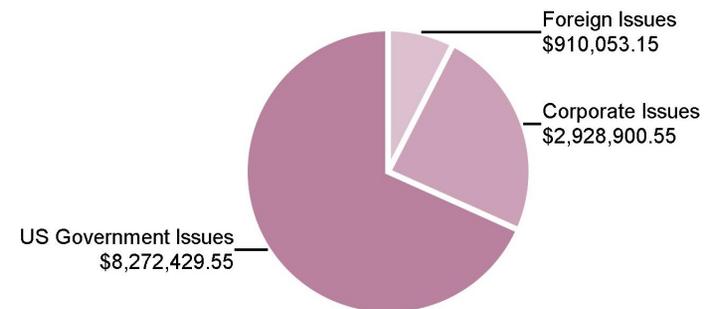
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March 1, 2021 to March 31, 2021

### ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	66,076.17	0.50	3.96
Taxable Bonds	12,111,383.25	99.50	221,758.55
<b>Total Market Value</b>	<b>\$12,177,459.42</b>	<b>100.00</b>	<b>\$221,762.51</b>

### Fixed Income Summary





SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

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March 1, 2021 to March 31, 2021

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**INCOME SUMMARY**

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	<b>Income Received Current Period</b>
Taxable Interest	36,162.76
<b>Total Current Period Income</b>	<b>\$36,162.76</b>



SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

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March 1, 2021 to March 31, 2021

**CASH SUMMARY**

	Principal Cash	Income Cash	Total Cash
<b>Beginning Cash 03/01/2021</b>	<b>-\$1,417,351.60</b>	<b>\$1,417,351.60</b>	<b>\$0.00</b>
Taxable Interest		36,162.76	36,162.76
Fees and Expenses	-1,330.37		-1,330.37
Purchases	-496,796.51		-496,796.51
Sales	507,036.42		507,036.42
Net Money Market Activity	-45,072.30		-45,072.30
<b>Ending Cash 03/31/2021</b>	<b>-\$1,453,514.36</b>	<b>\$1,453,514.36</b>	<b>\$0.00</b>



**QUESTIONS?**

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

KYLE TOLLE  
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**Portfolio Manager:**  
TS PRT RC #1 - AUTO  
CN-OH-W6TC

**ACCOUNT NUMBER: 001050986308**  
**SMALL CITIES ORGANIZED RISK EFFORT**

**This statement is for the period from April 1, 2021 to April 30, 2021**



000001756 04 SP 000638803907985 P  
SMALL CITIES ORGANIZED RISK EFFORT  
2180 HARVARD STREET, SUITE 460  
SACRAMENTO, CA 95815-3329



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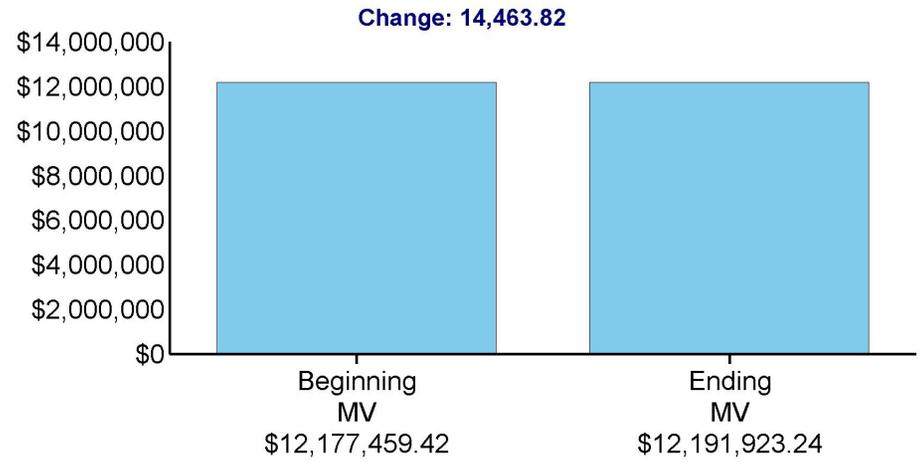


SMALL CITIES ORGANIZED  
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April 1, 2021 to April 30, 2021

**MARKET VALUE SUMMARY**

	<b>Current Period 04/01/21 to 04/30/21</b>
<b>Beginning Market Value</b>	<b>\$12,177,459.42</b>
Taxable Interest	7,176.25
Fees and Expenses	-1,327.14
Long Term Gains/Losses	6,317.51
Change in Investment Value	2,297.20
<b>Ending Market Value</b>	<b>\$12,191,923.24</b>





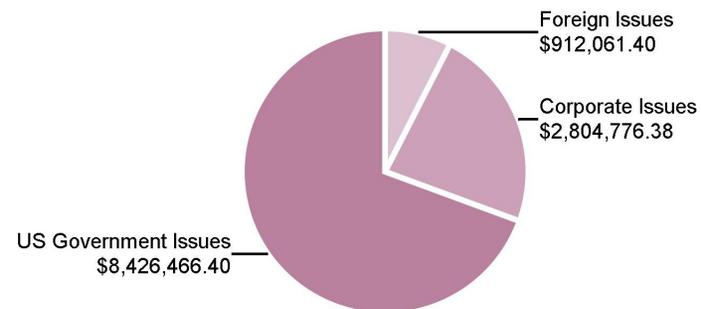
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April 1, 2021 to April 30, 2021

### ASSET SUMMARY

<b>Assets</b>	<b>Current Period Market Value</b>	<b>% of Total</b>	<b>Estimated Annual Income</b>
Cash & Equivalents	48,619.06	0.40	2.91
Taxable Bonds	12,143,304.18	99.60	219,519.48
<b>Total Market Value</b>	<b>\$12,191,923.24</b>	<b>100.00</b>	<b>\$219,522.39</b>

### Fixed Income Summary





SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

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April 1, 2021 to April 30, 2021

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**INCOME SUMMARY**

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	<b>Income Received Current Period</b>
Taxable Interest	7,176.25
<b>Total Current Period Income</b>	<b>\$7,176.25</b>



SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

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April 1, 2021 to April 30, 2021

**CASH SUMMARY**

	Principal Cash	Income Cash	Total Cash
<b>Beginning Cash 04/01/2021</b>	<b>-\$1,453,514.36</b>	<b>\$1,453,514.36</b>	<b>\$0.00</b>
Taxable Interest		7,176.25	7,176.25
Fees and Expenses	-1,327.14		-1,327.14
Purchases	-199,004.51		-199,004.51
Sales	175,698.29		175,698.29
Net Money Market Activity	17,457.11		17,457.11
<b>Ending Cash 04/30/2021</b>	<b>-\$1,460,690.61</b>	<b>\$1,460,690.61</b>	<b>\$0.00</b>





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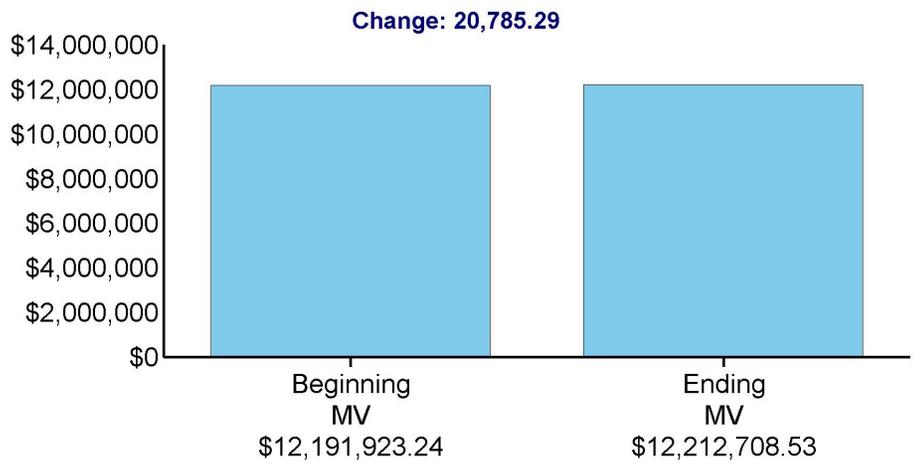


SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

Page 1 of 23  
May 1, 2021 to May 31, 2021

**MARKET VALUE SUMMARY**

	<b>Current Period 05/01/21 to 05/31/21</b>
<b>Beginning Market Value</b>	<b>\$12,191,923.24</b>
Taxable Interest	14,516.65
Fees and Expenses	-1,327.63
Long Term Gains/Losses	1,446.41
Change in Investment Value	6,149.86
<b>Ending Market Value</b>	<b>\$12,212,708.53</b>



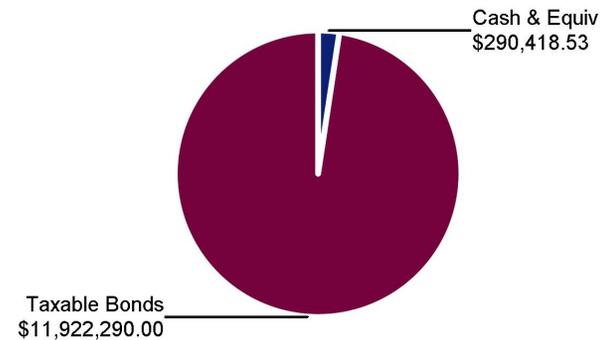


SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

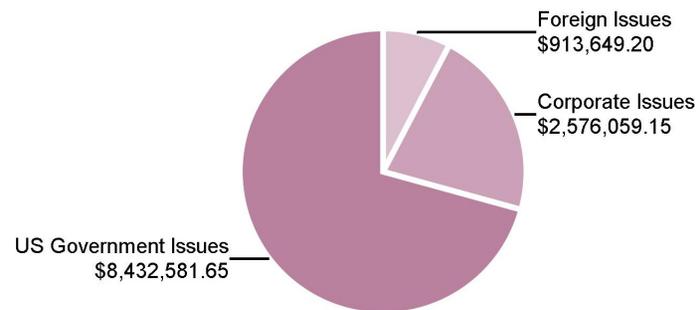
Page 2 of 23  
May 1, 2021 to May 31, 2021

**ASSET SUMMARY**

<b>Assets</b>	<b>Current Period Market Value</b>	<b>% of Total</b>	<b>Estimated Annual Income</b>
Cash & Equivalents	290,418.53	2.40	17.38
Taxable Bonds	11,922,290.00	97.60	212,388.16
<b>Total Market Value</b>	<b>\$12,212,708.53</b>	<b>100.00</b>	<b>\$212,405.54</b>



**Fixed Income Summary**





SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

Page 3 of 23  
May 1, 2021 to May 31, 2021

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**INCOME SUMMARY**

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	<b>Income Received Current Period</b>
Taxable Interest	14,516.65
<b>Total Current Period Income</b>	<b>\$14,516.65</b>



SMALL CITIES ORGANIZED  
ACCOUNT NUMBER: 001050986308

Page 4 of 23  
May 1, 2021 to May 31, 2021

**CASH SUMMARY**

	Principal Cash	Income Cash	Total Cash
<b>Beginning Cash 05/01/2021</b>	<b>-\$1,460,690.61</b>	<b>\$1,460,690.61</b>	<b>\$0.00</b>
Taxable Interest		14,516.65	14,516.65
Fees and Expenses	-1,327.63		-1,327.63
Purchases	-94,861.30		-94,861.30
Sales	323,471.75		323,471.75
Net Money Market Activity	-241,799.47		-241,799.47
<b>Ending Cash 05/31/2021</b>	<b>-\$1,475,207.26</b>	<b>\$1,475,207.26</b>	<b>\$0.00</b>



# Small Cities Organized Risk Effort - Account #590

## MONTHLY ACCOUNT STATEMENT

MARCH 1, 2021 THROUGH MARCH 31, 2021

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto: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	2.63
Average Coupon	1.87%
Average Purchase YTM	1.72%
Average Market YTM	0.48%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.81 yrs
Average Life	2.70 yrs

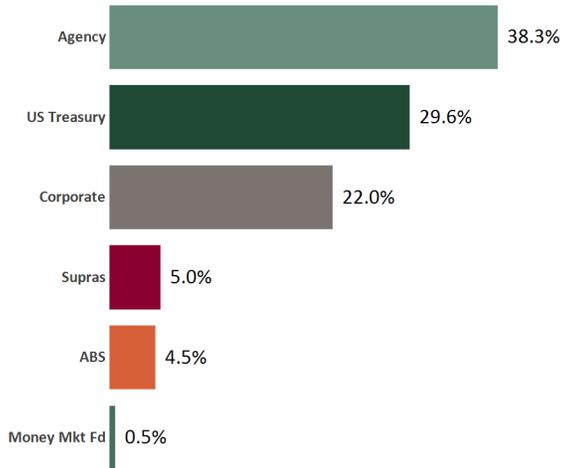
**ACCOUNT SUMMARY**

	Beg. Values as of 2/28/21	End Values as of 3/31/21
Market Value	12,179,011	12,177,471
Accrued Interest	58,641	44,351
<b>Total Market Value</b>	<b>12,237,652</b>	<b>12,221,823</b>
Income Earned	17,440	17,526
Cont/WD		-1,330
Par	11,795,236	11,834,868
Book Value	11,870,358	11,911,302
Cost Value	11,863,602	11,910,290

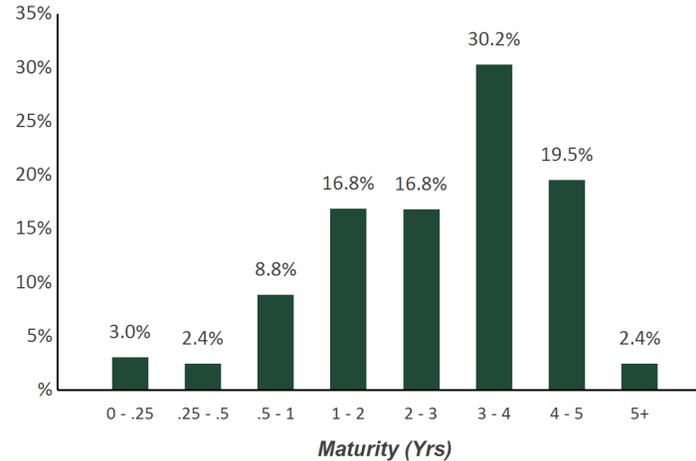
**TOP ISSUERS**

Government of United States	29.6%
Federal National Mortgage Assoc	17.7%
Federal Home Loan Bank	12.7%
Federal Home Loan Mortgage Corp	6.7%
Intl Bank Recon and Development	4.2%
Toyota ABS	1.7%
Apple Inc	1.3%
JP Morgan Chase & Co	1.3%
<b>Total</b>	<b>75.2%</b>

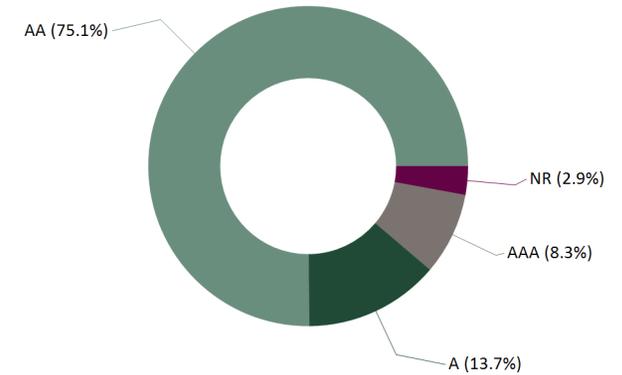
**SECTOR ALLOCATION**



**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	-0.12%	-0.56%	-0.56%	0.99%	3.46%	3.42%	2.13%	1.88%	2.99%
ICE BAML 1-5 Year US Treasury/Agency Index	-0.10%	-0.52%	-0.52%	-0.07%	3.31%	3.25%	1.91%	1.72%	2.76%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	-0.11%	-0.54%	-0.54%	0.49%	3.43%	3.38%	2.03%	1.86%	2.84%

# Statement of Compliance

As of March 31, 2021



## 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; Full faith and credit of the U.S. are pledged for the payment of principal and interest	Complies
Federal Agencies	25% max per Agency/GSE issuer; 20% max callable agency securities; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises.	Complies
Supranationals	"AA" rating category or higher by a Nationally Recognized Statistical Rating Organization ("NRSRO"); 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB)	Complies
Municipal Securities (CA, Local Agency)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Obligations issued by the State of California, any local agency within the state.	Complies
Municipal Securities (CA, Other States)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of the other 49 states, in addition to California.	Complies
Corporate Medium Term Notes	"A" rating category or better by a NRSRO; 30% max; 5% max per issuer; Corporate and depository institution debt securities; Issued only by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Non-Agency Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	AA rating category or better by a NRSRO; 20% max (combined ABS/MBS/CMO); 5% max per issuer; From issuers not defined in Sections 1 (U.S. Treasury) and 2 (Federal Agencies) of the Investment Instrument and Maturities section of the policy	Complies
Agency Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years max maturity; see Federal Agencies also	Complies
Negotiable Certificates of Deposit (NCD)	Any amount above FDIC insured limit must be issued by institutions with "A-1" short-term debt rating or better by a NRSRO; or "A" long-term rating category or better by a NRSRO; 30% max; 5% max per issuer; Issued by a nationally or state-chartered bank, a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or state-licensed branch of a foreign bank.	Complies
Banker's Acceptances	Short-term paper rated in the highest rating category by a NRSRO; 30% max; 5% max per issuer; 180 days max maturity; Issued by domestic or foreign banks	Complies
Commercial Paper	Issued by an entity that meets all of the following conditions in either (a) or (b): a. Securities issued by corporations: (i) organized and operating within the U.S. with assets > \$500 million; (ii) "A-1" rated or better by a NRSRO; (iii) "A" rating or better by a NRSRO, if issuer has debt obligations. b. Securities issued by other entities: (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or better by a NRSRO.	Complies
Money Market Mutual Funds	25% max; 5% max per issuer; 270 days maturity; 10% max of the outstanding paper of the issuing corporation Registered with SEC under Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million;	Complies
Mutual Funds	20% max combined Money Market Mutual Funds and Mutual Funds; 20% max per Money Market Mutual Fund Invest in securities as authorized under CGC, Section 53601 (a) to (k) and (m) to (q) inclusive and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience investing in securities authorized by CGC, Section 53601 and with AUM >\$500 million;	Complies
Local Agency Investment Fund (LAIF)	20% max combined Money Market Mutual Funds and Mutual Funds; 10% max per Mutual Fund	Complies
Repurchase Agreements	Subject to statutory limits imposed by LAIF; Not used by investment adviser	Complies
Prohibited	25% max; 5% max per issuer; 1 year max maturity; 102% Collateralized; Not used by investment adviser	Complies
Max Per Issuer	Futures and options; Inverse floaters; Ranges notes; Mortgage-derived or Interest-only strips; Zero interest accrual securities if held to maturity; Trading securities for the sole purpose of speculating on the future direction of interest rates; Purchasing or selling securities on margin; Reverse repurchase agreements; Securities lending or any other form of borrowing or leverage; Financial instruments of SCORE cities	Complies
Maximum Maturity	5% max per issuer, unless otherwise specified	Complies
	5 years	Complies



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$11,870,357.81</b>
<b>Acquisition</b>		
+ Security Purchases	\$496,796.51	
+ Money Market Fund Purchases	\$414,542.41	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$911,338.92</b>
<b>Dispositions</b>		
- Security Sales	\$327,035.47	
- Money Market Fund Sales	\$371,233.49	
- MMF Withdrawals	\$1,330.37	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$157,654.76	
- Principal Paydowns	\$22,346.19	
<b>Total Dispositions</b>		<b>\$879,600.28</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	(\$1,253.94)	
		(\$1,253.94)
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$10,459.39	
		\$10,459.39
<b>ENDING BOOK VALUE</b>		<b>\$11,911,301.90</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$24,097.62</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$327,035.47	
Accrued Interest Received	\$1,403.30	
Interest Received	\$32,158.26	
Dividend Received	\$0.16	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$157,654.76	
Interest from Calls/Redemption	\$625.00	
Principal Paydown	\$22,346.19	
<b>Total Acquisitions</b>	<b>\$541,223.14</b>	
<b>Dispositions</b>		
Withdrawals	\$1,330.37	
Security Purchase	\$496,796.51	
Accrued Interest Paid	\$1,117.71	
<b>Total Dispositions</b>	<b>\$499,244.59</b>	
<b>ENDING BOOK VALUE</b>		<b>\$66,076.17</b>

# Holdings Report

As of March 31, 2021



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CBT7	US Treasury Note 0.75% Due 3/31/2026	300,000.00	03/30/2021 0.91%	297,597.66 297,598.98	99.09 0.94%	297,257.70 6.15	2.43% (341.28)	Aaa / AA+ AAA	5.00 4.89
<b>Total US Treasury</b>		<b>3,525,000.00</b>	<b>1.63%</b>	<b>3,521,258.24</b> <b>3,529,127.77</b>	<b>0.41%</b>	<b>3,608,591.69</b> <b>10,632.61</b>	<b>29.61%</b> <b>79,463.92</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.77</b> <b>2.71</b>
<b>TOTAL PORTFOLIO</b>		<b>11,834,868.42</b>	<b>1.72%</b>	<b>11,910,289.58</b> <b>11,911,301.90</b>	<b>0.48%</b>	<b>12,177,471.46</b> <b>44,351.45</b>	<b>100.00%</b> <b>266,169.56</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.81</b> <b>2.63</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>12,221,822.91</b>			



# Small Cities Organized Risk Effort - Account #590

## MONTHLY ACCOUNT STATEMENT

APRIL 1, 2021 THROUGH APRIL 30, 2021

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto: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	2.60
Average Coupon	1.85%
Average Purchase YTM	1.68%
Average Market YTM	0.44%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.80 yrs
Average Life	2.67 yrs

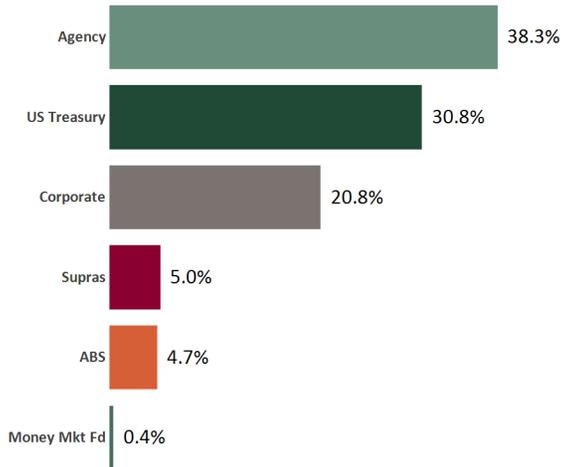
**ACCOUNT SUMMARY**

	Beg. Values as of 3/31/21	End Values as of 4/30/21
Market Value	12,177,471	12,191,916
Accrued Interest	44,351	55,450
<b>Total Market Value</b>	<b>12,221,823</b>	<b>12,247,365</b>
Income Earned	17,526	16,899
Cont/WD		-1,327
Par	11,834,868	11,842,528
Book Value	11,911,302	11,917,307
Cost Value	11,910,290	11,922,456

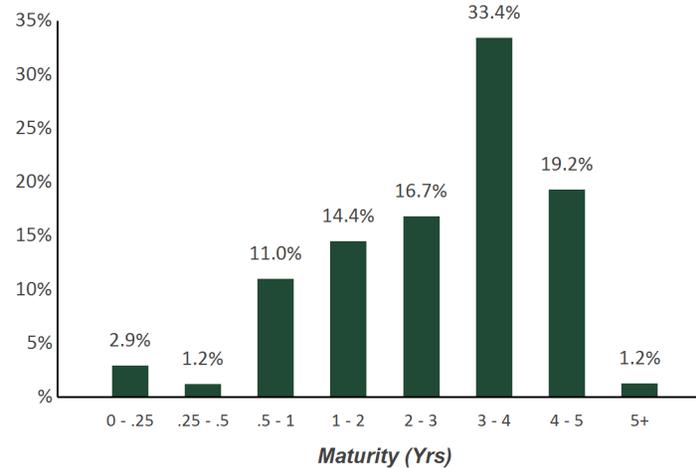
**TOP ISSUERS**

Government of United States	30.8%
Federal National Mortgage Assoc	17.6%
Federal Home Loan Bank	12.7%
Federal Home Loan Mortgage Corp	6.7%
Intl Bank Recon and Development	4.2%
Toyota ABS	1.7%
Apple Inc	1.3%
JP Morgan Chase & Co	1.3%
<b>Total</b>	<b>76.3%</b>

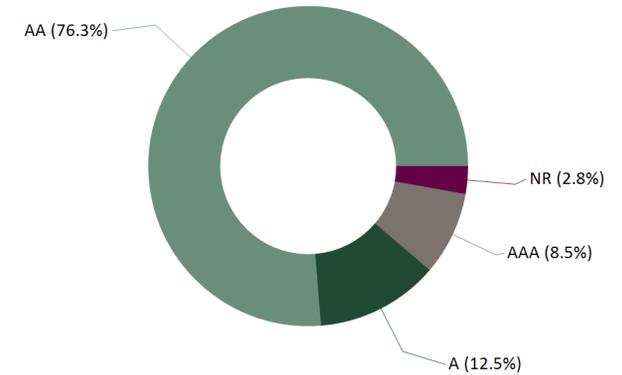
**SECTOR ALLOCATION**



**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	0.22%	-0.29%	-0.34%	0.71%	3.48%	3.58%	2.17%	1.84%	2.99%	
ICE BAML 1-5 Year US Treasury/Agency Index	0.16%	-0.31%	-0.36%	0.00%	3.31%	3.43%	1.94%	1.67%	2.76%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.19%	-0.30%	-0.35%	0.34%	3.44%	3.55%	2.06%	1.81%	2.84%	

# Statement of Compliance

As of April 30, 2021



## 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; Full faith and credit of the U.S. are pledged for the payment of principal and interest	Complies
Federal Agencies	25% max per Agency/GSE issuer; 20% max callable agency securities; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises.	Complies
Supranationals	"AA" rating category or higher by a Nationally Recognized Statistical Rating Organization ("NRSRO"); 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB)	Complies
Municipal Securities (CA, Local Agency)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Obligations issued by the State of California, any local agency within the state.	Complies
Municipal Securities (CA, Other States)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of the other 49 states, in addition to California.	Complies
Corporate Medium Term Notes	"A" rating category or better by a NRSRO; 30% max; 5% max per issuer; Corporate and depository institution debt securities; Issued only by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Non-Agency Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	AA rating category or better by a NRSRO; 20% max (combined ABS/MBS/CMO); 5% max per issuer; From issuers not defined in Sections 1 (U.S. Treasury) and 2 (Federal Agencies) of the Investment Instrument and Maturities section of the policy	Complies
Agency Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years max maturity; see Federal Agencies also	Complies
Negotiable Certificates of Deposit (NCD)	Any amount above FDIC insured limit must be issued by institutions with "A-1" short-term debt rating or better by a NRSRO; or "A" long-term rating category or better by a NRSRO; 30% max; 5% max per issuer; Issued by a nationally or state-chartered bank, a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or state-licensed branch of a foreign bank.	Complies
Banker's Acceptances	Short-term paper rated in the highest rating category by a NRSRO; 30% max; 5% max per issuer; 180 days max maturity; Issued by domestic or foreign banks	Complies
Commercial Paper	Issued by an entity that meets all of the following conditions in either (a) or (b): a. Securities issued by corporations: (i) organized and operating within the U.S. with assets > \$500 million; (ii) "A-1" rated or better by a NRSRO; (iii) "A" rating or better by a NRSRO, if issuer has debt obligations. b. Securities issued by other entities: (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or better by a NRSRO.	Complies
Money Market Mutual Funds	25% max; 5% max per issuer; 270 days maturity; 10% max of the outstanding paper of the issuing corporation Registered with SEC under Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million;	Complies
Mutual Funds	20% max combined Money Market Mutual Funds and Mutual Funds; 20% max per Money Market Mutual Fund Invest in securities as authorized under CGC, Section 53601 (a) to (k) and (m) to (q) inclusive and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience investing in securities authorized by CGC, Section 53601 and with AUM >\$500 million;	Complies
Local Agency Investment Fund (LAIF)	20% max combined Money Market Mutual Funds and Mutual Funds; 10% max per Mutual Fund	Complies
Repurchase Agreements	Subject to statutory limits imposed by LAIF; Not used by investment adviser	Complies
Prohibited	25% max; 5% max per issuer; 1 year max maturity; 102% Collateralized; Not used by investment adviser	Complies
Max Per Issuer	Futures and options; Inverse floaters; Ranges notes; Mortgage-derived or Interest-only strips; Zero interest accrual securities if held to maturity; Trading securities for the sole purpose of speculating on the future direction of interest rates; Purchasing or selling securities on margin; Reverse repurchase agreements; Securities lending or any other form of borrowing or leverage; Financial instruments of SCORE cities	Complies
Maximum Maturity	5% max per issuer, unless otherwise specified	Complies
	5 years	Complies



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$11,911,301.90</b>
<b>Acquisition</b>		
+ Security Purchases	\$199,004.51	
+ Money Market Fund Purchases	\$182,874.54	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$381,879.05</b>
<b>Dispositions</b>		
- Security Sales	\$150,815.20	
- Money Market Fund Sales	\$199,004.51	
- MMF Withdrawals	\$1,327.14	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$24,883.09	
<b>Total Dispositions</b>		<b>\$376,029.94</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	(\$1,375.98)	
		(\$1,375.98)
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$1,532.05	
		\$1,532.05
<b>ENDING BOOK VALUE</b>		<b>\$11,917,307.08</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$66,076.17</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$150,815.20	
Accrued Interest Received	\$237.50	
Interest Received	\$6,938.20	
Dividend Received	\$0.55	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$24,883.09	
<b>Total Acquisitions</b>	<b>\$182,874.54</b>	
<b>Dispositions</b>		
Withdrawals	\$1,327.14	
Security Purchase	\$199,004.51	
Accrued Interest Paid	\$0.00	
<b>Total Dispositions</b>	<b>\$200,331.65</b>	
<b>ENDING BOOK VALUE</b>		<b>\$48,619.06</b>

# Holdings Report

As of April 30, 2021



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	125,000.00	01/27/2021 0.39%	124,882.81 124,888.87	98.11 0.79%	122,641.63 156.68	1.00% (2,247.24)	Aaa / AA+ AAA	4.67 4.61
91282CBT7	US Treasury Note 0.75% Due 3/31/2026	300,000.00	03/30/2021 0.91%	297,597.66 297,638.44	99.56 0.84%	298,687.50 190.57	2.44% 1,049.06	Aaa / AA+ AAA	4.92 4.81
91282CBW0	US Treasury Note 0.75% Due 4/30/2026	150,000.00	04/29/2021 0.89%	149,009.77 149,010.31	99.48 0.86%	149,226.60 3.06	1.22% 216.29	Aaa / AA+ AAA	5.00 4.90
<b>Total US Treasury</b>		<b>3,675,000.00</b>	<b>1.60%</b>	<b>3,670,268.01</b> <b>3,678,205.13</b>	<b>0.38%</b>	<b>3,760,338.39</b> <b>14,345.65</b>	<b>30.82%</b> <b>82,133.26</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.79</b> <b>2.72</b>
<b>TOTAL PORTFOLIO</b>		<b>11,842,528.22</b>	<b>1.68%</b>	<b>11,922,456.20</b> <b>11,917,307.08</b>	<b>0.44%</b>	<b>12,191,915.57</b> <b>55,449.76</b>	<b>100.00%</b> <b>274,608.49</b>	<b>Aa1 / AA+</b> <b>AAA</b>	<b>2.80</b> <b>2.60</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>12,247,365.33</b>			



# Small Cities Organized Risk Effort - Account #590

## MONTHLY ACCOUNT STATEMENT

MAY 1, 2021 THROUGH MAY 31, 2021

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto: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	2.52
Average Coupon	1.79%
Average Purchase YTM	1.62%
Average Market YTM	0.37%
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.73 yrs
Average Life	2.59 yrs

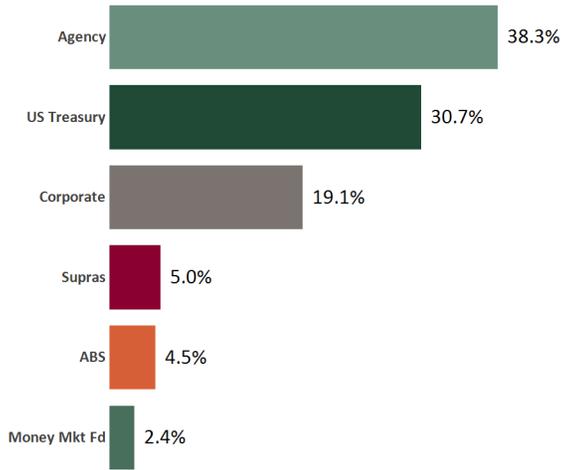
**ACCOUNT SUMMARY**

	Beg. Values as of 4/30/21	End Values as of 5/31/21
Market Value	12,191,916	12,221,005
Accrued Interest	55,450	50,665
<b>Total Market Value</b>	<b>12,247,365</b>	<b>12,271,670</b>
Income Earned	16,899	16,587
Cont/WD		-1,328
Par	11,842,528	11,864,200
Book Value	11,917,307	11,937,351
Cost Value	11,922,456	11,945,435

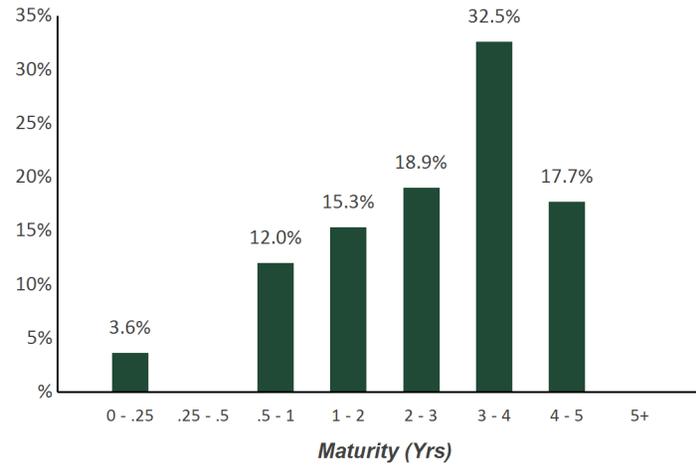
**TOP ISSUERS**

Government of United States	30.7%
Federal National Mortgage Assoc	17.6%
Federal Home Loan Bank	12.7%
Federal Home Loan Mortgage Corp	6.7%
Intl Bank Recon and Development	4.2%
First American Govt Oblig Fund	2.4%
Toyota ABS	1.7%
JP Morgan Chase & Co	1.3%
<b>Total</b>	<b>77.4%</b>

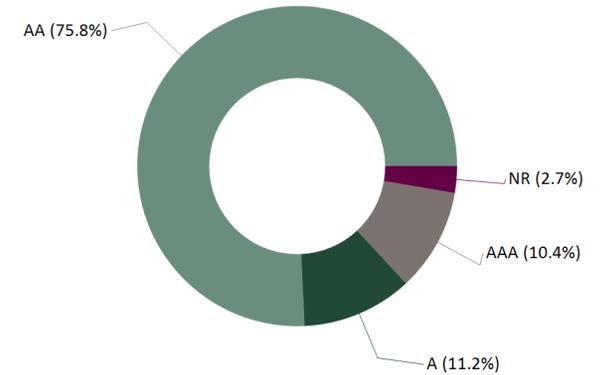
**SECTOR ALLOCATION**



**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	0.21%	0.31%	-0.13%	0.54%	3.14%	3.48%	2.23%	1.81%	2.99%	
ICE BAML 1-5 Year US Treasury/Agency Index	0.17%	0.23%	-0.19%	0.03%	2.89%	3.32%	2.00%	1.62%	2.75%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.18%	0.26%	-0.16%	0.25%	3.04%	3.44%	2.13%	1.76%	2.83%	

# Statement of Compliance

As of May 31, 2021



## 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; Full faith and credit of the U.S. are pledged for the payment of principal and interest	Complies
Federal Agencies	25% max per Agency/GSE issuer; 20% max callable agency securities; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises.	Complies
Supranationals	"AA" rating category or higher by a Nationally Recognized Statistical Rating Organization ("NRSRO"); 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB)	Complies
Municipal Securities (CA, Local Agency)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Obligations issued by the State of California, any local agency within the state.	Complies
Municipal Securities (CA, Other States)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of the other 49 states, in addition to California.	Complies
Corporate Medium Term Notes	"A" rating category or better by a NRSRO; 30% max; 5% max per issuer; Corporate and depository institution debt securities; Issued only by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Non-Agency Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	AA rating category or better by a NRSRO; 20% max (combined ABS/MBS/CMO); 5% max per issuer; From issuers not defined in Sections 1 (U.S. Treasury) and 2 (Federal Agencies) of the Investment Instrument and Maturities section of the policy	Complies
Agency Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years max maturity; see Federal Agencies also	Complies
Negotiable Certificates of Deposit (NCD)	Any amount above FDIC insured limit must be issued by institutions with "A-1" short-term debt rating or better by a NRSRO; or "A" long-term rating category or better by a NRSRO; 30% max; 5% max per issuer; Issued by a nationally or state-chartered bank, a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or state-licensed branch of a foreign bank.	Complies
Banker's Acceptances	Short-term paper rated in the highest rating category by a NRSRO; 30% max; 5% max per issuer; 180 days max maturity; Issued by domestic or foreign banks	Complies
Commercial Paper	Issued by an entity that meets all of the following conditions in either (a) or (b): a. Securities issued by corporations: (i) organized and operating within the U.S. with assets > \$500 million; (ii) "A-1" rated or better by a NRSRO; (iii) "A" rating or better by a NRSRO, if issuer has debt obligations. b. Securities issued by other entities: (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or better by a NRSRO.	Complies
Money Market Mutual Funds	25% max; 5% max per issuer; 270 days maturity; 10% max of the outstanding paper of the issuing corporation Registered with SEC under Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million;	Complies
Mutual Funds	20% max combined Money Market Mutual Funds and Mutual Funds; 20% max per Money Market Mutual Fund Invest in securities as authorized under CGC, Section 53601 (a) to (k) and (m) to (q) inclusive and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience investing in securities authorized by CGC, Section 53601 and with AUM >\$500 million; 20% max combined Money Market Mutual Funds and Mutual Funds; 10% max per Mutual Fund	Complies
Local Agency Investment Fund (LAIF)	Subject to statutory limits imposed by LAIF; Not used by investment adviser	Complies
Repurchase Agreements	25% max; 5% max per issuer; 1 year max maturity; 102% Collateralized; Not used by investment adviser	Complies
Prohibited	Futures and options; Inverse floaters; Ranges notes; Mortgage-derived or Interest-only strips; Zero interest accrual securities if held to maturity; Trading securities for the sole purpose of speculating on the future direction of interest rates; Purchasing or selling securities on margin; Reverse repurchase agreements; Securities lending or any other form of borrowing or leverage; Financial instruments of SCORE cities	Complies
Max Per Issuer	5% max per issuer, unless otherwise specified	Complies
Maximum Maturity	5 years	Complies



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$11,917,307.08</b>
<b>Acquisition</b>		
+ Security Purchases	\$94,861.30	
+ Money Market Fund Purchases	\$346,332.16	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$441,193.46</b>
<b>Dispositions</b>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$94,861.30	
- MMF Withdrawals	\$1,327.63	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$300,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$23,471.75	
<b>Total Dispositions</b>		<b>\$419,660.68</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	(\$1,489.23)	
		(\$1,489.23)
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
<b>ENDING BOOK VALUE</b>		<b>\$11,937,350.63</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$48,619.06</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$22,859.67	
Dividend Received	\$0.74	
Principal on Maturities	\$300,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$23,471.75	
<b>Total Acquisitions</b>	<b>\$346,332.16</b>	
<b>Dispositions</b>		
Withdrawals	\$1,327.63	
Security Purchase	\$94,861.30	
Accrued Interest Paid	\$0.00	
<b>Total Dispositions</b>	<b>\$96,188.93</b>	
<b>ENDING BOOK VALUE</b>		<b>\$298,762.29</b>

# Holdings Report

As of May 31, 2021



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CBT7	US Treasury Note 0.75% Due 3/31/2026	300,000.00	03/30/2021 0.91%	297,597.66 297,679.23	99.93 0.76%	299,789.10 381.15	2.45% 2,109.87	Aaa / AA+ AAA	4.84 4.73
91282CBW0	US Treasury Note 0.75% Due 4/30/2026	150,000.00	04/29/2021 0.89%	149,009.77 149,027.12	99.85 0.78%	149,777.40 97.83	1.22% 750.28	Aaa / AA+ AAA	4.92 4.81
<b>Total US Treasury</b>		<b>3,675,000.00</b>	<b>1.60%</b>	<b>3,670,268.01</b> <b>3,678,291.22</b>	<b>0.34%</b>	<b>3,762,442.45</b> <b>9,018.38</b>	<b>30.73%</b> <b>84,151.23</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.70</b> <b>2.64</b>
<b>TOTAL PORTFOLIO</b>		<b>11,864,199.70</b>	<b>1.62%</b>	<b>11,945,435.39</b> <b>11,937,350.63</b>	<b>0.37%</b>	<b>12,221,005.17</b> <b>50,665.25</b>	<b>100.00%</b> <b>283,654.54</b>	<b>Aa1 / AA+</b> <b>AAA</b>	<b>2.73</b> <b>2.52</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>12,271,670.42</b>			



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 04/15/2021, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2021.

Earnings Ratio		.00001214175683392
Interest Rate		0.44%
Dollar Day Total	\$	382,794,205.12
Quarter End Principal Balance	\$	4,254,232.32
Quarterly Interest Earned	\$	4,647.79



Small Cities Organized Risk Effort  
A Joint Powers Authority

**SCORE TREASURER INVESTMENT REPORT  
FOR THE QUARTER ENDING MARCH 31, 2021**

	<b>MARKET VALUE</b>
<b>CASH:</b>	
(1) Mechanics Bank Checking	\$ 552,271.13
(2) Local Agency Inv Fund (LAIF)	\$4,254,232.32
<b>TOTAL CASH</b>	<b>\$4,806,503.45</b>
 <b>INVESTMENTS (Unrestricted):</b>	
(3) Chandler Investments (see attached)	
Account no. 590	\$12,177,471.46
<b>TOTAL UNRESTRICTED INVESTMENTS</b>	<b>\$12,177,471.46</b>
 <b>TOTAL CASH AND INVESTMENTS</b>	 <b>\$16,983,974.91</b>

- (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, 2021 0.44%
- (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

*5/19/2021*  
\_\_\_\_\_  
Date

# Holdings Report

As of March 31, 2021



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CBT7	US Treasury Note 0.75% Due 3/31/2026	300,000.00	03/30/2021 0.91%	297,597.66 297,598.98	99.09 0.94%	297,257.70 6.15	2.43% (341.28)	Aaa / AA+ AAA	5.00 4.89
<b>Total US Treasury</b>		<b>3,525,000.00</b>	<b>1.63%</b>	<b>3,521,258.24</b> <b>3,529,127.77</b>	<b>0.41%</b>	<b>3,608,591.69</b> <b>10,632.61</b>	<b>29.61%</b> <b>79,463.92</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.77</b> <b>2.71</b>
<b>TOTAL PORTFOLIO</b>		<b>11,834,868.42</b>	<b>1.72%</b>	<b>11,910,289.58</b> <b>11,911,301.90</b>	<b>0.48%</b>	<b>12,177,471.46</b> <b>44,351.45</b>	<b>100.00%</b> <b>266,169.56</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.81</b> <b>2.63</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>12,221,822.91</b>			

## SCORE – TargetSolutions Utilization Report Summary

	This Year	Last Year
	1/1/2021 – 5/31/2021	1/1/2020 – 5/31/2020
Active Entities	12	11
# of Potential Active Entities	19	19
% Entities Active	63.2%	57.9%
Total Active/Offline Users	684	539
Registered Users	455	365
% Users Active	66.5%	67.7%
Users Completing One or More Course	84	76
Courses Completed - Total	389	259
Users Completing One or More Custom Activities	0	4
Custom Activities Completed - Total	1	6

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	13	9	5	0	0
City of Colfax	17	15	3	1	0	0
City of Dunsmuir	44	32	136	9	0	0
City of Etna	47	36	22	4	0	0
City of Isleton	5	3	2	1	0	0
City of Live Oak	37	17	0	0	0	0
City of Loyalton	1	1	0	0	0	0
City of Montague	28	14	1	1	0	0
City of Mount Shasta	117	93	122	38	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	35	19	19	3	0	0
City of Susanville	26	16	0	0	0	0
City of Tulelake	22	3	0	0	0	0
City of Weed	36	17	10	4	0	0
City of Yreka	92	77	2	2	1	1
SCORE	7	7	0	0	0	0
Susanville Fire Department	38	20	39	8	0	0
Town of Loomis	25	24	2	2	0	0
Weed City Fire	46	30	22	6	0	0
<b>TOTAL</b>	<b>684</b>	<b>455</b>	<b>389</b>	<b>84</b>	<b>1</b>	<b>1</b>

## Employee Assistance Program Utilization Report Utilization Summary and Analysis



### SCORE

January 1, 2021 - March 31, 2021

Projected Annual Utilization Rate:

**2.6%**

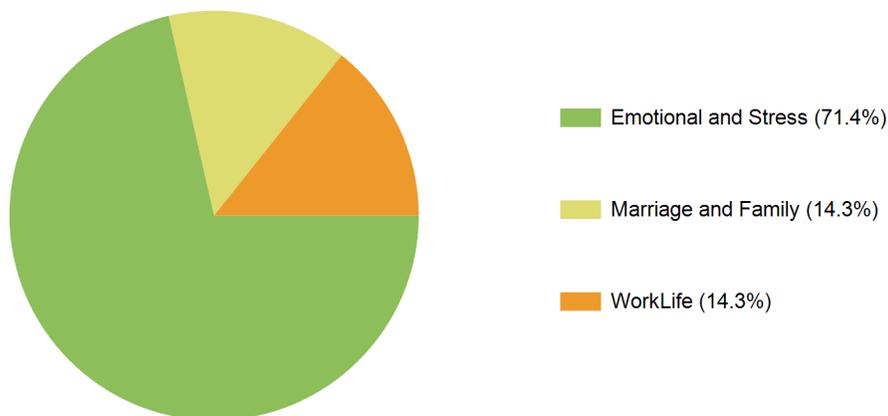
#### Overall Utilization

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There were 7 cases. 1 was referred by Email, 3 were referred by Human Resources, 2 were referred by Poster / Brochure, 1 had Used Before.

The presenting problems were: Emotional, Legal, Marital / Relationship and Work Stress.

7 cases were self-initiated.



**Formal Management Referrals**

---

The Formal Management Referral process is a powerful yet easy-to-use tool for managers to address employee behavior concerns. Examples of workplace issues that can be resolved through this process include: difficulty working with others, anger management, substance abuse, loss of productivity, absenteeism, and more.

Number of Formal Referrals: 0

**Utilization Hours**

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Clinical Assessment	8.00
Work/Life & Concierge	5.00
Supervisor, Management and Outside Consultants	18.00
<b>Total Program Hours this Period:</b>	<b>31.00</b>

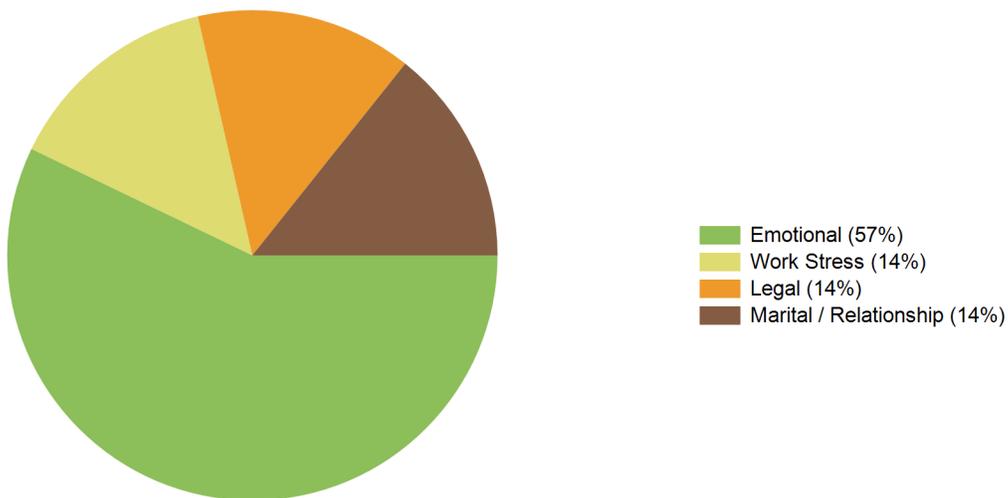
1/1/2021 - 3/31/2021

## Employee Assistance Program Utilization Report

## Primary Issue for Assessment

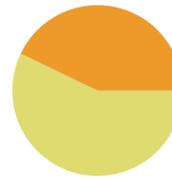
Primary Issue	New	Previous Quarter	Year To Date
Emotional	4	1	4
Family / Child	0	1	0
Legal	1	2	1
Marital / Relationship	1	0	1
Work Stress	1	0	1

### New Issues this Quarter



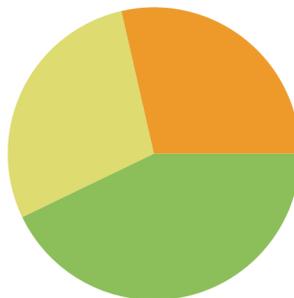
### Demographic Data

Gender	New	Previous Quarter	Year To Date
Decline to State	0	0	0
Female	4	2	4
Male	3	2	3



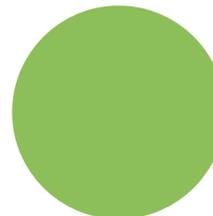
- Decline to State (0%)
- Female (57%)
- Male (43%)

Age Range	New	Previous Quarter	Year To Date
0-9	0	0	0
10-19	0	0	0
20-29	2	0	2
30-39	2	2	2
40-49	3	2	3
50-59	0	0	0
60-69	0	0	0
70-79	0	0	0
80-89	0	0	0
90-99	0	0	0



- 40-49 (43%)
- 20-29 (29%)
- 30-39 (29%)

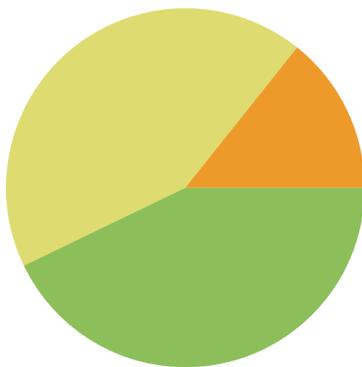
Who is Initiating Contact with ACI	New	Previous Quarter	Year To Date
Self	7	4	7
Family Member	0	0	0



- Self (100%)
- Family Member (0%)

## Employment Data

Years Employed	New	Previous Quarter	Year To Date
< 6 Months	3	0	3
< 1 Year	0	2	0
1 - 5 Years	3	2	3
6 - 10 Years	1	0	1
11 - 15 Years	0	0	0
16 - 20 Years	0	0	0
20+ Years	0	0	0

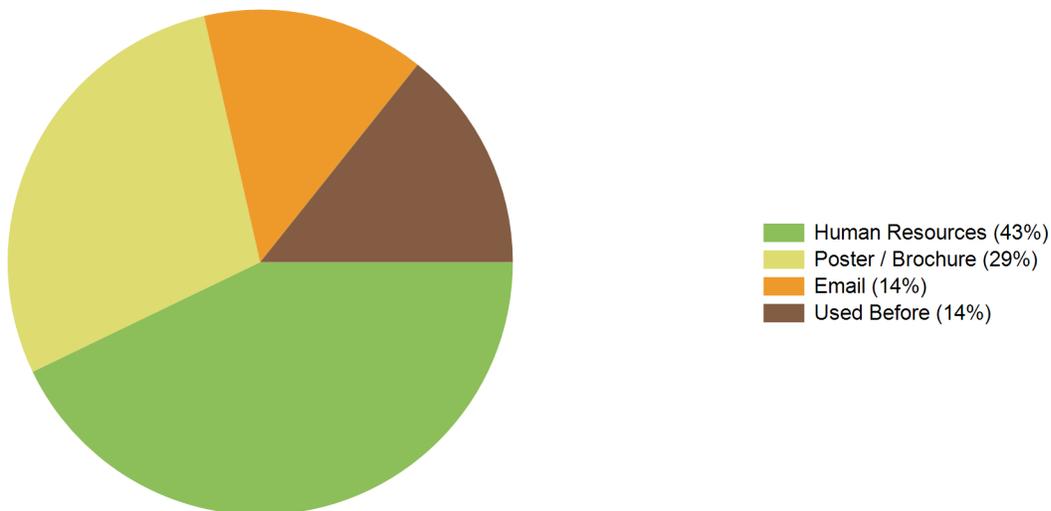


1/1/2021 - 3/31/2021

## Employee Assistance Program Utilization Report

## Referral Source

Referral Source	New	Previous Quarter	Year To Date
Supervisor - Formal	0	0	0
Supervisor - Informal	0	0	0
Other Employee	0	0	0
Family Member	0	0	0
Human Resources	3	0	3
Orientation / Training	0	0	0
Poster / Brochure	2	0	2
Health Fair	0	0	0
Intranet	0	0	0
Email	1	0	1
Website	0	0	0
Used Before	1	4	1
Onsite Event	0	0	0





**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item G.1.**

**QUARTERLY FINANCIALS FOR QE MARCH 31, 2021**

**ACTION ITEM**

**ISSUE:** The Board of Directors receives a quarterly report on the financial status of SCORE. Gilbert Associates will present SCORE's Financials for Quarter ending March 31, 2021 to the Board of Directors for their review.

**RECOMMENDATION:** Receive and file the Quarterly Financials as presented.

**FISCAL IMPACT:** None.

**BACKGROUND:** The Board of Directors reviews the quarterly financials for accuracy and refers questions for follow-up, or receives and files the report as presented.

**ATTACHMENT(S):** Quarterly Financial Reports as of March 31, 2021

**Small Cities Organied Risk Effort**  
**Statement of Net Position**  
**As of March 31, 2021 and March 31, 2020**

	<b>Mar 31, '21</b>	<b>Mar 31, '20</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
Mechanics Bank - General	\$ 552,271.13	\$ 360,932.62
Mechanics Bank Claims Accounts		
Mechanics Bank - Liability	28,869.81	31,779.43
Mechanics Bank - Workers' Comp	39,609.56	47,371.65
<b>LAIF</b>	<b>4,254,232.32</b>	<b>2,718,632.00</b>
Petty Cash		
<b>Total Checking/Savings</b>	<b>4,874,982.82</b>	<b>3,158,715.70</b>
<b>Other Current Assets</b>		
Chandler Investments		
Chandler - Investments	1,643,336.63	1,357,857.40
Chandler - Unrealized Gain (Loss)	25,294.16	4,799.09
US Bank	66,076.17	41,953.83
<b>Total Chandler - Investment Account</b>	<b>1,734,706.96</b>	<b>1,404,610.32</b>
Due from Members - Adj Premiums	-	-
Interest Receivable	48,999.24	61,490.68
Member Accounts Receivable	250,251.64	184,413.10
Claim Recovery Receivable	404,914.43	521,835.35
Prepaid Insurance	389,328.74	315,723.91
Prepaid Administration	68,460.50	67,243.25
Prepaid Expenses	23,647.27	22,733.52
<b>Total Other Current Assets</b>	<b>2,920,308.78</b>	<b>2,578,050.13</b>
<b>Total Current Assets</b>	<b>7,795,291.60</b>	<b>5,736,765.83</b>
<b>Noncurrent Assets</b>		
Chandler Investments		
Chandler - Investments	10,200,876.78	10,253,105.09
Chandler - Unrealized Gain (Loss)	241,887.72	412,539.16
<b>Total Chandler - Investment Account</b>	<b>10,442,764.50</b>	<b>10,665,644.25</b>
<b>TOTAL ASSETS</b>	<b>\$ 18,238,056.10</b>	<b>\$ 16,402,410.08</b>

**Small Cities Organied Risk Effort**  
**Statement of Net Position**  
**As of March 31, 2021 and March 31, 2020**

	<b>Mar 31, '21</b>	<b>Mar 31, '20</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	6,019.56	31,276.60
LAWCX	12,959.00	12,959.00
Deferred Income	555,382.32	501,160.31
Dividend Payable to Members	5,835.00	5,835.00
<b>Claims Reserves - Current</b>		
Claims Reserves - W/C	862,789.00	851,458.00
Claims Reserves - Liability	587,039.00	587,039.00
<b>Total Claims Payable - Current</b>	<b>1,449,828.00</b>	<b>1,438,497.00</b>
<b>IBNR - Current</b>		
IBNR Reserves - W/C	-	-
IBNR Reserves - Liability	-	-
<b>Total IBNR</b>	<b>-</b>	<b>-</b>
<b>Total Current Liabilities</b>	<b>2,030,023.88</b>	<b>1,989,727.91</b>
<b>Long Term Liabilities</b>		
LAWCX	90,716.00	103,675.00
<b>Claims Reserves - Non-Current</b>		
Claims Reserves - W/C	1,186,013.59	1,129,602.09
Claims Reserves - Liability	357,200.15	85,994.88
<b>Total Claims Payable - Non-Current</b>	<b>1,543,213.74</b>	<b>1,215,596.97</b>
<b>IBNR</b>		
IBNR Reserves - W/C	3,474,574.71	2,716,131.16
IBNR Reserves - Liability	1,146,252.81	818,611.35
<b>Total IBNR</b>	<b>4,620,827.52</b>	<b>3,534,742.51</b>
<b>ULAE</b>		
ULAE - W/C	379,000.00	334,000.00
ULAE - Liability	152,000.00	108,000.00
<b>Total ULAE</b>	<b>531,000.00</b>	<b>442,000.00</b>
<b>Total Long Term Liabilities</b>	<b>6,785,757.26</b>	<b>5,296,014.48</b>
<b>Total Liabilities</b>	<b>8,815,781.14</b>	<b>7,285,742.39</b>
<b>NET POSITION</b>		
<b>Net Position - Workers' Compensation</b>		
Board Designated - W/C	1,250,000.00	1,250,000.00
Workers' Compensation Banking Layer	1,398,114.34	1,056,980.50
<b>Net Position - Liability</b>		
Board Designated - Liability	2,500,000.00	2,500,000.00
Liability Banking Layer	1,116,803.81	1,255,772.35
<b>Undesignated Net Position</b>		
Unrestricted	2,796,285.23	2,443,489.51
Net Revenues Over (Under) Expenditures	361,071.58	610,425.33
<b>Total Net Position</b>	<b>\$ 9,422,274.96</b>	<b>\$ 9,116,667.69</b>

**Small Cities Organized Risk Effort**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Quarter and Year to Date Ended March 31, 2021 and March 31, 2020**

	<u>Jan '21 - Mar '21</u>	<u>Jul '20 - Mar '21</u>	<u>Jul '19 - Mar '20</u>
<b>Ordinary Revenue</b>			
<b>Revenue</b>			
Member Contributions	\$ 1,234,171.70	\$ 3,792,840.53	\$ 3,401,267.90
Member Assessment/Refunds	25,589.00	25,589.00	22,460.66
Bank/LAIF Interest	4,663.97	16,649.40	39,282.96
Managed Portfolio	56,043.41	173,316.54	183,928.24
Miscellaneous Income	2,175.62	5,648.28	-
<b>Total Operating Revenue</b>	<u>1,322,643.70</u>	<u>4,014,043.75</u>	<u>3,646,939.76</u>
<b>Operating Expenses</b>			
<b>General and Administrative Expenses</b>			
Bank Service Charges	-	70.00	94.52
Accreditation Fee	-	-	4,750.00
Cash Over/Short	-	-	-
Conference	-	-	-
Dues & Subscriptions	-	1,500.00	-
ID Fraud Coverage	877.37	2,632.11	2,750.04
Insurance - EE Dishonesty & Bonds	288.75	866.25	825.00
Meeting Expense	2,000.00	3,420.70	15,086.73
Member Conference Reimbursement	-	-	623.64
Miscellaneous Expenses	-	1,100.00	-
Office Supplies	-	-	-
Safety Services	28,246.80	80,746.80	78,750.00
Safety Training	13,676.21	40,609.36	39,468.78
Treasury Services (Fort Jones)	-	-	-
User Funding Assessment (WC)	1,000.00	24,205.32	32,360.00
<b>Total Administration</b>	<u>46,089.13</u>	<u>155,150.54</u>	<u>174,708.71</u>
<b>Board Meeting/Travel</b>			
<b>Consulting Services</b>			
Accounting Services	15,206.66	45,660.52	44,051.37
Actuarial Study	11,420.00	11,420.00	11,140.00
Administration Costs	68,460.50	205,381.50	201,354.75
Appraisal Services	-	-	-
Audit Services			
Claims Audit	3,250.00	3,250.00	7,600.00
Audit - Financial	3,720.00	21,220.00	22,100.00
<b>Total Audit Services</b>	<u>6,970.00</u>	<u>24,470.00</u>	<u>29,700.00</u>
Claims Services			
Claims Management -WC	25,888.74	77,666.22	76,897.44
Claims Management - Liability	20,288.01	60,864.03	76,079.97
Consulting Services	-	-	-
TPA - Annual Fees	-	-	-
<b>Total Claims Services</b>	<u>46,176.75</u>	<u>138,530.25</u>	<u>152,977.41</u>
Contract Services			
Investment Fees	3,996.41	11,886.53	11,517.68
Legal	-	480.00	2,504.44
<b>Total Consulting Services</b>	<u>152,230.32</u>	<u>437,828.80</u>	<u>453,245.65</u>
<b>Total General and Administrative Expenses</b>	<u>198,319.45</u>	<u>592,979.34</u>	<u>627,954.36</u>
<b>Insurance Expenses</b>			
Workers' Compensation	90,415.25	271,245.75	249,827.25
Combined GL/AL Excess	73,503.25	220,509.75	160,582.50
Property Coverage	186,036.48	558,109.44	458,137.32
Insurance Premiums	37,069.75	110,057.25	79,776.75
<b>Total Insurance Expenses</b>	<u>387,024.73</u>	<u>1,159,922.19</u>	<u>948,323.82</u>
<b>Claims Expenses</b>			
Claims Payments			
Claim Payments - WC	101,172.07	350,600.63	503,755.75
Claim Payments - Liability	103,758.76	169,481.69	126,245.30
<b>Total Claim Payments</b>	<u>204,930.83</u>	<u>520,082.32</u>	<u>630,001.05</u>
<b>Changes in Claims Liabilities</b>			
Change in Reserves	81,474.33	266,177.91	376,781.39

**Small Cities Organied Risk Effort**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Quarter and Year to Date Ended March 31, 2021 and March 31, 2020**

	<u>Jan '21 - Mar '21</u>	<u>Jul '20 - Mar '21</u>	<u>Jul '19 -Mar '20</u>
Changes in IBNR	269,873.05	734,973.84	262,379.32
Changes in ULAE	22,000.00	64,000.00	51,000.00
<b>Total Change in Claims Liabilities</b>	<u>373,347.38</u>	<u>1,065,151.75</u>	<u>690,160.71</u>
Total Claims Expenses	<u>578,278.21</u>	<u>1,585,234.07</u>	<u>1,320,161.76</u>
Grant Fund Program	33,178.29	57,622.06	18,945.07
Dividends	74,045.00	74,045.00	424,215.00
General Contingency	-	-	-
<b>Total Expenses</b>	<u>1,270,845.68</u>	<u>3,469,802.66</u>	<u>3,339,600.01</u>
Net Operating Revenue	51,798.02	544,241.09	307,339.75
Other Revenue (Expense)			
ERMA Dividend Exp	-	-	-
Investment Gain/Loss	(124,155.94)	(183,169.51)	303,085.58
<b>Net Revenue Over (Under) Expenses</b>	<u>\$ (72,357.92)</u>	<u>\$ 361,071.58</u>	<u>\$ 610,425.33</u>
<b>Net Position, Beginning</b>		<u>\$ 9,061,203.38</u>	<u>\$ 8,506,242.36</u>
<b>Net Position Ending</b>		<u>\$ 9,422,274.96</u>	<u>\$ 9,116,667.69</u>

Small Cities Organized Risk Effort  
Combining Statement of Net Position  
As Of March 31, 2021

<b>ASSETS</b>	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Total</u>
Current Assets				
Cash & Equivalents	2,349,589	2,582,466	9,004	4,941,059
Accrued Interest	23,337	25,571	91	48,999
Contributions Receivable	205,275	15,611	29,366	250,252
Investments	794,738	870,809	3,083	1,668,631
Other Receivable	31,192	373,722	-	404,914
Prepaid Assets	109,546	145,315	226,576	481,437
Total Current Assets	<u>3,513,677</u>	<u>4,013,494</u>	<u>268,120</u>	<u>7,795,291</u>
Noncurrent Assets				
Investments	4,973,696	5,449,772	19,296	10,442,764
Total Noncurrent Assets	<u>4,973,696</u>	<u>5,449,772</u>	<u>19,296</u>	<u>10,442,764</u>
Total Assets	8,487,373	9,463,266	287,416	18,238,056
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	1,746	17,113	120	18,979
Dividend Payable	5,835	-	-	5,835
Deferred Revenue	335,813	-	219,569	555,382
Claims Reserves	587,039	862,789	-	1,449,828
Total Current Liabilities	<u>930,433</u>	<u>879,902</u>	<u>219,690</u>	<u>2,030,024</u>
Noncurrent Liabilities				
LAWCX	-	90,716	-	90,716
Unpaid Claims and Claims Adjustments	1,655,453	5,039,588	-	6,695,041
Total Noncurrent Liabilities	<u>1,655,453</u>	<u>5,130,304</u>	<u>-</u>	<u>6,785,757</u>
Total Liabilities	<u>2,585,885</u>	<u>6,010,206</u>	219,690	8,815,781
<b>NET POSITION</b>	<u>5,901,487</u>	<u>3,453,061</u>	67,727	9,422,275

Small Cities Organized Risk Effort  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For The Year To Date Ended March 31, 2021

REVENUES:	Liability	Workers' Compensation	EPLI, EAP, & Property (Other Programs)	Total
Contributions	1,254,763	1,879,369	658,708	3,792,841
Other Income	5,648			5,648
Member Assessments	25,589	-	-	25,589
Other Income	-	-	-	-
Investment Income	90,477	99,489	-	189,966
Miscellaneous Income	-	-	-	-
Total Revenues	<u>1,376,478</u>	<u>1,978,857</u>	<u>658,708</u>	<u>4,014,044</u>
 EXPENSES:				
Operating				
Claims Expense	813,253	771,982	-	1,585,234
Excess Insurance	220,510	271,246	668,167	1,159,922
Program Administration	81,397	123,984	-	205,382
Claims Administration	60,864	77,666	-	138,530
Retro Dividends	-	-	-	-
General and Administrative	157,142	147,581	1,966	306,690
Total operating expenses	<u>1,333,166</u>	<u>1,392,458</u>	<u>670,133</u>	<u>3,395,758</u>
Operating Income (Loss)	43,312	586,399	(11,424)	618,286
Nonoperating Income (Loss)				
ERMA Dividend Exp	-			-
Member Dividends	(74,045)	-		(74,045)
Investment income	(87,240)	(95,929)	-	(183,170)
Net Income (Loss)	(117,974)	490,470	(11,424)	361,072
Beginning Net Position	<u>6,019,461</u>	<u>2,962,591</u>	<u>79,151</u>	<u>9,061,203</u>
Ending Net Position	<u>5,901,487</u>	<u>3,453,061</u>	<u>67,727</u>	<u>9,422,275</u>

**Small Cities Organized Risk Effort**  
**Statement of Revenue, Expenses Budget to Actual**  
**For the Year to Date Ended March 31, 2021**

	Jul '20 - Mar '21	Budget	\$ Over Budget	% of Budget
<b>Ordinary Revenue</b>				
<b>Revenue</b>				
Member Contributions	\$ 3,792,840.53	\$ 3,758,182.50	\$ 34,658.03	100.9%
Bank/LAIF Interest	16,649.40	-	16,649.40	100.0%
Managed Portfolio	173,316.54	-	173,316.54	100.0%
Member Assessments / Refunds	25,589.00	-	25,589.00	100.0%
Miscellaneous Income	5,648.28	-	5,648.28	100.0%
<b>Total Operating Revenue</b>	<b>4,014,043.75</b>	<b>3,758,182.50</b>	<b>255,861.25</b>	<b>106.8%</b>
<b>Operating Expenses</b>				
Accreditation Fee	-	-	-	0.0%
Bank Service Charges	70.00	375.00	(305.00)	18.7%
Conference	-	-	-	0.0%
Contingency Reserve	-	18,750.00	(18,750.00)	0.0%
Dues & Subscriptions	1,500.00	5,437.50	(3,937.50)	27.6%
Insurance	3,498.36	3,416.25	82.11	102.4%
Member Conference Reimbursement	-	14,250.00	(14,250.00)	0.0%
Meeting Expense	3,420.70	23,137.50	(19,716.80)	14.8%
Miscellaneous Expenses	1,100.00	750.00	350.00	146.7%
Office Supplies	-	-	-	0.0%
Safety Services	80,746.80	82,500.00	(1,753.20)	97.9%
Safety Training	40,609.36	41,028.75	(419.39)	99.0%
Treasury Services (Fort Jones)	-	750.00	(750.00)	0.0%
User Funding Assessment (WC)	24,205.32	27,910.50	(3,705.18)	86.7%
<b>Total Administration</b>	<b>155,150.54</b>	<b>218,305.50</b>	<b>(63,154.96)</b>	<b>71.1%</b>
<b>Board Meeting/Travel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Consulting Services</b>				
Accounting Services	45,660.52	45,540.00	120.52	100.3%
Actuarial Study	11,420.00	10,620.00	800.00	107.5%
Administration Costs	205,381.50	194,367.75	11,013.75	105.7%
Appraisal Services	-	-	-	0.0%
Audit Services	-	-	-	0.0%
Claims Audit	3,250.00	2,325.00	925.00	139.8%
Audit - Financial	21,220.00	16,875.00	4,345.00	125.7%
<b>Total Audit Services</b>	<b>24,470.00</b>	<b>19,200.00</b>	<b>5,270.00</b>	<b>127.4%</b>
Bookkeeping Services	-	-	-	0.0%
Claims Services	-	-	-	0.0%
Claims Management -WC	77,666.22	77,666.25	(0.03)	100.0%
Claims Management - Liability	60,864.03	60,864.00	0.03	100.0%
TPA - Annual Fees	-	-	-	0.0%
<b>Total Claims Services</b>	<b>138,530.25</b>	<b>138,530.25</b>	<b>-</b>	<b>100.0%</b>
Contract Services	-	-	-	0.0%
Investment Fees	11,886.53	10,875.00	1,011.53	109.3%
Legal	480.00	5,625.00	(5,145.00)	8.5%
<b>Total Consulting Services</b>	<b>437,828.80</b>	<b>424,758.00</b>	<b>13,070.80</b>	<b>103.1%</b>
<b>Total General and Administrative Expenses</b>	<b>592,979.34</b>	<b>643,063.50</b>	<b>(50,084.16)</b>	<b>92.2%</b>
<b>Insurance Expenses</b>				
Workers' Compensation	271,245.75	271,245.75	-	100.0%
Combined GL/AL Excess	220,509.75	220,509.75	-	100.0%

**Small Cities Organized Risk Effort**  
**Statement of Revenue, Expenses Budget to Actual**  
**For the Year to Date Ended March 31, 2021**

	<u>Jul '20 - Mar '21</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Property Coverage	558,109.44			
Insurance Premiums	110,057.25			
<b>Total Insurance Expenses</b>	<u>1,159,922.19</u>	<u>1,161,073.50</u>	<u>(1,151.31)</u>	<u>99.9%</u>
<b>Claims Expenses</b>				
<b>Claims Payments</b>				
Claim Payments - WC	350,600.63		350,600.63	100.0%
Claim Payments - Liability	169,481.69		169,481.69	100.0%
<b>Total Claim Payments</b>	<u>520,082.32</u>	<u>-</u>	<u>520,082.32</u>	<u>100.0%</u>
<b>Changes in Claims Liabilities</b>				
Change in Reserves	266,177.91	-	266,177.91	100.0%
Changes in IBNR	734,973.84	-	-	100.0%
Changes in ULAE	64,000.00	-	-	100.0%
<b>Total Change in Claims Liabilities</b>	<u>1,065,151.75</u>	<u>-</u>	<u>266,177.91</u>	<u>100.0%</u>
Change in IBNR	-	-	-	0.0%
Change in ULAE	-	-	-	0.0%
<b>Total Claims Expenses</b>	<u>1,585,234.07</u>	<u>-</u>	<u>786,260.23</u>	<u>100.0%</u>
<b>Grant Fund Program</b>	57,622.06	-	57,622.06	100.0%
<b>Dividends</b>	74,045.00	-	74,045.00	100.0%
<b>General Contingency</b>				
<b>Total Expenses</b>	<u>3,469,802.66</u>	<u>1,804,137.00</u>	<u>866,691.82</u>	<u>192.3%</u>
<b>Net Operating Revenue</b>	544,241.09	1,954,045.50	(610,830.57)	
<b>Other Revenue (Expense)</b>				
ERMA Dividend Exp	-	-	-	0.0%
Investment Gain/Loss	(183,169.51)	-	(183,169.51)	100.0%
<b>Net Revenue Over (Under) Expenses</b>	<u>\$ 361,071.58</u>	<u>\$ 1,954,045.50</u>	<u>\$ (794,000.08)</u>	

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Workers' Compensation**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>*Biggs*</u>	<u>Colfax</u>	<u>Crescent City</u>	<u>Dorris</u>	<u>Dunsmuir</u>	<u>*Etna*</u>	<u>*Fort Jones*</u>
<b>Member Contributions</b>							
Banking Layer Work Comp Contributions	5,619.00	\$ 9,743.25	\$ -	\$ -	\$ 12,910.50	\$ 6,681.75	\$ -
Shared Layer Distributions to Banking							
<b>Total Member Contributions</b>	<u>5,619.00</u>	<u>9,743.25</u>	<u>-</u>	<u>-</u>	<u>12,910.50</u>	<u>6,681.75</u>	<u>-</u>
<b>Total Contributions</b>	<u>5,619.00</u>	<u>9,743.25</u>	<u>-</u>	<u>-</u>	<u>12,910.50</u>	<u>6,681.75</u>	<u>-</u>
<b>Claims Cost</b>							
Banking Layer Incurred Expense	-	641.49	-	-	-	-	(1,708.10)
<b>Total Expenses</b>	<u>-</u>	<u>641.49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,708.10)</u>
<b>Net Contributions over Expenses</b>	<u>5,619.00</u>	<u>9,101.76</u>	<u>-</u>	<u>-</u>	<u>12,910.50</u>	<u>6,681.75</u>	<u>1,708.10</u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	55,959.76	63,815.54	28,362.54	4,173.21	26,170.43	32,334.18	1,328.33
<b>Prior Year Assessments</b>							
<b>Current Year Assessments</b>							
<b>Distribution (from)/to Banking</b>							
<b>Shared Layer Offset</b>							
<b>Transfers from (to) Liability Banking Layer</b>							
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u>\$ 61,578.76</u>	<u>\$ 72,917.30</u>	<u>\$ 28,362.54</u>	<u>\$ 4,173.21</u>	<u>\$ 39,080.93</u>	<u>\$ 39,015.93</u>	<u>\$ 3,036.43</u>

\*Mini Cities\*

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Workers' Compensation**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>Ione</u>	<u>Live Oak</u>	<u>Loomis</u>	<u>*Loyalton*</u>	<u>*Montague*</u>	<u>Mt. Shasta</u>	<u>Portola</u>
<b>Member Contributions</b>							
Banking Layer Work Comp Contributions	\$ -	\$ 14,759.25	\$ 12,957.00	\$ 2,157.00	\$ 5,445.00	\$ 30,640.50	\$ 16,615.50
Shared Layer Distributions to Banking							
<b>Total Member Contributions</b>	<u>-</u>	<u>14,759.25</u>	<u>12,957.00</u>	<u>2,157.00</u>	<u>5,445.00</u>	<u>30,640.50</u>	<u>16,615.50</u>
<b>Total Contributions</b>	<u>-</u>	<u>14,759.25</u>	<u>12,957.00</u>	<u>2,157.00</u>	<u>5,445.00</u>	<u>30,640.50</u>	<u>16,615.50</u>
<b>Claims Cost</b>							
Banking Layer Incurred Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977.61</u>	<u>(23,102.28)</u>	<u>297.58</u>
<b>Total Expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977.61</u>	<u>(23,102.28)</u>	<u>297.58</u>
<b>Net Contributions over Expenses</b>	<u>-</u>	<u>14,759.25</u>	<u>12,957.00</u>	<u>2,157.00</u>	<u>4,467.39</u>	<u>53,742.78</u>	<u>16,317.92</u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	24,999.67	132,210.83	77,847.00	15,681.84	(62,431.72)	79,786.84	(37,005.78)
<b>Prior Year Assessments</b>							
Current Year Assessments							8,527.00
Distribution (from)/to Banking							
Shared Layer Offset							
Transfers from (to) Liability Banking Layer							2,898.00
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u>\$ 24,999.67</u>	<u>\$ 146,970.08</u>	<u>\$ 90,804.00</u>	<u>\$ 17,838.84</u>	<u>\$ (57,964.33)</u>	<u>\$ 133,529.62</u>	<u>\$ (9,262.86)</u>

\*Mini Cities\*

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Workers' Compensation**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>Rio Dell</u>	<u>Shasta Lake</u>	<u>Susanville</u>	<u>*Tulelake*</u>	<u>Weed</u>	<u>Williams</u>
<b>Member Contributions</b>						
Banking Layer Work Comp Contributions	\$ 16,791.00	\$ 37,860.00	\$ 69,467.25	\$ 5,647.50	\$ 35,628.75	\$ -
Shared Layer Distributions to Banking						
<b>Total Member Contributions</b>	<u>16,791.00</u>	<u>37,860.00</u>	<u>69,467.25</u>	<u>5,647.50</u>	<u>35,628.75</u>	<u>-</u>
<b>Total Contributions</b>	<u>16,791.00</u>	<u>37,860.00</u>	<u>69,467.25</u>	<u>5,647.50</u>	<u>35,628.75</u>	<u>-</u>
<b>Claims Cost</b>						
Banking Layer Incurred Expense	-	413.79	39,671.56	6,867.42	25,820.87	-
<b>Total Expenses</b>	<u>-</u>	<u>413.79</u>	<u>39,671.56</u>	<u>6,867.42</u>	<u>25,820.87</u>	<u>-</u>
<b>Net Contributions over Expenses</b>	<u><b>16,791.00</b></u>	<u><b>37,446.21</b></u>	<u><b>29,795.69</b></u>	<u><b>(1,219.92)</b></u>	<u><b>9,807.88</b></u>	<u><b>-</b></u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	33,069.91	233,192.76	177,128.36	(9,063.33)	99,310.54	25,000.00
<b>Prior Year Assessments</b>						
<b>Current Year Assessments</b>						
<b>Distribution (from)/to Banking</b>						
<b>Shared Layer Offset</b>						
<b>Transfers from (to) Liability Banking Layer</b>						
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u><b>\$ 49,860.91</b></u>	<u><b>\$ 270,638.97</b></u>	<u><b>\$ 206,924.05</b></u>	<u><b>\$ (10,283.25)</b></u>	<u><b>\$ 109,118.42</b></u>	<u><b>\$ 25,000.00</b></u>

\*Mini Cities\*

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Workers' Compensation**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>Yreka</u>	<u>Total W/C Banking Layer</u>
<b>Member Contributions</b>		
Banking Layer Work Comp Contributions	\$ 85,535.25	\$ 368,458.50
Shared Layer Distributions to Banking		\$ -
<b>Total Member Contributions</b>	<u>85,535.25</u>	<u>368,458.50</u>
<b>Total Contributions</b>	<u>85,535.25</u>	<u>368,458.50</u>
<b>Claims Cost</b>		
Banking Layer Incurred Expense	60,209.38	110,089.32
<b>Total Expenses</b>	<u>60,209.38</u>	<u>110,089.32</u>
<b>Net Contributions over Expenses</b>	<u><b>25,325.87</b></u>	<u><b>258,369.18</b></u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	126,449.25	1,128,320.16
<b>Prior Year Assessments</b>		-
<b>Current Year Assessments</b>		8,527.00
<b>Distribution (from)/to Banking</b>		-
<b>Shared Layer Offset</b>		-
<b>Transfers from (to) Liability Banking Layer</b>		<u>2,898.00</u>
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u><b>\$ 151,775.12</b></u>	<u><b>\$ 1,398,114.34</b></u>

\*Mini Cities\*

Small Cities Organized Risk Effort  
Supplemental Schedule  
Liability  
Banking Layer Equity by Member  
July 1, 2020 through March 31, 2021

	<u>Biggs</u>	<u>Colfax</u>	<u>Crescent City</u>	<u>Dorris</u>	<u>Dunsmuir</u>	<u>Etna</u>
<b>Member Contributions</b>						
Banking Layer Liability Contributions	4,578.75	6,984.00	-	-	13,466.25	4,480.50
Shared Layer Distributions to Banking						
<b>Total Member Contributions</b>	<u>4,578.75</u>	<u>6,984.00</u>	<u>-</u>	<u>-</u>	<u>13,466.25</u>	<u>4,480.50</u>
<b>Total Contributions</b>	<u>4,578.75</u>	<u>6,984.00</u>	<u>-</u>	<u>-</u>	<u>13,466.25</u>	<u>4,480.50</u>
<b>Claims Cost</b>						
Banking Layer Incurred Expense	840.25	(2.00)	-	-	64,510.00	6,008.00
<b>Total Claims Cost</b>	<u>840.25</u>	<u>(2.00)</u>	<u>-</u>	<u>-</u>	<u>64,510.00</u>	<u>6,008.00</u>
<b>Net Contributions over Expenses</b>	<u>3,738.50</u>	<u>6,986.00</u>	<u>-</u>	<u>-</u>	<u>(51,043.75)</u>	<u>(1,527.50)</u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	23,096.40	26,542.66	-	12,500.00	42,731.71	28,559.25
<b>Prior Year Assessments</b>						
<b>Current Year Assessments</b>					1,882.00	
Distributions (from)/to Banking Layer		(1,543.00)				
Distributions (from)/to Banking Layer to LIAB Shared Layer					(3,462.00)	
Distributions (from)/to Banking Layer to WC Shared Layer						(2,314.00)
Transfers from/(to) WC Banking Layer						
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u>\$ 26,834.90</u>	<u>\$ 31,985.66</u>	<u>\$ -</u>	<u>\$ 12,500.00</u>	<u>\$ (9,892.04)</u>	<u>\$ 24,717.75</u>

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Liability**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>Fort Jones</u>	<u>Ione</u>	<u>Isleton</u>	<u>Live Oak</u>	<u>Loomis</u>	<u>Loyalton</u>
<b>Member Contributions</b>						
Banking Layer Liability Contributions	-	-	3,684.00	10,631.25	12,815.25	1,462.50
Shared Layer Distributions to Banking						
<b>Total Member Contributions</b>	<u>-</u>	<u>-</u>	<u>3,684.00</u>	<u>10,631.25</u>	<u>12,815.25</u>	<u>1,462.50</u>
<b>Total Contributions</b>	<u>-</u>	<u>-</u>	<u>3,684.00</u>	<u>10,631.25</u>	<u>12,815.25</u>	<u>1,462.50</u>
<b>Claims Cost</b>						
Banking Layer Incurred Expense	32,909.77	-	1.00	2,302.00	13,674.00	-
<b>Total Claims Cost</b>	<u>32,909.77</u>	<u>-</u>	<u>1.00</u>	<u>2,302.00</u>	<u>13,674.00</u>	<u>-</u>
<b>Net Contributions over Expenses</b>	<u>(32,909.77)</u>	<u>-</u>	<u>3,683.00</u>	<u>8,329.25</u>	<u>(858.75)</u>	<u>1,462.50</u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	(4,745.00)	2,902.00	41,190.35	92,346.65	61,630.49	22,469.50
<b>Prior Year Assessments</b>						
Current Year Assessments	1,186.25		3,039.00			
Distributions (from)/to Banking Layer		(235.00)		(7,482.00)	(4,994.00)	
Distributions (from)/to Banking Layer to LIAB Shared La			(3,337.00)			
Distributions (from)/to Banking Layer to WC Shared Lay						
Transfers from/(to) WC Banking Layer						
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u>\$ (36,468.52)</u>	<u>\$ 2,667.00</u>	<u>\$ 44,575.35</u>	<u>\$ 93,193.90</u>	<u>\$ 55,777.74</u>	<u>\$ 23,932.00</u>

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Liability**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>Montague</u>	<u>Mt. Shasta</u>	<u>Portola</u>	<u>Rio Dell</u>	<u>Shasta Lake</u>	<u>Susanville</u>
<b>Member Contributions</b>						
Banking Layer Liability Contributions	3,611.25	34,946.25	7,521.75	9,237.00	29,742.00	31,080.75
Shared Layer Distributions to Banking						
<b>Total Member Contributions</b>	<u>3,611.25</u>	<u>34,946.25</u>	<u>7,521.75</u>	<u>9,237.00</u>	<u>29,742.00</u>	<u>31,080.75</u>
<b>Total Contributions</b>	<u>3,611.25</u>	<u>34,946.25</u>	<u>7,521.75</u>	<u>9,237.00</u>	<u>29,742.00</u>	<u>31,080.75</u>
<b>Claims Cost</b>						
Banking Layer Incurred Expense	-	(1,002.00)	(14,496.50)	(2.00)	63,858.00	46,600.00
<b>Total Claims Cost</b>	<u>-</u>	<u>(1,002.00)</u>	<u>(14,496.50)</u>	<u>(2.00)</u>	<u>63,858.00</u>	<u>46,600.00</u>
<b>Net Contributions over Expenses</b>	<u>3,611.25</u>	<u>35,948.25</u>	<u>22,018.25</u>	<u>9,239.00</u>	<u>(34,116.00)</u>	<u>(15,519.25)</u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	25,827.04	27,865.89	35,767.59	75,796.03	222,819.43	214,368.01
<b>Prior Year Assessments</b>						
<b>Current Year Assessments</b>						
Distributions (from)/to Banking Layer				(6,141.00)	(18,054.00)	(17,369.00)
Distributions (from)/to Banking Layer to LIAB Shared La						
Distributions (from)/to Banking Layer to WC Shared Lay	(827.00)					
Transfers from/(to) WC Banking Layer			(2,898.00)			
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u>\$ 28,611.29</u>	<u>\$ 63,814.14</u>	<u>\$ 54,887.84</u>	<u>\$ 78,894.03</u>	<u>\$ 170,649.43</u>	<u>\$ 181,479.76</u>

**Small Cities Organized Risk Effort**  
**Supplemental Schedule**  
**Liability**  
**Banking Layer Equity by Member**  
**July 1, 2020 through March 31, 2021**

	<u>Tulelake</u>	<u>Weed</u>	<u>Williams</u>	<u>Yreka</u>	<u>Total Liability Banking Layer</u>
<b>Member Contributions</b>					
Banking Layer Liability Contributions	3,675.75	27,314.25	-	34,217.25	239,448.75
Shared Layer Distributions to Banking					-
<b>Total Member Contributions</b>	<u>3,675.75</u>	<u>27,314.25</u>	<u>-</u>	<u>34,217.25</u>	<u>239,448.75</u>
<b>Total Contributions</b>	<u>3,675.75</u>	<u>27,314.25</u>	<u>-</u>	<u>34,217.25</u>	<u>239,448.75</u>
<b>Claims Cost</b>					
Banking Layer Incurred Expense	-	24,998.00	-	26,858.25	267,056.77
<b>Total Claims Cost</b>	<u>-</u>	<u>24,998.00</u>	<u>-</u>	<u>26,858.25</u>	<u>267,056.77</u>
<b>Net Contributions over Expenses</b>	<u>3,675.75</u>	<u>2,316.25</u>	<u>-</u>	<u>7,359.00</u>	<u>(27,608.02)</u>
<b>Beginning Banking Layer Equity: July 1, 2020</b>	29,339.96	57,852.10	-	190,608.52	1,229,468.58
<b>Prior Year Assessments</b>					-
<b>Current Year Assessments</b>					6,107.25
Distributions (from)/to Banking Layer	(2,377.00)	(406.00)		(15,444.00)	(74,045.00)
Distributions (from)/to Banking Layer to LIAB Shared La		(3,198.00)			(9,997.00)
Distributions (from)/to Banking Layer to WC Shared Lay		(1,083.00)			(4,224.00)
Transfers from/(to) WC Banking Layer					(2,898.00)
<b>Ending Banking Layer Equity: March 31, 2021</b>	<u>\$ 30,638.71</u>	<u>\$ 55,481.35</u>	<u>\$ -</u>	<u>\$ 182,523.52</u>	<u>\$ 1,116,803.81</u>



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item G.2.a**

**PREMIUM PAYMENT PLAN REQUESTS FOR 21/22  
CITY OF ISLETON**

**ACTION ITEM**

**ISSUE:** The City of Isleton has provided written notice to the SCORE Program Administrators requesting an installment payment plan for their 21/22 contributions to the Liability Program.

**RECOMMENDATION:** If the Board agrees to the installment plan, the Program Administrators recommend collecting half of their funding, \$20,220 up front on July 1<sup>st</sup>. The remaining balance of \$20,220, including a 3% administrative fee of \$607, will be paid in 9 equal installments of \$2,083 beginning in August, 2021 and concluding in May 2022.

**FISCAL IMPACT:** Administrative fee of \$607 in addition to the premium of \$40,439

<b>Total Liability Premium</b>	<b>\$40,439</b>	
		<b>Due Date</b>
<b>Down Payment</b>	<b>\$20,220</b>	<b>7/1/2021</b>
Remaining Unpaid Balance	<b>\$20,220</b>	
Unpaid Balance including 3% Interest	<b>\$20,826</b>	
<b>Installment 1</b>	<b>\$2,083</b>	<b>Due Date 8/1/21</b>
<b>Installment 2</b>	<b>\$2,083</b>	<b>Due Date 9/1/21</b>
<b>Installment 3</b>	<b>\$2,083</b>	<b>Due Date 10/1/21</b>
<b>Installment 4</b>	<b>\$2,083</b>	<b>Due Date 11/1/21</b>
<b>Installment 5</b>	<b>\$2,083</b>	<b>Due Date 12/1/21</b>
<b>Installment 6</b>	<b>\$2,083</b>	<b>Due Date 1/1/22</b>
<b>Installment 7</b>	<b>\$2,083</b>	<b>Due Date 2/1/22</b>
<b>Installment 8</b>	<b>\$2,083</b>	<b>Due Date 3/1/22</b>
<b>Installment 9</b>	<b>\$2,083</b>	<b>Due Date 4/1/22</b>
<b>Installment 10</b>	<b>\$2,083</b>	<b>Due Date 5/1/22</b>
<b>Total Paid</b>	<b>\$41,046</b>	

**BACKGROUND:** The City of Isleton has requested installment premium payment plans each Fiscal Year since 14/15, which the Board has approved. They are asking for a similar arrangement for FY 20/21. At the October 2015 meeting the Board also approved a 3% Administrative Fee on the unpaid premium balance to go into effect in FY 16/17.

**ATTACHMENTS:** City of Isleton Payment Plan Request

**From:** [Charles Bergson](#)  
**To:** ["Roger Carroll"](#); [Michelle Minnick](#)  
**Cc:** [Marcus Beverly](#); [accounting@cityofisleton.com](mailto:accounting@cityofisleton.com); [yvonne.zepeda@cityofisleton.com](mailto:yvonne.zepeda@cityofisleton.com)  
**Subject:** City of Isleton - administrative fee  
**Date:** Monday, May 3, 2021 4:21:33 PM

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**This message has originated outside the organization.**

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Roger C, Michelle M, Marcus B,

Can SCORE waive the administrative fee for our monthly payments? Or in the alternative could you reduce the rate if we pay quarterly?

Thank you,  
Chuck Bergson  
City of Isleton



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item G.2.b.**

**PREMIUM PAYMENT PLAN REQUEST FOR FY 21/22  
CITY OF LOYALTON**

**ACTION ITEM**

**ISSUE:** The City of Loyalton has provided written notice to the SCORE Program Administrators requesting an installment payment plan for their FY 21/22 contributions to the Liability Program. The City’s total deposit is \$23,530 and they have requested ten installments, calculated as follows:

- July 1<sup>st</sup> Payment: \$11,765
- Remaining balance of \$11,765 + 3% admin fee = \$12,118
- Ten payments of \$1,211.80, beginning in August 2021 and concluding in May 2022.

**RECOMMENDATION:** Review and approve payment plan as requested or amended by the Board.

**FISCAL IMPACT:** Administrative fee of \$353 in addition to the premium of \$23,530.

<b>Total Liability Premium</b>	<b>\$23,530</b>	<b>Due Date</b>
<b>Down Payment</b>	<b>\$11,765</b>	<b>7/1/2021</b>
Remaining Unpaid Balance	<b>\$11,765</b>	
Unpaid Balance including 3% Admin Fee	<b>\$12,118</b>	
<b>Installment 1</b>	<b>\$1,211.80</b>	<b>Due Date 8/1/21</b>
<b>Installment 2</b>	<b>\$1,211.80</b>	<b>Due Date 9/1/21</b>
<b>Installment 3</b>	<b>\$1,211.80</b>	<b>Due Date 10/1/21</b>
<b>Installment 4</b>	<b>\$1,211.80</b>	<b>Due Date 11/1/21</b>
<b>Installment 5</b>	<b>\$1,211.80</b>	<b>Due Date 12/1/21</b>
<b>Installment 6</b>	<b>\$1,211.80</b>	<b>Due Date 1/1/22</b>
<b>Installment 7</b>	<b>\$1,211.80</b>	<b>Due Date 2/1/22</b>
<b>Installment 8</b>	<b>\$1,211.80</b>	<b>Due Date 3/1/22</b>
<b>Installment 9</b>	<b>\$1,211.80</b>	<b>Due Date 4/1/22</b>
<b>Installment 10</b>	<b>\$1,211.80</b>	<b>Due Date 5/1/22</b>
<b>Total Paid</b>	<b>\$23,882.95</b>	

**BACKGROUND:** At the October 2015 meeting the Board approved a 3% Administrative Fee on the unpaid premium balance to go into effect in FY 16/17. At the November 2019 meeting the Board approved the City of Loyalton Request for premium payment plan for both the Liability and Property Programs including a 3% Administrative fee.

**ATTACHMENTS:** Letter Request from Loyalton

# CITY OF LOYALTON

COUNTY OF SIERRA  
605 SCHOOL STREET  
P.O. BOX 128  
LOYALTON, CALIFORNIA 96118  
(530) 993-6750  
cityofloyalton@digitalpath.net



OFFICE OF THE MAYOR

S.C.O.R.E  
C/O Town of Loomis  
Attn: Roger Carroll  
P.O. Box 1330  
Loomis, CA 95650

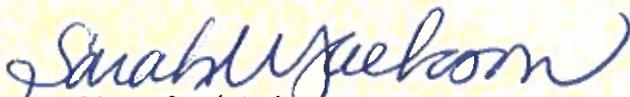
Re: City of Loyalton  
Property Insurance FY 21/22  
Liability Insurance FY 21/22

April 20, 2021

Dear Mr. Chairman,

Please accept this letter form the City of Loyalton as a formal request for a payment plan for the fiscal year 2021-2022 for the City's Property insurance Policy (Period 07.01.2021 – 06.30.2022) and the Liability Insurance Policy (Period 07.01.2021 – 06.30.2022).

Best Regards,

  
Mayor Sarah Jackson



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item G.2.c.**

**PREMIUM PAYMENT PLAN REQUEST FOR FY 21/22  
CITY OF TULELAKE**

**ACTION ITEM**

**ISSUE:** The City of Tulelake has provided written notice to the SCORE Program Administrators requesting an installment payment plan for their FY 21/22 contributions to the Liability Program. The City’s total deposit is \$39,094 and they have requested quarterly installments, calculated as follows:

- July 1<sup>st</sup> Payment: \$9,774.
- Remaining balance of \$29,321 + 3% admin fee of \$880 = \$30,200
- Three payments of \$10,067, invoiced on October 1<sup>st</sup>, January 1<sup>st</sup>, and April 1<sup>st</sup>.

**RECOMMENDATION:** Review and approve payment plan as requested.

**FISCAL IMPACT:** Administrative fee of \$880 in addition to the premium of \$39,974.

<b>Total Liability Premium</b>		<b>\$39,974</b>
		<b>Due Date</b>
<b>Down Payment</b>	<b>\$9,774</b>	<b>7/1/2021</b>
Remaining Unpaid Balance	<b>\$29,321</b>	
Unpaid Balance including 3% Admin Fee	<b>\$30,200</b>	
<b>Installment 1</b>	<b>\$10,067</b>	<b>Due Date 10/1/21</b>
<b>Installment 2</b>	<b>\$10,067</b>	<b>Due Date 1/1/22</b>
<b>Installment 3</b>	<b>\$10,067</b>	<b>Due Date 4/1/22</b>
<b>Total Paid</b>	<b>\$39,974</b>	

**BACKGROUND:** The City of Tulelake joined SCORE in 2011 and has paid their liability premiums in full. They joined the Workers’ Compensation Program in FY 15/16 and requested a monthly installment premium payment plan for both programs which the Board approved for that year and the three subsequent years. At the June 2018 meeting the Board approved a payment plan for both the Liability and Workers’ Compensation Programs, with 10% down and ten monthly installments. This year they are requesting a quarterly payment plan for the Liability Program only. At the October 2015 meeting the Board approved a 3% Administrative Fee on the unpaid premium balance to go into effect in FY 16/17.

**ATTACHMENTS:** City of Tulelake Payment Plan Request



**CITY OF TULELAKE**  
591 Main Street  
P. O. Box 847, Tulelake, CA 96134  
Phone 530-667-5522 - FAX 530-667-5351  
[cityoftulelake@cot.net](mailto:cityoftulelake@cot.net)



April 12, 2021

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

Subject: Requesting to make quarterly liability insurance premium payments for the 2021-2022 fiscal year.

Dear Marcus,

The City of Tulelake would like to make quarterly liability insurance payments for the fiscal year 2021-2022 rather than a one-time annual payment. The City to date, has only received 27% of the annual retail sales tax and we are facing a severe drought in our area for our farmers and ranchers. The City is surrounded by farmland and due to this agricultural workers may move out of the City due to loss of work. As a small city, paying for an annual payment all at once puts a strain on our cash flow for our regular operating expenses and especially this year with all the uncertainty. We are asking the board of directors to consider this option at their next scheduled board meeting. Thank you.

Sincerely,

Henry A. Ebinger  
Mayor  
City of Tulelake



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.1.**

**LAWCX EXCESS WORKERS' COMPENSATION AUDIT**

**ACTION ITEM**

**ISSUE:** Farley Consulting Services recently conducted an audit of SCORE's claims on behalf of LAWCX and produced the attached report. SCORE's claims administrator, Sedgwick, has reviewed and responded to the audit in the attached letter.

The attached report contains an Executive Summary and Scoring Summary that highlight the audit findings that resulted in *100% compliance in most categories and an overall score of 98.1%*. Two categories scored 95%, contact with the member and injured employee, and one, documentation, received 86%. One other category regarding documentation of reserves was also below 100% but not clearly below the standard per Sedgwick's response and management review. Other aspects of the report are highlighted in the attached and will be reviewed during the meeting.

**RECOMMENDATION:** Review, accept and file report.

**FISCAL IMPACT:** None – audit paid for by LAWCX.

**BACKGROUND:** SCORE is a member of the Local Agency Workers' Compensation Excess JPA (LAWCX) for Workers' Compensation (WC) coverage. LAWCX, conducts a claims audit of each of its members every two years. SCORE conducts its own audit every two years, to alternate with the LAWCX audit and to focus more on the primary layer claims.

**ATTACHMENTS:**

1. LAWCX Workers' Compensation Claims Audit of SCORE, March 25, 2021
2. Sedgwick Audit Response, April 16, 2021



March 25, 2021

Ms. Michelle Minnick  
Alliant Insurance Services  
1792 Tribute Road, #450  
Sacramento, CA 95815

by email: *michelle.minnick@alliant.com*  
*marcus.beverly@alliant.com*  
*dorienne.zumwalt@sedgwick.com*  
*tammy.vitali@sedgwick.com*

## **LAWCX-Workers' Compensation Claims Audit – 2021 Small Cities Organized Risk Effort (SCORE)**

Dear Ms. Minnick:

Enclosed is the report of the recent audit of workers' compensation claims for the Small Cities Organized Risk Effort (SCORE). This report presents SCORE's specific findings.

Thank you for the opportunity to submit this report.

Sincerely,

A handwritten signature in black ink that reads "Tim Farley". The signature is written in a cursive, flowing style.

Timothy P. Farley, CPCU  
President

# **Workers' Compensation Claims Audit - 2021**

**for**

## **Small Cities Organized Risk Effort (SCORE) LAWCX**



**March 25, 2021**



March 25, 2021

Ms. Michelle Minnick  
Alliant Insurance Services  
1792 Tribute Road, #450  
Sacramento, CA 95815

## LAWCX-Workers' Compensation Claims Audit – 2021

This report summarizes the results of an audit of workers' compensation claims for the Small Cities Organized Risk Effort (SCORE). FCS reviewed all 21 active indemnity claims that occurred since SCORE joined the LAWCX program on 7/1/93. The incurred value of the claims reviewed is:

- \$150,000 or more – 16
- \$75,000-\$149,999 – 5

The review was conducted on 3/19/21 and 3/20/21 via remote access to the claims management information system of Sedgwick, SCORE's claims administration firm in Roseville, California.

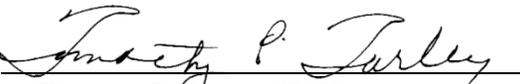
The project includes:

1. Discussions with Ms. Doriene Zumwalt of Sedgwick throughout the audit process.
2. Presentation of audit findings to Ms. Zumwalt on 3/22/21.
3. Receipt and consideration of Sedgwick's reply to findings on 3/23/21.
4. Comparison of SCORE claims handling performance with similar California public pooling entities.
5. Evaluation of Sedgwick's compliance with specific claims handling standards for LAWCX claims.

FCS appreciates the opportunity to complete this important project for SCORE.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by   
Timothy P. Farley, CPCU  
President

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**Exhibits**

- Exhibit 1 – Workers’ Compensation Audit Scoring Summary .....2

**Appendix**

- Audit List

## I. Executive Summary

The audit of 21 open claims with incurred costs of \$75,000 or more finds general compliance with LAWXCX claims administration standards unique to the handling of LAWXCX member claims and with accepted industry standards utilized by FCS when assessing administrator competence. Notable deficiencies are apparent in the key performance category of documentation clarity. Still, the audit concludes that Sedgwick is providing competent claims administration services to SCORE.

FCS provides the following observations and recommendations based on this audit:

1. Sedgwick is adequately staffed to handle the SCORE account. The primary indemnity examiner has a compliant caseload. Ariel Leonhard is the sole examiner on the SCORE account. Her total caseload (all Sedgwick clients) is 142. This complies with maximum caseload requirements set forth by LAWXCX.
2. Case reserves for the claims reviewed are accurate. No case reserve deficiencies are identified.
3. Benefit level calculations are accurate for all 21 claims. The calculations are clearly documented in Sedgwick's information system.
4. Investigation is thorough on all of the claims reviewed. A majority of these claims are open for future medical care only. Most investigation has been completed for some time. No investigation deficiencies are identified.
5. Eighteen of the claims reviewed involve some degree of litigation. Litigation management is effective on all 18 claims.
6. The claims reviewed comply with accepted claims handling standards for diary review. No diary deficiencies are identified.
7. Sedgwick is not consistently maintaining clear documentation. Three claims lack a calculation or detailed rationale of the current outstanding medical reserve. All of these claims remain active for future medical benefits. The deficient claims are discussed on page 6.
8. The audit concludes that supervision is effective. Daily activity notes for SCORE claims exhibit consistent supervisory instruction and evaluation.
9. Seventeen of the claims reviewed qualified as reportable to excess providers. Due to SCORE's membership in the LAWXCX \$150,000 retention level program during several coverage years, many of these excess reportable claims have generated the recovery of excess proceeds. All 17 claims were reported timely to the LAWXCX excess administrator.

These and other elements of this study are discussed in more detail in the remainder of this report.

## Exhibit 1 – Workers’ Compensation Audit Scoring Summary

Audit Category	2021 Audit Scores
Critical Claim Audit Areas	
Contact with injured worker*	95%
Contact with member	95%
Diary systems: how often are files reviewed?*	100%
Documentation/explanation of file activities*	86%
Planning, direction, and follow-up	100%
Medical direction and control*	100%
Handling permanent disability issues	100%
Settlement of claims and closure efforts*	100%
Organization, appearance, and claim data maintenance	90%
Direction of Special Issues and Control of Vendors	
Litigation direction and management*	100%
Rehabilitation/SJDB direction and management	100%
Investigation and sub rosa activity*	100%
Subrogation identification and management	n/a
Excess insurance identification and management	100%
Excess insurance identification and reporting	100%
Financial Accountability	
Reserve adequacy and accuracy*	100%
Medical payment processing	100%
Indemnity payments processed accurately*	100%
Claim activity notes accurately represent information system data*	90%
Reconciling or “balancing” the claim file	100%

### Aggregate Scoring – Weighted

The overall score achieved by Sedgwick is **98.1%**. This score applies additional significance to categories marked with an asterisk (\*) (weighted averaging). Those marked categories make up 75% of the scoring impact.

## II. Audit Results

### A. Background

The Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority directed Farley Consulting Services, LLC (FCS) to audit the claims administration of its excess workers' compensation program to determine the efficiency, effectiveness, and consistency of claims administration services and the accuracy of loss experience reports.

Pursuant to LAWCX's Joint Exercise of Powers Agreement, each LAWCX member must have its claims audited at least every 2 years. The last audit of SCORE claims was conducted in April 2019. Twenty-one claims were reviewed that occurred since SCORE joined LAWCX on 7/1/93:

- Incurred costs of \$150,000 or more-16
- Incurred costs of \$75,000-\$149,999-5

This audit seeks to assure SCORE and LAWCX that Sedgwick is providing effective claims administration service in compliance with California workers' compensation statutory guidelines and service requirements unique to the LAWCX program.

### B. Claims Handling Analysis

This section of the report discusses specific elements of workers' compensation claims handling. Recommendations for improvement are incorporated into the discussion of each element.

#### 1. Staffing/Caseloads

The recommended maximum open indemnity caseload is 175, including some future medical only claims. Future medical examiners can have a caseload up to 200.

Ariel Leonhard is the sole Sedgwick examiner on the SCORE account. Her caseload of 142 (total of indemnity and future medical claims) is compliant.

#### 2. Accuracy of Case Reserves

SCORE claim reserves should anticipate:

- Information contained in Form 5020 (Employer's Report of Occupational Injury or Illness)
- Information contained in Form 5021 (Physician's First Report of Injury or Illness)
- Anticipated temporary disability (TD) benefits
- Anticipated medical costs
- Employee's wage information

- Anticipated vocational rehabilitation (VR) benefits
- Anticipated permanent disability (PD) benefits
- Consideration of *Labor Code 4850* benefits
- Life expectancy and average annual medical costs for future medical claims
- Anticipated legal expense
- Injury history information obtained through The Index System, a nationwide database subscribed to by Sedgwick
- Other related injuries (apportionment)
- Incorporation of ACOEM guidelines

All claims reviewed are accurately reserved. No case reserve deficiencies are identified.

Reserve recommendations are based on the review of files for similar public entities in California.

### **3. Payments/Settlements**

This category evaluates:

- The accuracy of calculation and distribution of temporary disability benefits.
- The accuracy of calculation and distribution of permanent disability benefits.
- The reasonableness and accuracy of stipulated settlement or compromise and release resolutions.

The audit identified no benefit calculation errors. No deficiencies are identified.

### **4. Quality of Investigation**

Proper investigation for SCORE workers' compensation claims includes:

- Making prompt contact with the injured employee and witnesses (48 hours from Sedgwick's receipt of loss notice).
- Verifying that the injury is work related.
- Securing injury history through use of The Index System.
- Canvassing for possible witnesses to the industrial accident.
- Obtaining recorded or written statements regarding the incident from injured employees or witnesses when possible.
- Follow-up contact with medical providers to gain a clear understanding of the severity of the injury and the anticipated duration of disability.
- Obtaining police accident reports when the industrial injury is the result of a traffic accident.
- Obtaining updated wage information to accurately calculate benefits.

- Identifying claims with rehabilitation potential and effectively monitoring rehabilitation progress.
- Timely assignment of field investigation to independent contractors when necessary.
- Identification and pursuit of other parties responsible for the injury (subrogation).

Sedgwick is consistently complying with these investigation criteria. No investigation deficiencies are identified.

## **5. Litigation Management**

Eighteen of the claims reviewed involved some element of litigation. Litigation activity undertaken by defense counsel is appropriate. Requests for authority to proceed with particular activity made by counsel were responded to quickly. Data for all litigated claims reviewed exhibits timely status updates from defense counsel.

## **6. Diary/Case Closure**

Industry standards require that active indemnity claims generate and document some adjustor activity every 30 days. Cases similar to those reviewed for this project that have been settled by stipulated award in which the only remaining issue is future medical care can maintain an extended diary (90 to 180 days is appropriate). The following minimum activity should take place and be documented in the case file for all open active indemnity claims:

- A reassessment of the accuracy of case reserves
- Response to any inquiries from the applicant's attorney
- Response to any inquiry or comment made by defense counsel
- Response to any mail received since the previous diary review
- Identification and response to any evidence of discharge medical information or permanent and stationary status

Sedgwick is consistently maintaining appropriate diaries on the claims reviewed. No diary maintenance deficiencies are identified.

## **7. Claim Data Organization and Documentation Clarity**

Logical file organization is extremely important on workers' compensation claims. These claims can generate a great deal of medical and employment-related documentation. The adjustor's ability to properly handle a claim is directly related to his or her ability to assimilate this data and competently assess compensability, duration of benefit disbursement, and value of final PD settlement.

All data for this audit was observed via access to Sedgwick's Claims Expert information system. That system is efficiently capturing vital daily claims administration activity, but 3 claims exhibit deficiencies:

- SCWA-5560996 – This claim has not been resolved yet. There is no explanation (calculation or rationale) for the current outstanding medical reserve of \$64,380 in recent claim management review (CMR) inputs. The most recent reserve worksheet does provide the calculation, but this should also be clearly documented in the CMR.
- SCWA-556128 – The current medical reserve of \$63,893 is not supported with a calculation. FCS concludes the amount is appropriate based on the review of the claim’s exposure described in daily activity notes.
- SCWA-243618 – There is no calculation or rationale of the current medical reserve of \$54,056 in recent CMRs. The last reserve worksheet was completed on 2/8/20.

## **8. Supervision**

FCS concludes that supervisory activity complies with industry standards. Supervisory instructional notes are seen consistently in the information system.

## **9. Excess Reporting**

Seventeen of the claims reviewed qualified for excess reporting. All 17 claims were reported timely to the LAWCX administrator. The SCORE member is receiving excess funds from LAWCX on 8 of the claims reviewed.

# **Appendix**

## **Audit List**

## Open Claims

Claimant	Claim No.
1. Alcorn, Aaron	SCWA-243618
2. Banos, Evangelos	SCWA-72136
3. Beever, Kim	SCWA-556085
4. Chambers, Charles	SCWA-556096
5. Coats, Gary	SCWA-285249
6. Cummings, James	SCWA-555704
7. Dyck, Eric	SCWA-555845
8. Dyck, Eric	SCWA-61038
9. Fahrney, Steven	SCWA-556100
10. Fahrney, Steven	SCWA-556174
11. Friedman, Kevin	SCWA-556128
12. Gonzales, Edwin	SCWA-556104
13. Goulart, Edwin	SCWA-546806
14. Lange, Dennis	SCWA-554038
15. Lewis, Ronald	SCWA-343776
16. Lewis, Ronald	SCWA-81595
17. Sterling, Jason	SCWA-141519
18. Suter, Peter `JOE`	SCWA-556037
19. Tracy, Russell	SCWA-555849
20. Welch, Ryan	SCWA-555972
21. Woldanski, Steven	SCWA-386445

April 16, 2021

To: Marcus Beverly, Alliant Insurance Services (via email)

**Re: Response to Audit Results for LAWCX-SCORE Workers' Compensation – Farley Consulting Services**

This letter will serve as a response to the Farley Consulting Services audit report dated March 25, 2021 performed on behalf of LAWCX. The audit generated an overall score of 98.1%. We want to assure you of our commitment to meet and exceed SCORE performance expectations.

We are pleased to have scored 100% in the majority of the audit categories including planning, direction, and follow-up, settlement of claims and closure efforts, diary systems, litigation direction and management, and reserve adequacy and accuracy. We do however disagree with the auditor regarding his comment on three claims lacking a reserve rationale as we believe the documentation was provided in the claim. We will make sure the reserve rationale is clearly indicated in the claim summary review.

We appreciate our partnership with SCORE very much and are dedicated in our commitment of providing excellent claims handling. Please let us know if you have any questions or need additional information.

Sincerely,

Dori Zumwalt  
Director, Client Services

Cc (via email):  
Ariel Leonhard, Sedgwick Senior Claims Examiner  
Michelle Minnick, Alliant Account Representative



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.2.**

**IDENTITY FRAUD COVERAGE FY 21/22**

**ACTION ITEM**

**ISSUE:** Identity Fraud is an ongoing exposure for all SCORE employees and SCORE has provided ID Fraud Coverage from Travelers for member employees for the last two years. The coverage proposal for this year is the same but with a decrease in the premium.

Please see the attached coverage highlights, checklist and quote for more information regarding this coverage.

**RECOMMENDATION:** Review and approve the proposal as presented.

**FISCAL IMPACT:** Annual Premium \$3,091 as part of the Administrative Expenses, a decrease of 9% or \$308 from last year.

**BACKGROUND:** The Board previously expressed interest in obtaining Identity Fraud Coverage for all members and first purchased the Travelers coverage in FY 16/17. The coverage provides employees with tools to help them recover from ID Theft, including:

- Reimbursement for expenses incurred to resolve a fraud event (travel, lost wages, attorney fees)
- Online education resources to help prevent becoming a victim
- Dedicated identity fraud claim unit to help employees through the resolution process
- Fees charged for copies of medical records (related to medical identity fraud)
- Help with Document replacement (social security card, birth certificate, passport, etc.)
- Family Coverage (spouse, child under the age of 18)

**ATTACHMENTS:**

1. Travelers ID Fraud Expense Reimbursement Coverage Highlights
2. Travelers ID Fraud Expense Reimbursement Coverage Checklist
3. Travelers SCORE ID Fraud Quote



# Identity Fraud Expense Reimbursement

## COVERAGE HIGHLIGHTS

Identity fraud is the fastest-growing white-collar crime in America, impacting one in every 20 consumers.\*

### Why you need protection

Becoming a victim of identity fraud is a frightening, frustrating experience. It can happen to anyone at any time in a variety of ways, ranging from a stolen wallet or home burglary to online theft of your personal information.

Recovering from identity fraud means more than just canceling credit cards. Not only can it be a complicated and stressful experience, but it can cost your employee or member of your organization hours of time and out-of-pocket expenses to re-establish their credit and clear their name. The hard reality is that victims must painstakingly prove, often to disbelieving creditors, that the debts are not their own. Purchasing identity fraud expense reimbursement coverage for your employees or members can be an affordable and compelling addition to your benefits suite.

### Coverage highlights

Travelers Identity Fraud Expense Reimbursement coverage pays for expenses associated with resolving an identity fraud event and perhaps most importantly, gives people tools and information to reduce their risk of future additional fraud.

Each year, the number of identity fraud cases rises; most recently 12.6 million adults in the United States were victims. On average, it takes an individual more than 37 hours and \$535 in out-of-pocket expenses\* to clean up the mess caused by an identity thief.

In addition to expense reimbursement, Travelers also offers Identity Fraud Resolution Service through Identity Theft 911, which includes:

- Exclusive online education resources providing tips and information to help avoid becoming a victim
- 24/7 personal access to an expert fraud specialist
- Document replacement help (i.e., Social Security card, birth certificate, passport, etc.)

In the event of an actual identity fraud, services include:

- Step-by-step guidance through the resolution process, including unlimited assistance to restore a victim's identity
- 3-in-1 credit reporting
- One year of free credit, cyber and fraud monitoring

\*Javelin Strategy & Research, February 2013 Report

## Claim scenarios

### Bogus charge accounts while on business travel

An executive was on business in Brazil when his identity was stolen and significant charges were made to his corporate card. In order to file an affidavit of loss with the local Brazilian authorities, he was required to provide a sworn statement in person. Total expenses for time off work, travel expenses, phone charges and the cost to replace the executive's passport were \$4,500.

### Medical identity fraud

A woman from Illinois discovered a number of questionable billings on her medical insurance annual summary of benefits. Someone had stolen her and her children's identities to secure medical services in their names.

After struggling with the health care institution to release the personal medical information, she hired an attorney to help. The attorney was able to contest the services and clean up her medical history. It took more than six months to resolve the identity fraud and cost nearly \$6,000 in attorney's fees, lost wages and fees for copies of X-rays and other medical records.

## Why Travelers?

- We've provided effective insurance solutions for more than 150 years and address the needs of a wide range of industries.
- We consistently receive high marks from independent ratings agencies for our financial strength and claims-paying ability.
- With offices nationwide, we possess national strength and local presence.
- Our dedicated underwriters, and claim professionals offer extensive industry and product knowledge.

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## Travelers knows ID Fraud.

To learn more, talk to your independent agent or visit [travelersbond.com](http://travelersbond.com).

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Available through the Travelers Wrap+<sup>®</sup>, SelectOne+<sup>®</sup> and Executive Choice+<sup>®</sup> suite of products.

[travelersbond.com](http://travelersbond.com)

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# Identity Fraud Expense Reimbursement

## COVERAGE CHECKLIST

### Why your clients need our protection

Identity Fraud Expense Reimbursement is available through the Travelers Wrap+<sup>®</sup>, SelectOne+<sup>SM</sup> and Executive Choice+<sup>SM</sup> suite of products and delivers a truly comprehensive coverage solution. The following checklist illustrates key coverages and features every insured should have as part of their insurance program to protect their employees or members should any become a victim of the rising crime of identity fraud.

Coverage	Travelers policy	Their policy
<b>Lost wages</b> – up to a maximum payment of \$1,000 per week for a maximum period of five weeks, as a result of absence from employment, including for wrongful incarceration	✓	
<b>Attorney’s fees</b> – with Travelers’ prior consent, including: <ul style="list-style-type: none"> <li>• Removing criminal or civil judgments wrongly entered against the victim</li> <li>• Challenging information in a credit report</li> <li>• Defending suits brought incorrectly by merchants or their collection agencies</li> <li>• Pursuing the release of medical records solely for the purpose of investigating medical-related identity fraud</li> <li>• Contesting wrongfully incurred tax liability; or</li> <li>• Contesting the wrongful transfer of ownership of an insured person’s tangible property</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	
<b>Fees for the re-application and re-issuance of government-issued personal identification documentation</b> – including passports, commercial and non-commercial drivers licenses, state and federal personal identification cards, and Social Security cards compromised as a result of identity fraud	✓	
<b>Fees charged for copies of medical records</b> – including X-rays, obtained solely for the purpose of investigating medical-related identity fraud	✓	
<b>Dedicated identity fraud claim unit</b> – experts who can provide guidance to insured victim to assist in the recovery of their identity and credit history	✓	
<b>Reasonable costs for travel and accommodations incurred by the insured person</b> – up to a maximum payment of \$1,000 per week for a maximum period of five weeks, to: <ul style="list-style-type: none"> <li>• Participate in the defense of lawsuits brought against the insured person by financial institutions, health care providers, merchants, other credit grantors or their collection agencies</li> <li>• Challenge the accuracy or completeness of any information in a consumer credit report</li> <li>• Participate in the criminal prosecution of the perpetrators of the identity fraud, or</li> <li>• File in-person loss affidavits and civil or criminal complaints with local law enforcement in the jurisdiction in which the identity fraud occurred, as required by local law</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	

Coverage	Travelers policy	Their policy
<b>Family coverage</b> – including residents of the insured person’s household, provided they are either a spouse, child under the age of 18 or parent	✓	
<b>Daycare and eldercare expenses</b> – incurred solely as a direct result of any identity fraud discovered during the policy period	✓	
<b>Coverage for thefts committed by family members</b>	✓	
<b>Insureds choose their own attorney</b>	✓	
<b>Limit options</b> – ranging from \$1,000 to \$25,000	✓	
<b>Retention options</b> – ranging from \$0 to \$250	✓	

### Identity Fraud Resolution Service

In addition to expense reimbursement, Travelers also offers Identity Fraud Resolution Service through Identity Theft 911, which includes:

- Exclusive online education resources providing tips and information to help avoid becoming a victim
- 24/7 personal access to an expert fraud specialist
- Document replacement help (i.e., Social Security card, birth certificate, passport, etc.)

In the event of an actual identity fraud, services include:

- Step-by-step guidance through the resolution process, including unlimited assistance to restore a victim’s identity
- 3-in-1 credit reporting
- One year of free credit, cyber and fraud monitoring

## Travelers knows ID Fraud.

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June 3, 2021

Michelle Minnick  
Alliant Insurance Services, Inc.  
2180 Harvard Street, Suite 460  
Sacramento, CA 95815

**RE: Small Cities Organized Risk Effort (SCORE)- A Joint Powers Authority – the Master Policy Holder Identity Fraud Expense Reimbursement Master Policy - Renewal QUOTATION ID-1000SL ID Fraud Master Declaration Renewal Policy – 106526214 Term – July 1, 2021 to July 1, 2022**

Dear Michelle,

On behalf of Travelers Excess and Surplus Lines Company we are pleased to offer this pleased to offer this **renewal** quotation for **Identity Fraud Expense Reimbursement Insurance** pursuant to the following terms and conditions:

<b>Limit of Liability</b>	<b>Retention</b>	<b>Annual Premium</b> (includes Family Coverage and Resolution Services)
\$25,000	\$0	\$3,091

**ENDORSEMENTS:** The titles and headings are for convenience only. Please refer to the policy and endorsements for a description of coverage:

- ID-1006 Ed. 04-01 Schedule of Membership Programs  
“any current full-time employee, part-time employee, or elected official of a scheduled city below that is a member of Small Cities Organized Risk Effort (SCORE)- A Joint Powers Authority:
  1. Biggs
  2. Dunsmuir
  3. Isleton
  4. Loomis
  5. Loyalton
  6. Montague
  7. Mt Shasta
  8. Portola
  9. Rio Dell
  10. Shasta Lake
  11. Susanville
  12. Tulelake
  13. Weed
  14. Yreka
  15. Colfax
  16. Etna
  17. Live Oak”
- ID-1013 Ed. 05-10 Family Coverage Endorsement
- ID-1019 Ed. 05-10 Identity Fraud Resolution Services
- ID-1026 Ed. 05-10 Certificate of Insurance
- ILT-1069 Ed. 07-08 Service of Lawsuit Endorsement

**COMMISSION:** 15%

**ASSUMPTIONS:** Producer is licensed for Surplus Lines in the state of California

Master Policy Holder will provide indicated coverage as a customer/membership benefit at no additional expense to insured persons.

*The quote(s) contained in this document are valid for **30 days**. Travelers reserves the right to change the quotes in this document, or to refuse to bind coverage entirely, based on adverse change in the risk(s) to be insured prior to the effective date of the policy(ies) noted in this document.*

**CONTINGENCIES:** This quote is subject to the underwriter's receipt and satisfactory review of the following prior to the quotation expiration date set forth below:

1. Surplus Lines Disclosure Form

Thank you for the opportunity to offer this insurance proposal. We look forward to discussing this opportunity with you further.

Sincerely,

*Kelly Ziemann*



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.3.**

**CRIME COVERAGE FOR SCORE TREASURER**

**ACTION ITEM**

**ISSUE:** The Board is asked to review and consider renewing ACIP Crime Policy for the JPA itself, including the SCORE Treasurer.

The attached proposal provides more details regarding the coverages provided, with a \$1,000,000 limit and \$2,500 deductible for Employee Theft, Forgery or Alteration, Robbery, and Computer Fraud, among others. The policy also includes sublimits for impersonation fraud, loss or damage to client property, and expenses incurred in establishing a loss.

**RECOMMENDATION:** Approve purchase of Crime Policy with a limit of \$1 million dollars for the SCORE JPA, including the SCORE Treasurer.

**FISCAL IMPACT:** \$1,213

**BACKGROUND:** Since 2005 the SCORE JPA has purchased a Crime Bond in the amount of \$250,000 with a \$1,000 deductible for the SCORE Treasurer and the duties associated with the position. Given the coverage provided by the bond was limited as compared to the ACIP Crime Program the board approved the purchase of the ACIP Crime coverage effective FY 19/20 and again in FY 20/21.

**ATTACHMENTS:** SCORE ACIP 2021-2022 Proposal

The background of the top half of the page is a photograph of a modern glass building facade. The glass reflects the sky and surrounding structures. A person is visible walking on a balcony or walkway inside the building, silhouetted against the light. The overall color palette is dominated by blues and greys.

## Small Cities Organized Risk Effort (SCORE)

2021 – 2022

### ALLIANT CRIME INSURANCE PROGRAM (ACIP) Government Crime Insurance Proposal

Presented by:

Tom E. Corbett, Senior Vice President  
Mariana C. Salyer, CISR, Program Specialist- Lead

Alliant Insurance Services, Inc.  
1301 Dove Street, Suite 200  
Newport Beach, CA 92660  
O 949 756 0271  
F 619 699 0906  
CA License No. 0C36861

[www.alliant.com](http://www.alliant.com)

## 2021-2022 Alliant Crime Insurance Program Government Crime Insurance Proposal Small Cities Organized Risk Effort (SCORE)

### Named Insured / Additional Named Insureds

#### First Named Insured(s)

Small Cities Organized Risk Effort (SCORE)

#### Additional Named Insured(s)

See attached Named Insured List

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#### NAMED INSURED DISCLOSURE

- The first named insured is granted certain rights and responsibilities that do not apply to other policy named insureds and is designated to act on behalf of all insureds for making policy changes, receiving correspondence, distributing claim proceeds, and making premium payments.
- **Are ALL entities listed as named insureds?** Coverage is **not** automatically afforded to all entities unless specifically named. Confirm with your producer and service team that all entities to be protected are on the correct policy. Not all entities may be listed on all policies based on coverage line.
- Additional named insured is (1) A person or organization, other than the first named insured, identified as an insured in the policy declarations or an addendum to the policy declarations. (2) A person or organization added to a policy after the policy is written with the status of named insured. This entity would have the same rights and responsibilities as an entity named as an insured in the policy declarations (other than those rights and responsibilities reserved to the first named insured).
- Applies to Professional Liability, Pollution Liability, Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability policies (this list not all inclusive). Check your Policy language for applicability. These policies provide protection to the Named Insured for claims made against it alleging a covered wrongful act. Coverage is not afforded to any other entities (unless specifically added by endorsement or if qualified as a "Subsidiary" pursuant to the policy wording) affiliated by common individual insured ownership or to which indemnification is otherwise contractually owed. If coverage is desired for affiliated entities or for contractual indemnities owed, please contact your Alliant Service Team with a full list of entities for which coverage is requested. With each request, include complete financials and ownership information for submission to the carrier. It should be noted, that the underwriter's acceptance of any proposed amendments to the policy, including expansion of the scope of "Insureds" under the policy could result in a potential diminution of the applicable limits of liability and/or an additional premium charge.

**2021-2022 Alliant Crime Insurance Program**  
**Government Crime Insurance Proposal**  
**Small Cities Organized Risk Effort (SCORE)**

**Line of Coverage**  
**Government Crime Coverage**

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<b>INSURANCE COMPANY:</b>	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	
<b>A.M. BEST RATING:</b>	A+ (Excellent); Financial Size Category: XV (\$2 Billion or greater) Verified on May 7, 2021	
<b>STANDARD &amp; POOR'S RATING:</b>	A+, Strong Financial Security Verified on May 7, 2021	
<b>STATE STATUS:</b>	Admitted	
<b>PROGRAM POLICY/COVERAGE TERM:</b>	July 1, 2021 – July 1, 2022	
<b>RETROACTIVE DATE:</b>	N/A	
<b>COVERAGE:</b>	Government Crime Policy on Discovery form including the following coverages: <ul style="list-style-type: none"> <li>• Employee Theft – Per Loss Coverage - including Faithful Performance of Duty</li> <li>• Forgery or Alteration - including Credit, Debit, or Charge Card Forgery</li> <li>• Inside the Premises – Theft of Money and Securities</li> <li>• Inside the Premises – Robbery &amp; Safe Burglary of Other Property</li> <li>• Outside the Premises - Money, Securities and Other Property</li> <li>• Computer Fraud</li> <li>• Funds Transfer Fraud</li> <li>• Money Orders &amp; Counterfeit Money</li> </ul>	
	<b><u>2020-2021 CURRENT</u></b>	<b><u>2021-2022 PROPOSED</u></b>
<b>LIMITS:</b>	\$1,000,000	\$1,000,000
<b>DEDUCTIBLE:</b>	\$2,500	\$2,500
<b>ANNUAL PREMIUM:</b>	\$1,155	\$1,213

**2021-2022 Alliant Crime Insurance Program**  
**Government Crime Insurance Proposal**  
**Small Cities Organized Risk Effort (SCORE)**

**Line of Coverage**

**Government Crime Coverage - Continued**

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<b>MINIMUM EARNED PREMIUM:</b>	None
<b>POLICY AUDITABLE:</b>	No
<b>DESIGNATED AGENTS AS ENDORSED:</b>	<p>None Reported</p> <p>If your entity has a written agreement in place with any person, partnership or corporation to act as your Designated Agent and needs to be included for coverage, please contact Alliant to request approval.</p>
<b>ENDORSEMENTS</b> (including but not limited to):	<ul style="list-style-type: none"> <li>• California Changes</li> <li>• Additional Named Insured – Identifies individual member limit and deductible</li> <li>• Add Faithful Performance of Duty Coverage for Government Employees – Employee Theft Per Loss Limit</li> <li>• Revision of Discovery and Prior Theft or Dishonesty \$25,000 Sub-Limit, Risk Management Department or other department designated to handle insurance matters for the named insured.</li> <li>• Cancellation of Policy Amended –120 Days</li> <li>• Bonded Employees Exclusion Deleted endorsement</li> <li>• Add Credit, Debit or Charge Card Forgery</li> <li>• Include Specified Non-Compensated Officers as Employees - ALL</li> <li>• Include Chairperson and Members of Specified Committees – ALL</li> <li>• Include Designated Persons or Classes of Persons as Employees – Any Directors or Trustees of any of those named as insured; Any board members of any of those named as insured, Any elected or appointed officials</li> <li>• Include Volunteer Workers as Employees</li> <li>• Include Treasurers or Tax Collectors as Employees</li> <li>• Include Expenses Incurred to Establish Amount of Covered Loss - \$75,000 Sub-limit</li> <li>• Employee Post Termination Coverage – 90 Days</li> <li>• Cancellation Amendatory (Return Pro-Rata)</li> <li>• Include Leased Workers as Employees Endorsement</li> <li>• Notice of Claim Reporting by Email</li> <li>• Economic Sanctions (excludes loss payments in violation of economic or trade sanctions)</li> </ul>

**2021-2022 Alliant Crime Insurance Program  
Government Crime Insurance Proposal  
Small Cities Organized Risk Effort (SCORE)**

**ENDORSEMENTS** (including but not limited to) Cont.:

- Omnibus Named Insured
- Vendor Theft - \$1,000,000 Limit excess of vendor insurance policy limit (\$500,000 minimum) required by contract Coverage not applicable if crime insurance is not required in a written agreement.
- Conditions Amended – Subrogation of Faithful Performance of Duty Claims
- Third Party Coverage – Loss of or damage to ‘Client Property’– Sublimit \$250,000 with a \$25,000 Deductible.
- Impersonation Fraud Endorsement –Sublimit \$250,000 with \$25,000 Retention – Does not apply to any losses prior to 07/01/2015
- Blanket Joint Loss Payable- Where legally permissible

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

- Unauthorized disclosure of confidential information
- Governmental Action
- Indirect or Consequential Loss
- Protected Information (Carveback)
- Legal Fees and Expenses
- Nuclear Hazard
- Pollution
- War and Military Action
- Inventory Shortages
- Trading losses
- Accounting or Arithmetical Errors or Omissions
- Exchanges or Purchases
- Fire
- Money Operated Devices
- Motor Vehicles or Equipment and Accessories
- Transfer or Surrender or Property
- Vandalism
- Voluntary Parting of Title to Possession of Property

**PROPOSAL VALID UNTIL:**

June 30, 2021

**2021-2022 Alliant Crime Insurance Program  
Government Crime Insurance Proposal  
Small Cities Organized Risk Effort (SCORE)**

**CLAIMS REPORTING PROCEDURE:**

AIG  
Financial Lines Claims  
P.O. Box 25947  
Shawnee Mission, KS 66225  
Fax: 866-227-1750  
Email: [c-claim@aig.com](mailto:c-claim@aig.com)

Please forward a copy of the loss to the following Alliant Claim Advocates:

Alliant Insurance Services, Inc.  
Attn: Robert Frey, Senior Vice President  
100 Pine Street, 11th Floor  
San Francisco, CA 94111  
Phone: 415-403-1400  
Fax: 415-403-1466  
E-Mail: [rfrey@alliant.com](mailto:rfrey@alliant.com)

Alliant Insurance Services, Inc.  
Attn: Elaine Tizon, Assistant Vice President  
100 Pine Street, 11th Floor  
San Francisco, CA 94111  
Phone: 415-403-1400  
Fax: 415-403-1458  
E-Mail: [etizon@alliant.com](mailto:etizon@alliant.com)

**SUBJECTIVITIES:**

- Signed and currently dated "Request to Bind" page.
- Payment to Alliant is due within 25 Days of Binding

**BROKER:**

**ALLIANT INSURANCE SERVICES, INC.  
Newport Beach, CA**

Tom E. Corbett, Senior Vice President  
Mariana C. Salyer, CISR, Program Specialist- Lead

**See Disclaimer Page for Important Notices and Acknowledgement**

## 2021-2022 Alliant Crime Insurance Program Government Crime Insurance Proposal Small Cities Organized Risk Effort (SCORE)

### 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](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

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

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

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

## 2021-2022 Alliant Crime Insurance Program Government Crime Insurance Proposal Small Cities Organized Risk Effort (SCORE)

### 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.

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### 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.

#### 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.

### 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.

**2021-2022 Alliant Crime Insurance Program  
Government Crime Insurance Proposal  
Small Cities Organized Risk Effort (SCORE)**

**Other Disclosures / Disclaimers - Continued**

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.

***See Request to Bind Coverage page for acknowledgment of all disclaimers and disclosures.***

**2021-2022 Alliant Crime Insurance Program  
Government Crime Insurance Proposal  
Small Cities Organized Risk Effort (SCORE)**

**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:	Annual Premium
ACIP Government Crime Program Policy Period: July 1, 2021- July 1, 2022	<input type="checkbox"/> \$2,500 Deductible \$1,000,000 Limit	\$1,213

*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.*

<b>Signature of Authorized Insurance Representative</b>	<b>Date</b>
<b>Title</b>	
<b>Printed / Typed Name</b>	

**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.***

COVERAGE EFFECTIVE DATE: 07/01/2021

**INSURED:** Small Cities Organized Risk Effort (SCORE)  
2180 Harvard Street, Ste. 460  
Sacramento, CA 95815

**NAMED INSURED:**  
Small Cities Organized Risk Effort (SCORE)

# INVOICE

**Newport Beach-Alliant Insurance Services, Inc.**  
**Alliant Insurance Services, Inc.-NPB Main**  
**P.O. Box 8473**  
**Pasadena, CA 91109-8473**  
**949-756-0271**

Small Cities Organized Risk Effort (SCORE) 2180 Harvard Street, Ste. 460 Sacramento, CA 95815	INVOICE NUMBER ACIP291	INVOICE DATE 05/27/2021
	CUSTOMER NUMBER SMALCIT-02	INVOICE TOTAL \$1,213.00
		DUE DATE 07/20/2021
POLICY INFORMATION		
TYPE OF POLICY: GOVERNMENT CRIME INSURANCE COMPANY: NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA POLICY NUMBER: ACIP712021 NAME INSURED: SMALL CITIES ORGANIZED RISK EFFORT (SCORE) POLICY EFFECTIVE DATE: 07/01/2021 TO 07/01/2022 POLICY TERM : ANNUAL TRANSACTION: RENEWAL TRANSACTION EFFECTIVE DATE: 07/01/2021		
DESCRIPTION	AMOUNT	
ACIP CRIME – ANNUAL PREMIUM EFFECTIVE 07/01/2021 TO 07/01/2022	\$1,213.00	
<b>PLEASE REMIT PAYMENT TO:</b> 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 5 <sup>th</sup> Floor 2321 Rosecrans Avenue El Segundo, CA 90245		
<b>PLEASE RETURN A COPY OF INVOICE WITH YOUR PAYMENT. REMEMBER TO INCLUDE YOUR ACCOUNT NUMBER ON YOUR CHECK. THANK YOU.</b>	<b>TOTAL</b>	<b>\$1,213.00</b>

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 at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account contact us at: Alliant Insurance Services, Inc., Attn: General Counsel, 701 B St. 6th Floor, San Diego, CA 92101

IMPORTANT NOTICE: The Nonadmitted & Reinsurance reform act (NRRRA) went into effect 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 due must be promptly remitted to Alliant Insurance Services, Inc.

IMPORTANT NOTICE: 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. Please contact your tax consultant for your obligations regarding FATCA.



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.4.**

**DELGATION 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 21-03.

**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 21-03

**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 20-03**

**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 11<sup>th</sup> day of June 2021, by the following vote:

**AYES:**

**NAYS:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
**SCORE President, Steve Baker**

\_\_\_\_\_  
**SCORE Secretary,**



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.5.**

**NOMINATION AND SELECTION OF SCORE OFFICER POSITIONS –  
PRESIDENT AND SECRETARY**

**ACTION ITEM**

**ISSUE:** The Board will be asked to nominate candidates for SCORE officer positions to complete the current two-year term of office which began July 1, 2020 (concludes July 1, 2022).

**RECOMMENDATION:** Solicit member participation for a Nomination Committee to elect a President, Vice President, Secretary, Treasurer, and Executive Committee Member-At-Large.

**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.



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.6.**

**SELECTION OF ERMA BOARD REPRESENTATIVE**

**ACTION ITEM**

**ISSUE:** SCORE members designate representatives to the Boards of their excess coverage providers. Given the distance some of the representatives must travel to attend meetings, the Program Administrators were asked to determine if one of them could be appointed as a representative to the Board of one or more excess providers. ERMA, the group's Employment Practices Liability provider, allows for an "authorized agent" to represent its members.

**RECOMMENDATION:** Consider appointing a member of the SCORE Board as SCORE's authorized agent for purposes of representation on the ERMA Board.

**FISCAL IMPACT:** None.

**BACKGROUND:** The current ERMA Representatives for SCORE are John Duckett, City of Shasta Lake, and Roger Carroll, Town of Loomis, as the Alternate Representative. A Program Administrator also attends ERMA meetings to keep apprised of information relevant to SCORE.

**ATTACHMENTS:** None.



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.7.**

**RISK CONTROL UPDATE – DKF SOLUTIONS**

**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.

They will also provide the latest update regarding COVID regulations issued by Cal/OSHA and a preview of a cyber breach response plan to be featured at the October Board meeting.

**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.

**SCORE**  
**Risk Control Services Update 3/23/21**

- **Current Activities:**
  - Live biweekly tailgate trainings via TrainingLink for members
  - Contacting members weeks of 3/22/21 and 3/29/21 to determine who's comfortable scheduling a site visit
  - CalOSHA adopted Title 8 CCR 3205 Covid-19 Prevention November 2020. As of 2/15/21 all members have the required Covid-19 Prevention Exposure Control Plan (ECP) and companion custom online course covering the ECP and other items the regulation requires employers to train employees (posted to each member's My Safety Officer account)
  - Monitoring CalOSHA response to CDC guidance re vaccinated persons: CDC says if vaccinated and exposed no need for isolation and testing – this is not congruent with Title 8 CCR 3205.
    - Will update all SCORE members Covid Exposure Control Plans and online courses once direction is provided by CalOSHA
  - Monitoring CalOSHA response to CDC guidance re: vaccinated persons are now allowed to interact without masks but Title 8 CCR 3205 requires employees to wear masks when others are present
    - Will update all SCORE members Covid Exposure Control Plans and online courses once direction is provided by CalOSHA
  - Hearing tests delayed due to Covid and winter – Will schedule over summer/fall
- **Spring/Summer Activities**
  - Upcoming Webinars:
    - Multi-Employer Liability Under CalOSHA's Multi-Employer Safety regulation 4/20/21
    - Confined Space Ventilation 5/6/21
    - After the Pandemic – Returning to Normal Operations 5/12/21
    - Return to Work: Top 5 Obstacles to Success 6/2/21
    - Wildfire Preparedness 6/15/21
    - Resilience Planning for Remote Water and Wastewater Facilities 6/16/21
    - Email and Web Browsing Cyber Security Basics 7/1/21
    - Effective Sewer Cleaning Techniques 7/20/21
  - Schedule Pool-wide hearing tests
  - Return to normal scope (site visits, another CalOSHA policy to be developed and companion online training course, playground inspections (annual))



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.8.**

**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 2021/22.

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 2021/22 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 15<sup>th</sup> of every Fiscal Year.*

**ATTACHMENTS:**

1. Loss Control Grant Fund Policy and Procedure Document
2. Loss Control Grant Fund Member Utilization for FY 20/21
3. Loss Control Grant Fund Member Allocation for FY 21/22



## **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:** June 11, 2021  
**Effective Date:** June 11, 2021

**SCORE Loss Control Grant Fund Member Utilization FY 2020/21 as of 6/7/2021**

Member Entity	TOTAL Grant Fund Allocation	Amount requested during FY 20-21	Remaining amount available in FY 20-21	Notes
Biggs *	\$2,427.80			
Colfax	\$3,364.75	\$3,364.75	\$0.00	*Request made 11/16/20 by Shanna Stahl for ergonomic furniture (\$1,286.93) **Request made 2/4/21 by Shanna Stahl for sidewalk repair (\$2,077.82)
Dunsmuir	\$5,330.64	\$5,330.64	\$0.00	*Request made 9/3/20 by Manya Kisling for Barricades, Tree removal & concrete cutting (\$4,990.55). * Request made 5/5/21 by Blake Michelsen to roll over remaining funds (\$340.09) into FY 21-22 Loss Control Grant Funds (if approved by BOD)
Etna *	\$2,454.20			
Isleton	\$2,138.17			
Live Oak	\$4,774.33			
Loomis	\$5,310.32	\$5,310.32	\$0.00	*Request made 7/17/20 by Roger Carroll for sidewalk repairs (\$5,000) *Request made 5/5/21 by Roger Carroll to roll over remaining funds (\$310.32) into FY 21-22 Loss Control Grant Funds (if approved by BOD)
Loyalton *	\$1,353.01			
Montague *	\$2,301.92	\$2,373.87	-\$71.95	*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 (total to roll over is \$170.49) *Request made 5/20/21 by Alyssa Merrill for purchase of ergonomic desks (\$2,373.87)
Mt. Shasta	\$36,402.83	\$30,000.00	\$6,402.83	*Request made 1/13/21 by Muriel Terrell to roll over all unused FY 19/20 funds (\$23,746.17) into FY 20/21 Loss Control Grant Funds for Sidewalk repairs. Total of invoice \$30k
Portola	\$3,574.97	\$2,098.41	\$1,476.56	*Request made 2/23/21 by Lauren Knox for purchase of Council Chamber chairs (\$2,098.41)
Rio Dell	\$4,259.93			
Shasta Lake	\$12,093.45	\$12,093.45	\$0.00	*Request made 4/8/21 by John Duckett for ADA sidewalk compliance (\$12,093.45)
Susanville	\$25,875.90	\$13,315.46	\$12,560.44	**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*	\$2,159.03	\$2,159.03	\$0.00	*Request made 4/12/21 by Jenny Coelho to roll over all unused funds from FY 20/21 into FY 21/22 if approved by BOD for purchase of fireproof file cabinets (total to roll over \$2,159.03).
Weed	\$10,244.58			
Yreka	\$18,538.02	\$18,538.02	\$0.00	*Request made by Renee Hoisington for purchase of Fork Lift (\$29,420.27) * NOTE: Amount requested exceeded amount available - \$5,371.73 to be paidout of FY 19-20 funds and \$13,166.29 will be paid from FY 20-21 if approved by BOD)
<b>Total:</b>	<b>\$142,603.85</b>			

\* Mini-Cities

**SCORE PROPOSED Loss Control Grand Fund Program Allocation for FY 21/22 as of  
6/7/21**

Member Entity	Liability Program Contribution	Liability Program Percentage of Total Contribution	Liability Grant Fund Allocation	TOTAL Grant Fund Allocation
Biggs *	\$46,446	2.46%	\$2,461	\$2,460.63
Colfax	\$64,620	3.42%	\$3,423	\$3,423.43
Dunsmuir	\$83,177	4.41%	\$4,407	\$4,406.54
Etna	\$62,192	3.29%	\$3,295	\$3,294.79
Isleton	\$40,439	2.14%	\$2,142	\$2,142.37
Live Oak	\$100,522	5.33%	\$5,325	\$5,325.44
Loomis	\$81,103	4.30%	\$4,297	\$4,296.68
Loyalton *	\$23,530	1.25%	\$1,247	\$1,246.55
Montague *	\$42,203	2.24%	\$2,236	\$2,235.85
Mt. Shasta	\$217,945	11.55%	\$11,546	\$11,546.32
Portola	\$68,582	3.63%	\$3,633	\$3,633.33
Rio Dell	\$79,326	4.20%	\$4,203	\$4,202.52
Shasta Lake	\$231,487	12.26%	\$12,264	\$12,263.72
Susanville	\$259,948	13.77%	\$13,772	\$13,771.52
Tulelake *	\$39,094	2.07%	\$2,071	\$2,071.12
Weed	\$173,875	9.21%	\$9,212	\$9,211.58
Yreka	\$273,086	14.47%	\$14,468	\$14,467.59
<b>Total:</b>	<b>\$1,887,573</b>	<b>100.00%</b>	<b>\$100,000</b>	<b>\$100,000</b>

\* Mini-Cities

<b>Liability Allocation</b>	<b>\$100,000</b>
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**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.9.**

**CJPRMA UPDATE  
EXCESS LIABILITY COVERAGE CHANGES**

**INFORMATION ITEM**

**ISSUE:** The placement of reinsurance for SCORE's excess coverage provider, CJPRMA, continues to be a challenge, with the results likely to be an increase in their Self-Insured Retention (SIR) from \$5M to \$7.5M, additional exclusions for communicable disease and wildfire, and aggregate limits on Law Enforcement (LE) and Sexual Abuse and Molestation (SAM) claims.

At this time final terms have yet to be negotiated, and the Administrators will have the latest update at the time of the meeting. However, the coverage may not be bound with final terms until the next Board meeting, on June 25, and a complete review of the final terms will be provided at that time.

**RECOMMENDATION:** Review and discuss potential changes to SCORE's excess coverage the

**FISCAL IMPACT:** None for this item. Increasing the SIR to \$7.5M has resulted in an increase to the overall funding that is reflected in the current liability funding estimates.

**BACKGROUND:** SCORE has been a member of CJPRMA for excess coverage since that pool's inception in 1986. Munich Re has been a steady partner in providing reinsurance but given the group's loss history and overall market conditions the terms of coverage are being restricted and pricing is increasing.

**ATTACHMENTS:** None.



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.10.a.**

**MEMORANDA OF COVERAGE – 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.

*Other than sublimit changes*, there are no changes to the CJPRMA MOC itself, but there will be changes to the MOC depending on what exclusions and sublimits are imposed by the reinsurers. If the carriers exclude anything new, CJPRMA will continue to cover it in their layer, so it will become a sublimit in the MOC. Coverage is still being negotiated, but currently:

- There will be a complete exclusion for communicable disease in the reinsurance, so that will have a sublimit equal to the CJPRMA layer, most likely at \$7.5M.
- Some carriers are proposing a wildfire exclusion. We are fighting that.
- Some carriers are proposing a SAM exclusion. We are fighting that.

All edits to the MOC should be limited to Section IV – The Authority’s Limit of Coverage.

The final CJPRMA MOC, with new expected sublimits, will be presented for approval at the next Board meeting. The SCORE MOC and sample Declarations page is attached and can be approved at this time.

**RECOMMENDATION:** Approve the SCORE MOC as presented or revised.

**FISCAL IMPACT:** None expected from this action.

**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 21/22 SCORE Liability MOC and Sample Declarations (Biggs)
2. FY 21/22 CJPRMA Liability MOC- *to be provided at the next Board meeting*

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**UNDERLYING MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-22**

**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 PRISM 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 PRISM 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-21**

**ENDORSEMENT NO. 1**

It is understood and agreed that the coverage provided under Form No LIAB-21 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.
- 9<sup>th</sup> and B Streets, Biggs, California.
- Blue Anchor Park, Loomis, CA
- 10200 O Street, Live Oak, California.

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**SCORE President, Steven Baker**

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**Date**



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.10.b.**

**MEMORANDA OF COVERAGE – 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).

One issue that came to the forefront this year that has prompted a change in the LAWCX coverage is benefits for out-of-state workers. With the increase in remote work LAWCX is making a change to cover out-of-state workers but only if they choose California benefits. Typically the injured worker would have a choice of venues though often California’s are more generous. Attached is the summary of the changes made to the excess MOC as well as a red-lined version of the version For FY 21/22.

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 21/22 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 PRISM 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 21/22 SCORE Workers’ Compensation MOC and Sample Declarations (Biggs)
2. FY 21/22 LAWCX MOC with red-line changes



**SMALL CITIES ORGANIZED RISK EFFORT**  
**WORKERS' COMPENSATION**  
**UNDERLYING MEMORANDUM OF COVERAGE**  
**FORM NO. WCOM-22**

**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.

**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.

**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 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.**

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Mr. Steven Baker, President

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Date

# SMALL CITIES ORGANIZED RISK EFFORT

## WORKERS' COMPENSATION UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

### MEMORANDUM NO: SCOWC 001-22

1. **MEMBER ENTITY:** City of Biggs  
PO Box 307  
465 "C" Street  
Biggs, CA 95917
  
2. **COVERAGE PERIOD:** July 1, 2021 through June 30, 2022
  
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. **Public Risk Innovation, Solutions, and Management (PRISM)**  
**Limit:** Statutory less \$5,000,000 LAWCX Limit,  
No Employer's Liability

**FORMS AND ENDORSEMENTS:**

**SCORE:** WCOM-22,  
End. 1. Off-Duty Peace Officer Injury  
**LAWCX:** LAWCX 2122  
**PRISM:** PRISM-PE 20 EWC-48

FORMING PART OF THE POLICY AT INCEPTION  
*LAWCX and PRISM MOCs TO FOLLOW*



\_\_\_\_\_  
**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, 2021 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.*



## **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, 2021  
**Issued to:** ALL MEMBERS  
**Issue Date:** July 1, 2021

**Memorandum No.:** WCOM-21

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**SCORE President, Steven Baker**  
Authorized Representative  
Small Cities Organized Risk Effort

# LAWCX



**Subject:** Memorandum of Coverage (MOC) for the 2021/22 Program Year

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**Recommendation:** *Approve the Memorandum of Coverage for 2021/22 Program Year.*

**Discussion:** Staff and the Executive Committee have reviewed the Memorandum of Coverage (MOC) and are recommending approval of the attached MOC for the 2021/22 program year with changes shown in underline/strikeout text. The following summarizes the primary changes to the proposed MOC.

Coverage for Permanent Out of State Resident Employees:

The COVID-19 pandemic and resulting “Stay at Home” Executive Order from Governor Newsom in 2020 created widespread remote work for many employees. The ability to work remotely has provided some employees the opportunity to permanently relocate outside of California while remaining active California employees. While LAWCX’s MOC provides coverage for injuries incurred outside of California, the intent was to provide coverage if the out-of-state activity was incidental to regular employment in the State of California (e.g., an injury sustained while attending a conference).

Providing workers’ compensation coverage to permanent out of state employees presents challenges, including the following:

- Each state has different requirements for employers to provide workers’ compensation coverage
  - Benefit determination differs state by state
  - Claims administration requirements may require in-state administration
  - Becoming permissibly self-insured in another state may be prohibitive
- California Self-Insurance potentially not recognized as acceptable workers’ compensation insurance by the regulatory body in the state of the employee’s residence;
- Inability of LAWCX staff to properly oversee claims handling under other state laws;
- Limited or lack of medical control; and
- Difficulty obtaining treatment from an employer’s medical network.

Staff requested LAWCX’s legal counsel review this matter. Mr. Andrew Ramos, Bartkiewicz, Kronick & Shanahan concluded that most LAWCX member employees who permanently relocate from California to another state and continue to be employed by a member would likely be allowed to pursue workers’ compensation benefits under either the California Workers’ Compensation Act or the workers’ compensation laws of the state of residence. In addition, it is not likely LAWCX or the LAWCX members would be able to successfully require employees to elect to

pursue benefits solely under California law because most states will not enforce an agreement that denies the employee the right to pursue a claim in another state.

If LAWCX denies coverage for a claim being adjudicated under the laws of another state, there could be a gap in the members' excess coverage. However, this gap could be remedied by 1) the member obtaining a workers' compensation insurance policy in the employee's state of residence, or 2) the member becoming permissibly self-insured in that state.

This issue was addressed by LAWCX's excess carrier, Public Risk Innovation, Solutions, and Management (PRISM). Tammy Vitali participated in a recent PRISM Underwriting Committee where it was reported one of PRISM's excess carriers would only cover claims administered under California workers' compensation laws. PRISM's Board of Directors will review their MOC in early June.

While there may be a small number of employees who have permanently relocated out of state, staff recommends the MOC be amended to address this issue and protect LAWCX from being forced to oversee a claim being adjudicated in another state and under laws not familiar to LAWCX or its members. The red line version of the attached document contains language that will reimburse members for claims incurred by employees incurring injuries out of state, but only if a claim is filed for workers' compensation benefits in California.

Other Changes:

The proposed MOC also contains pertinent date changes and a definition to PART ONE, paragraph I on page 3 of the document. The definition mirrors language from PRISM's Memorandum of Coverage.

**Attachments:** Proposed redline version of the 2021/22 Memorandum of Coverage

**Prepared by:** Tammy Vitali, Claims Manager



**LOCAL AGENCY WORKERS' COMPENSATION  
EXCESS JOINT POWERS AUTHORITY  
(LAWCX)**

**MEMORANDUM OF COVERAGE**

**2021~~9~~/2022~~1~~ PROGRAM YEAR**

**POLICY NUMBER: LAWCX ~~20-21~~21.22**

**ADOPTED JUNE 2, ~~2020~~2021  
TO BECOME EFFECTIVE JULY 1, ~~2020~~2021**

**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 of the State of California.
- 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 of the State of California 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 of the State of California in settlement of claims or in satisfaction of awards or judgments for liabilities imposed by the Workers’ Compensation Act of the State of California 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.

Notwithstanding the foregoing, loss does not include any amounts paid by the cover party as benefits, or in payment of amounts imposed upon the covered party by employers liability, deriving slowly from any covered parties enactment, resolution, or other act establishing a presumption of work related illness or injury or any other expansion of benefits beyond those prescribed by the applicable Workers’ Compensation Act in the State of California. Despite any such enactment, resolution, or act, the covered parties shall retain the burden of establishing loss within the Memorandum of Coverage.

**Commented [VT1]:** Language included in PRISM’s 21/22 MOC

- J. “Occupational disease” shall have the meaning as provided by the applicable Workers’ Compensation Act of the State of California 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~~ the State of California 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 and California workers’ compensation benefits are administered.

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 [provided California workers' compensation benefits are administered](#). 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 or occupational disease 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 of the State of California; 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;
- D.E. to losses involving benefits paid or filed in accordance with any Workers’ Compensation Act outside the State of California.
- E.F. to “bodily injury” covered by a protection and indemnity coverage or similar policy issued to or on behalf of the Covered Member; or
- F.G. 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. For claims involving infectious disease, supplemental reports should be provided every 60 days and at time of closing. 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**

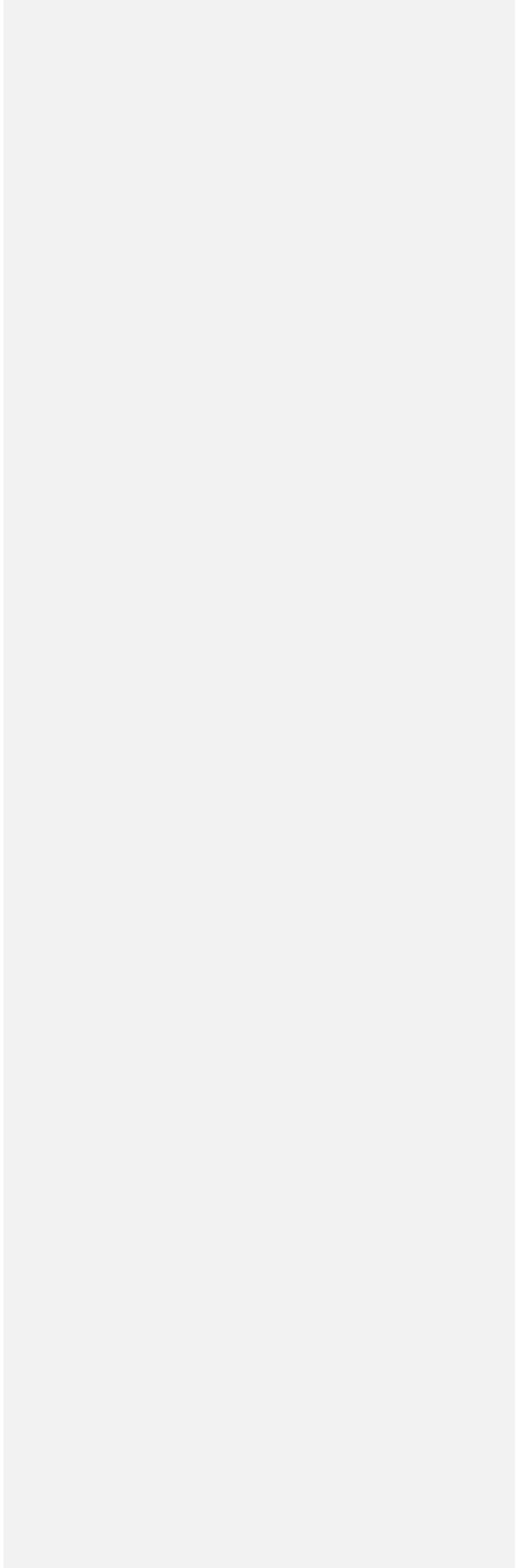
Decisions by the Authority concerning a claim (including, but not limited to, decisions regarding claim resolution, negotiation, investigation, defense, appeal or settlement, and decisions about whether coverage exists for a particular claim or part of a claim) shall be made by the Authority's Executive 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**

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Jim Elledge, Executive Director



**SCHEDULE A**

**LOCAL AGENCY WORKERS' COMPENSATION EXCESS**  
**JOINT POWERS AUTHORITY (LAWCX) MEMBERS**

**Bay Cities Joint Powers Insurance Authority (BCJPIA)**

Central Marin Police Authority  
Central Marin Fire Authority  
City of Albany  
City of Brisbane  
Town of Corte Madera  
City of Emeryville  
Town of Fairfax  
City of Larkspur  
City of Menlo Park  
City of Mill Valley  
City of Novato  
City of Piedmont  
Town of San Anselmo  
City of Sausalito  
Town of Tiburon  
City of Union City

**California Housing Workers' Compensation Authority (CHWCA)**

Alameda City Housing Authority  
Alameda County Housing Authority  
Benicia City Housing Authority  
Butte County Housing Authority  
~~Contra Costa County Housing Authority~~  
Eureka City/Humboldt County Housing Authority  
Fresno Housing Authority  
~~Housing Authority of the County of Contra Costa~~  
Kern County Housing Authority  
Kings County Housing Authority  
Madera City Housing Authority  
Marin County Housing Authority  
Merced County Housing Authority  
Monterey County Housing Authority  
Paso Robles City Housing Authority  
Plumas County Community Development Commission  
Regional Housing Authority  
Sacramento Housing & Redevelopment Agency  
San Bernardino County Housing Authority  
San Diego Housing Commission  
San Joaquin County Housing Authority  
San Luis Obispo City Housing Authority  
San Mateo County Housing Authority  
Santa Barbara City Housing Authority  
Santa Clara County Housing Authority  
Stanislaus County Housing Authority  
Tulare County Housing Authority  
Ventura Area Housing Authority  
Yolo County Housing

**Central Contra Costa Transit Authority (CCCTA)**

**Central San Joaquin Valley Risk Management Authority (CSJVRMA)**

- City of Angels Camp
- City of Arvin
- City of Atwater
- City of Avenal
- City of Ceres
- City of Chowchilla
- City of Corcoran
- City of Delano
- City of Dinuba
- City of Dos Palos
- City of Escalon
- City of Exeter
- City of Farmersville
- City of Firebaugh
- City of Fowler
- City of Gustine
- City of Hughson
- City of Huron
- City of Kerman
- City of Kingsburg
- City of Lathrop
- City of Lemoore
- City of Lindsay
- City of Livingston
- City of Los Banos
- City of Madera
- City of Maricopa
- City of McFarland
- City of Mendota
- City of Newman
- City of Oakdale
- City of Orange Cove
- City of Parlier
- City of Patterson
- City of Porterville
- City of Reedley
- City of Ripon
- City of Riverbank
- City of San Joaquin
- City of Sanger
- City of Selma
- City of Shafter
- City of Sonora
- City of Sutter Creek
- City of Taft
- City of Tehachapi
- City of Tracy
- City of Tulare
- City of Wasco
- City of Waterford
- City of Woodlake

**City of Alameda**

**City of Benicia**

**City of Clovis**

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**City of Coronado**

**City of Encinitas**

**City of Gilroy**

**City of Livermore**

**City of Lodi**

**City of Merced**

**City of Morgan Hill**

**City of Newark**

**City of Placentia**

**City of Pleasanton**

**City of Roseville**

**City of San Leandro**

**City of Santa Maria**

**City of Santee**

**City of South Lake Tahoe**

**City of Suisun City**

**City of Vacaville**

**City of Vista**

**Fire Agencies Self Insurance System (FASIS)**

- Adin Fire Protection District
- Alta Fire Protection District
- Amador Fire Protection District
- American Canyon Fire Protection District
- Anderson Fire Protection District
- Antelope Valley Fire Protection District
- Arbuckle-College City Fire Protection District
- Bald Mountain Fire Protection District
- Big Valley Fire Protection District
- Bodega Bay Fire Protection District of Sonoma County
- Bolinas Fire Protection District
- Borrego Springs Fire Protection District
- Bridgeport Fire Protection District
- Burbank-Paradise Fire District
- Cachagua Fire Protection District
- Canby Volunteer Fire Department
- Carlotta Community Services District
- Carmel Highlands Fire Protection District
- Castella Fire Protection District
- Cazadero Community Services District
- Cedarville Fire Protection District
- Central Calaveras County Fire and Rescue Protection District

Chalfant Valley Fire Department  
Clements Rural County Protection District  
Cloverdale Fire Protection District  
Coastside Fire Protection District  
Collegeville Fire Protection District  
Copperopolis Fire Protection District  
Cordelia Fire Protection District  
Cottonwood Fire Protection District  
Covelo Fire Protection District  
Crescent Mills Fire Protection District  
Cypress Fire Protection District  
Daggett Community Services District  
Davis Creek Fire Protection District  
Denair Fire Protection District  
Diamond Springs/El Dorado Fire Protection District  
Douglas City Community Services District  
Doyle Fire Protection District  
East Contra Costa Fire Protection District  
Eastern Plumas Rural Fire Protection District  
El Dorado County Fire Protection District  
Escalon Consolidated Fire District  
Fairview Fire Protection District  
Farmington Rural Fire Protection District  
Ferndale Fire Protection District  
Foresthill Fire Protection District  
[Forestville Fire District](#)  
Fort Bidwell Fire District  
Fort Bragg Fire Protection Authority  
Fort Dick Fire Protection District  
French Camp-McKinley Rural Fire Protection District  
Fresno County Fire Protection District  
Garberville Fire Protection District-  
Gasquet Fire Protection District  
Gazelle Fire Protection District  
Georgetown Fire District  
Geyserville Fire Protection District  
Gold Ridge Fire Protection District  
Graeagle Fire Protection District  
Graton Fire Protection District  
Greenfield Fire Protection District  
Happy Valley Fire Protection District  
Hayfork Fire Protection District  
Herald Fire Protection District  
Huntington Lake Volunteer Fire Department  
Hyampom Community Services District  
Independence Fire Protection District  
Indian Valley Community Services District  
Janesville Fire Protection District  
Junction City Fire Protection District  
June Lake Fire Protection District  
Kanawaha Fire Protection District  
Kelseyville Fire Protection District  
Kentfield Fire Protection District  
Kenwood Fire Protection District  
Keyes Fire Protection District  
Klamath Fire District No. 3  
Lake City Volunteer Fire Department  
Lake County Fire Protection District  
Lake Forest Fire Protection District

Lathrop-Manteca Fire Protection District  
Lee Vining Fire Protection District  
Leggett Valley Fire Protection District  
Lewiston Community Services District  
Liberty Rural County Fire Protection District  
Linden-Peters Rural Fire Protection District  
Little Lake Fire Protection District  
Lockwood Fire Protection District  
Loma Rica/Browns Valley Community Service District  
Lone Pine Fire Department  
Long Valley Community Services District  
Lookout Fire Protection District  
Mammoth Lakes Fire Protection District  
Mayten Fire District  
~~McArthur Fire Protection District~~  
Meadow Valley Fire Protection District  
Meeks Bay Fire Protection District  
Milford Fire District  
Millville Fire Protection District  
Mokelumne Hill Fire Protection District  
Mokelumne Rural County Fire Protection District  
Mono City Volunteer Fire Protection District  
Monte Rio Fire Protection District  
Monterey County Regional Fire District  
Moraga-Orinda Fire Protection District  
Mosquito Fire Protection District  
Mountain Gate Community Service District  
Mountain Valley Fire Department  
Mountain View Fire Protection District  
Murphys Fire Protection District  
Newberry Community Services District  
Newcastle Fire Protection District  
North County Regional Fire District  
North San Juan Fire Protection District  
North Sonoma Coast Fire Protection District  
North Tahoe Fire Protection District  
Novato Fire Protection District  
~~Oakdale County Fire Protection District~~  
Occidental Community Services District  
Olancho Community Service District  
Ophir Hill Fire Protection District  
Orange Cove Fire Protection District  
Paradise Fire Protection District  
Peardale-Chicago Park Fire Protection District  
Penryn Fire Protection District  
Petrolia Fire Protection District  
Pioneer Fire Protection District  
Plumas Eureka Community Services District  
Post Mountain Public Utility District  
Prattville-Almanor Fire Protection District  
Princeton County Fire Protection District  
Quincy Fire Protection District  
Rescue Fire Protection District  
Rio Dell Fire Protection District  
Ripon Consolidated Fire District  
Rodeo-Hercules Fire Protection District  
Ross Valley Fire Service  
Rough & Ready Fire Protection District  
~~Russian River Fire Protection District~~

Sacramento River Fire Protection District of Colusa County  
Salida Fire Protection District  
Salyer Community Service District  
Samoa Peninsula Fire Protection District  
Santa Margarita Fire Protection District  
Schell-Vista Fire Protection District  
Scott Valley Fire Protection District  
Shasta Lake Fire Protection District  
Shaver Lake Volunteer Fire Department  
Sierra City Volunteer Fire Protection District  
Sierra Valley Fire District  
Smith River Fire Protection District  
Sonoma County Fire District  
[Sonoma Valley Fire District](#)  
South Coast Fire Protection District  
South Lake County Fire Protection District  
South Monterey County Fire Protection District  
South Placer Fire Protection District  
South Yreka Fire Protection District  
Southern Inyo Fire Protection District  
Southern Marin Fire Protection District  
Southern Trinity Volunteer Fire Department  
Spalding Community Service District  
Standish-Litchfield Fire District  
Stanislaus Consolidated Fire Protection District  
Stones-Bengard Community Service District  
Suisun Fire Protection District  
Susan River Fire Protection District  
Sutter Basin Fire District  
Sutter Creek Fire Protection District  
Telegraph Ridge Fire Protection District  
Thornton Rural Fire Protection District  
Tiburon Fire Protection District  
Timber Cove Fire Protection District  
Turlock Rural Fire Protection District  
Vacaville Fire Protection District  
Valley Center Fire Protection District  
[Valley of the Moon Fire Protection District](#)  
Walnut Grove Fire Protection District  
Waterloo-Morada Rural County Fire Protection District  
West Almanor Community Services District  
West Point Fire Protection District  
West Stanislaus County Fire Protection District  
Westport Fire Protection District  
Westport Volunteer Fire Department  
Wheeler Crest Fire Protection District  
Whitethorn Fire Protection District  
Willow Ranch Fire District  
Woodbridge Rural Fire Protection District  
Woodland Avenue Fire Protection District

**Public Agency Risk Sharing Authority of California (PARSAC)**  
~~Public Agency Risk Sharing Authority of California (PARSAC)~~  
~~City of Avalon~~  
~~City of Belvedere~~  
~~City of Blue Lake~~  
~~City of Calimesa~~  
~~City of Calistoga~~  
~~City of Citrus Heights~~

City of Clearlake  
City of Coalinga  
City of Ferndale  
City of Grass Valley  
City of Highland  
City of Menifee  
City of Plymouth  
City of Point Arena  
City of Rancho Cucamonga  
Rancho Cucamonga Fire Protection District  
City of Rancho Santa Margarita  
City of Tehama  
City of Trinidad  
Town of Truckee  
City of Twentynine Palms  
City of Watsonville  
City of Wheatland  
City of Wildomar  
Town of Yountville  
City of Yuba  
Town of Yucca Valley

**Public Entity Risk Management Authority (PERMA)**

City of Banning  
City of Barstow  
City of Blythe  
City of Cathedral City  
City of Coachella  
City of Desert Hot Springs  
City of Hesperia  
City of Holtville  
City of La Mesa  
City of Murrieta  
City of Norco  
City of Perris  
City of Rancho Mirage  
City of San Jacinto  
SunLine Transit Agency  
City of Victorville  
City of Westmorland

**Shared Agency Risk Pool (SHARP)**

City of American Canyon  
Town of Los Altos Hills  
City of Saratoga  
Town of Ross

**Small Cities Organized Risk Effort (SCORE)**

City of Biggs  
City of Colfax  
City of Dunsmuir  
City of Etna  
City of Live Oak  
Town of Loomis  
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 Los Gatos**

**Vector Control Joint Powers Agency (VCJPA)**

Alameda County Mosquito Abatement District  
Burney Basin Mosquito Abatement District  
Butte County Mosquito and Vector Control District  
Coachella Valley Mosquito and Vector Control District  
Coalinga-Huron Mosquito Abatement District  
Colusa Mosquito Abatement District  
Compton Creek Mosquito Abatement District  
Consolidated Mosquito Abatement District  
Contra Costa Mosquito and Vector Control District  
Delta Vector Control District  
Durham Mosquito Abatement District  
Fresno Mosquito and Vector Control District  
Glenn County Mosquito and Vector Control District  
Greater Los Angeles County Vector Control District  
Kings Mosquito Abatement District  
Lake County Vector Control District  
Los Angeles County West Vector Control District  
Marin-Sonoma Mosquito and Vector Control District  
Mosquito and Vector Management District of Santa Barbara County  
Napa County Mosquito Abatement District  
Northern Salinas Valley Mosquito Abatement District  
Northwest Mosquito and Vector Control District  
Orange County Vector Control District  
Oroville Mosquito Abatement District  
Pine Grove Mosquito Abatement District  
Placer Mosquito and Vector Control District  
Sacramento-Yolo Mosquito and Vector Control District  
San Gabriel Valley Mosquito and Vector Control District  
San Joaquin County Mosquito and Vector Control District  
San Mateo County Mosquito and Vector Control District  
Shasta Mosquito and Vector Control District  
Sutter-Yuba Mosquito and Vector Control District  
Tehama County Mosquito and Vector Control District  
Turlock Mosquito Abatement District  
West Valley Mosquito and Vector Control District



**PRELIMINARY FY 21/22 SCORE PROGRAM BUDGET  
ADMINISTRATIVE EXPENSES**

**ACTION ITEM**

**ISSUE:** The Board of Directors must adopt a budget for each fiscal year prior to the commencement of that year.

The administrative expense budget is largely unchanged for next year with the following exceptions:

**ADMINISTRATIVE EXPENSES**

1. **Program Administration** *increased* 6% per contract terms.
2. **Claims Administration** *increased* \$5,978 (3%) per contract terms.
3. **Claims Audit** *increased* by \$4,900 (148%) based on the difference in the cost of the Liability audit in 2020/21 (\$3,100) versus the Workers' Compensation audit in 2021/22 (\$8,000).
4. **Actuarial Services** increased 2%, or \$340, per contract terms.
5. **Financial Audit Services** decreased \$431, or 2%.
6. **Accounting Services** increased by \$2,000, or 3%.
7. **CA DIR OSIP Self Insurance Assessment** increased \$3,236 or 9%.

**RECOMMENDATION:** Approve the FY 21/22 admin budget as presented or revised by the members.

**FISCAL IMPACT:** The FY 21/22 admin budget is \$889,027 an *increase* of \$31,609 (4%).

**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 21/22 Administration Budget

**FY 2021/22 SCORE - PROPOSED General Administration Budget**

	Category	Work Comp	Liability	Total FY 21-22	Prior Year FY 20-21	% Change
<b>Revenues</b>						
400	Program Administration	\$81,895	\$193,494	\$275,389	\$259,157	6%
400	Claims Administration	\$104,590	\$86,095	\$190,685	\$184,707	3%
400	Other Expenses	\$228,479	\$194,473	\$422,953	\$413,554	2%
400	Banking Layer Deposit	\$485,000	\$297,000	\$782,000	\$801,636	-2%
400	Shared Risk Layer Deposit	\$1,241,000	\$573,000	\$1,814,000	\$1,812,632	0%
400	Excess Coverage Deposit (LAWCX and CJPRMA)	\$415,907	\$534,903	\$950,810	\$653,456	46%
400	Group Purchase Coverage - Property			\$744,146	\$744,146	0%
400	Group Purchase Coverage - ERMA			\$120,849	\$120,849	0%
400	Group Purchase Coverage - PRISM Pollution			\$8,400	\$5,792	45%
400	Group Purchase Coverage - ACI EAP			\$13,824	\$13,824	0%
400	Group Purchase Covearge - ACIP (Crime for BOD incl. Treasurer)			\$1,156	\$1,156	0%
499	Reimbursement from CJPRMA for Liability Safety Training					
	<b>Total Revenues</b>	\$ 2,556,871	\$ 1,878,965	\$5,324,212	\$5,010,910	6%

	Category	Work Comp	Liability	Total FY 21-22	Prior Year FY 20-21	% Change	\$ Change
<b>Expenses</b>							
710	Program Administration	\$ 81,895	\$ 193,494	\$275,389	\$259,157	6%	\$16,232
720	Claims Administration (ULAE) Per Member Annual Fee	\$ -	\$ -	\$0	\$0		\$0
721	Claims Administration WC (Unallocated Claims Expense)	\$ 104,590		\$104,590	\$103,555	1%	\$1,035
722	Claims Administration GL (Unallocated Claims Expense)		\$ 83,587	\$83,587	\$81,152	3%	\$2,435
<b>Other Expenses</b>							
505	Accounting Services	\$ 31,000	\$ 31,000	\$62,000	\$60,000	3%	\$2,000
506	Financial Audit	\$ 11,035	\$ 11,035	\$22,069	\$22,500	-2%	(\$431)
507	Actuarial Review and Studies	\$ 7,250	\$ 7,250	\$14,500	\$14,160	2%	\$340
508	Bill.com	\$ 360	\$ 360	\$720	\$720	0%	\$0
509	Legal Expenses	\$ 2,250	\$ 5,250	\$7,500	\$7,500	0%	\$0
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)	\$ 8,000		\$8,000	\$3,100	158%	\$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	\$7,250	0%	\$0
625	Crime Insurance - ACIP for SCORE Treasurer	\$ 578	\$ 578	\$1,156	\$1,156	0%	\$0
626	ID Fraud Coverage	\$ -	\$ 3,091	\$3,091	\$3,399	-9%	(\$308)
670	CAJPA Accreditation (completed in 2020 - next up 2024)	\$ -	\$ -	\$0	\$0		\$0
675	Loss Control Services DKF	\$ 55,000	\$ 55,000	\$110,000	\$110,000	0%	\$0
676	Lexipol Law Enforcement Policy Manual	\$ 9,139	\$ 20,000	\$29,139	\$28,290	3%	\$849
677	Target Solutions	\$ 13,868	\$ 13,868	\$27,736	\$26,415	5%	\$1,321
699	CA DIR OSIP Self Insurance Assesment	\$ 40,450	\$ -	\$40,450	\$37,214	9%	\$3,236
999	Miscellaneous Expenses	\$ 500	\$ 500	\$1,000	\$1,000	0%	\$0
	<b>Total Administration Expenses</b>	\$ 414,964	\$ 474,062	\$ 889,027	\$ 857,418	4%	\$31,609



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.11.b.**

**FY 21/22 LIABILITY PROGRAM FUNDING**

**ACTION ITEM**

**ISSUE:** The Board annually reviews and approves the Liability Program Funding. Attached is a spreadsheet with each Member's contribution to each element of the funding formula. The funding is based on SCORE's actuary's projections at the 75% Confidence Level (CL) per Board direction, the same as the current year's funding. The excess layer funding is based on a \$500,000 SIR per previous recommendation.

Overall funding is increasing by \$238,657, or 15%, driven by a 5% increase in payroll and 77% increase in excess coverage. SCORE's underlying rate has decreased (-9%), keeping the overall premium increase to 15%.

**RECOMMENDATION:** Maintain funding at the 75% Confidence Level and \$500,000 SIR as presented.

**FISCAL IMPACT:** Total funding of \$1,883,770, a 15% increase over FY 20/21.

**BACKGROUND:** The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Board has maintained funding at the 75% Confidence Level over the last few years. Members have considered capping rate increases in the past by using Net Position within SCORE's target funding benchmarks to smooth out the typical increases and decreases in rates. The Program Administrators will continue to annually evaluate the need and ability to cap annual increases in funding.

**ATTACHMENTS:**

1. Proposed Liability Program Funding FY 21/22, 75% CL and \$500,000 SIR
2. SCORE Liability Experience Modification Calculation
3. SCORE Liability Program Funding Changes

**SMALL CITIES ORGANIZED RISK EFFORT  
LIABILITY PROGRAM  
Fiscal Year PROPOSED 2021-2022  
Funding (75% CL) - \$500k SIR**

<b>Total Admin Expenses:</b>	\$889,027	CJPRMA Premium:	<b>\$ 534,903</b>
<b>Total Liability Admin Expenses:</b>	\$474,062	CJPRMA Refund:	\$0
<b>Total WC Admin Expenses:</b>	\$414,964	Rate Per \$100 Payroll:	<b>\$ 1.96</b>
<b>Liability Participants</b>	17		

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2020 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		\$ 1.09	\$ 2.10	\$ 1.96	Calc		Calc
Biggs	\$450,915	1.23	\$552,601	\$ 6,011	\$ 11,597	\$ 10,826	\$ 28,435	\$ 23,203	\$ 5,232
Colfax	\$810,291	1.04	\$842,867	\$ 9,169	\$ 17,689	\$ 16,513	\$ 43,371	\$ 41,695	\$ 1,676
Dunsmuir	\$843,834	1.42	\$1,197,629	\$ 13,028	\$ 25,135	\$ 23,464	\$ 61,626	\$ 43,421	\$ 18,205
Etna	\$836,969	0.95	\$796,253	\$ 8,662	\$ 16,711	\$ 15,600	\$ 40,973	\$ 43,068	\$ (2,095)
Isleton	\$425,423	1.04	\$442,981	\$ 4,819	\$ 9,297	\$ 8,679	\$ 22,794	\$ 21,891	\$ 903
Live Oak	\$1,672,079	0.83	\$1,389,715	\$ 15,117	\$ 29,166	\$ 27,227	\$ 71,510	\$ 86,040	\$ (14,530)
Loomis	\$1,238,021	0.88	\$1,088,323	\$ 11,839	\$ 22,841	\$ 21,322	\$ 56,002	\$ 63,705	\$ (7,703)
Loyalton	\$157,657	1.01	\$158,580	\$ 1,725	\$ 3,328	\$ 3,107	\$ 8,160	\$ 8,113	\$ 47
Montague	\$479,468	0.97	\$465,146	\$ 5,060	\$ 9,762	\$ 9,113	\$ 23,935	\$ 24,672	\$ (737)
Mt. Shasta	\$2,547,103	1.38	\$3,518,518	\$ 38,275	\$ 73,843	\$ 68,934	\$ 181,052	\$ 131,066	\$ 49,986
Portola	\$863,029	1.06	\$910,632	\$ 9,906	\$ 19,112	\$ 17,841	\$ 46,858	\$ 44,409	\$ 2,450
Rio Dell	\$1,226,542	0.86	\$1,055,793	\$ 11,485	\$ 22,158	\$ 20,685	\$ 54,328	\$ 63,114	\$ (8,786)
Shasta Lake	\$4,796,767	0.71	\$3,387,859	\$ 36,854	\$ 71,101	\$ 66,374	\$ 174,329	\$ 246,827	\$ (72,498)
Susanville	\$4,562,934	0.87	\$3,981,894	\$ 43,315	\$ 83,568	\$ 78,012	\$ 204,896	\$ 234,794	\$ (29,899)
Tulelake	\$427,806	0.97	\$413,762	\$ 4,501	\$ 8,684	\$ 8,106	\$ 21,291	\$ 22,014	\$ (723)
Weed	\$1,926,183	1.44	\$2,770,770	\$ 30,141	\$ 58,150	\$ 54,284	\$ 142,575	\$ 99,115	\$ 43,460
Yreka	\$4,037,510	1.07	\$4,329,207	\$ 47,094	\$ 90,857	\$ 84,817	\$ 222,767	\$ 207,758	\$ 15,010
<b>Grand Total</b>	<b>\$27,302,531</b>		<b>\$27,302,531</b>	<b>\$ 297,000</b>	<b>\$ 573,000</b>	<b>\$ 534,903</b>	<b>\$ 1,404,903</b>	<b>\$ 1,404,903</b>	<b>\$ 0</b>

**SMALL CITIES ORGANIZED RISK EFFORT  
LIABILITY PROGRAM  
Fiscal Year FINAL 2021-2022  
Funding (75% CL) - \$500k SIR**

PRISM Pollution Premium: \$8,400  
PRISM Pollution Payroll: \$26,063,297  
Rate per \$100: 0.032229231

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
<b>MEMBER ENTITY</b>	<b>PRISM Pollution Coverage</b>	<b>50% ADMIN FIXED EXPENSE</b>	<b>50% ADMIN % PAYROLL</b>	<b>Proposed FY 21-22 Admin Total</b>	<b>Proposed FY 21-22 TOTAL FINAL DEPOSIT</b>	<b>FY 20-21 TOTAL DEPOSIT</b>	<b>\$ Change Overall</b>	<b>% Change Overall</b>	<b>% Change in Payroll</b>	<b>% Payroll (%PP)</b>
<b>Rate Per \$100 or Amount</b>	<b>\$ 0.0322</b>	<b>\$237,031</b>	<b>\$237,031</b>	<b>\$474,062</b>	<b>75% CL</b>	<b>75% CL</b>				
Biggs	\$145	\$13,943	\$3,915	\$17,858	\$46,438	\$39,940	\$6,498	16%	7%	1.65%
Colfax	\$261	\$13,943	\$7,035	\$20,978	\$64,610	\$55,354	\$9,256	17%	-1%	2.97%
Dunsmuir	\$272	\$13,943	\$7,326	\$21,269	\$83,167	\$87,695	-\$4,528	-5%	-3%	3.09%
Etna		\$13,943	\$7,266	\$21,209	\$62,182	\$40,374	\$21,808	54%	56%	3.07%
Isleton		\$13,943	\$3,693	\$17,636	\$40,431	\$35,175	\$5,256	15%	9%	1.56%
Live Oak	\$539	\$13,943	\$14,516	\$28,459	\$100,509	\$78,543	\$21,966	28%	20%	6.12%
Loomis	\$399	\$13,943	\$10,748	\$24,691	\$81,092	\$87,361	-\$6,269	-7%	5%	4.53%
Loyalton	\$51	\$13,943	\$1,369	\$15,312	\$23,523	\$22,259	\$1,264	6%	-3%	0.58%
Montague	\$155	\$13,943	\$4,163	\$18,106	\$42,195	\$35,064	\$7,131	20%	17%	1.76%
Mt. Shasta	\$821	\$13,943	\$22,113	\$36,056	\$217,929	\$208,216	\$9,713	5%	2%	9.33%
Portola	\$278	\$13,943	\$7,493	\$21,436	\$68,572	\$58,812	\$9,760	17%	-5%	3.16%
Rio Dell	\$395	\$13,943	\$10,648	\$24,591	\$79,315	\$70,081	\$9,234	13%	1%	4.49%
Shasta Lake	\$1,546	\$13,943	\$41,644	\$55,587	\$231,461	\$198,951	\$32,511	16%	12%	17.57%
Susanville	\$1,471	\$13,943	\$39,614	\$53,557	\$259,923	\$206,633	\$53,290	26%	3%	16.71%
Tulelake	\$138	\$13,943	\$3,714	\$17,657	\$39,086	\$35,518	\$3,567	10%	1%	1.57%
Weed	\$621	\$13,943	\$16,722	\$30,665	\$173,861	\$168,535	\$5,326	3%	-15%	7.05%
Yreka	\$1,301	\$13,943	\$35,052	\$48,995	\$273,064	\$216,600	\$56,464	26%	6%	14.79%
<b>Grand Total</b>	<b>\$8,393</b>	<b>\$237,031</b>	<b>\$237,031</b>	<b>\$474,062</b>	<b>\$1,887,358</b>	<b>\$1,645,113</b>	<b>\$242,245</b>	<b>15%</b>	<b>5%</b>	<b>100.00%</b>

**SCORE**  
**Liability Experience Modification Calculation**  
**Fiscal Year PROPOSED 2021-2022**

FORMULA	Losses as of 12/31/20 Capped at \$50,000						% of Total Losses
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total	
<b>Member</b>							
City of Biggs		\$57,737		\$840	\$8	\$58,585	5%
City of Colfax		\$14,174		\$20,001	\$0	\$34,175	3%
City of Dunsmuir	\$5,365	\$50,000	\$1,450	\$27,669	\$30,879	\$115,364	11%
City of Etna				\$5,016	\$6,002	\$11,018	1%
City of Isleton	\$14,499	\$0		\$8	\$0	\$14,507	1%
City of Live Oak	\$1,371	\$11,720	\$0	\$1,832	\$0	\$14,922	1%
Town of Loomis	\$1,587	\$7,716	\$16	\$1,768	\$3	\$11,090	1%
City of Loyalton			\$0			\$0	0%
City of Montague	\$3,042	\$360	\$8	\$285	\$751	\$4,446	0%
City of Mt. Shasta	\$47,315	\$51,100	\$82,232	\$4	\$17,923	\$198,574	18%
City of Portola	\$2,704	\$1,750	\$5,673	\$12,957	\$18,209	\$41,293	4%
City of Rio Dell	\$5,455	\$881			\$1,602	\$7,938	1%
City of Shasta Lake	\$0	\$1,845	\$3,185	\$31,972	\$30,001	\$67,004	6%
City of Susanville	\$46,683	\$2,041	\$0	\$50,016	\$30,000	\$128,740	12%
City of Tule Lake	\$2,877			\$0		\$2,877	0%
City of Weed	\$2,987	\$6,360	\$94,839	\$4,597	\$105,209	\$213,991	20%
City of Yreka	\$32,787	\$26,656	\$78,843	\$31,497	\$0	\$169,783	16%
<b>Grand Total</b>	<b>\$166,672</b>	<b>\$232,340</b>	<b>\$266,245</b>	<b>\$188,462</b>	<b>\$240,588</b>	<b>\$1,094,307</b>	<b>100%</b>

**SCORE**  
**Liability Experience Modification Calculation**  
**Fiscal Year PROPOSED 2021-2022**

FORMULA	DE-9 Payroll Fiscal Years Ending						% Total Payroll
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total	
<b>Member</b>							
City of Biggs	\$379,667	\$392,776	\$400,995	\$403,292	\$416,544	\$1,993,274	1.7%
City of Colfax	\$553,415	\$685,372	\$763,883	\$729,025	\$830,945	\$3,562,640	3.1%
City of Dunsmuir	\$529,248	\$670,417	\$731,158	\$814,074	\$773,719	\$3,518,616	3.1%
City of Etna	\$383,669	\$384,224	\$642,786	\$582,991	\$683,538	\$2,677,208	2.3%
City of Isleton	\$200,387	\$203,541	\$314,029	\$361,240	\$404,728	\$1,483,925	1.3%
City of Live Oak	\$1,340,354	\$1,359,315	\$1,542,765	\$1,145,631	\$1,546,372	\$6,934,437	6.0%
Town of Loomis	\$716,410	\$786,892	\$921,205	\$1,038,226	\$1,199,587	\$4,662,320	4.1%
City of Loyalton	\$110,920	\$121,101	\$101,470	\$133,847	\$158,777	\$626,115	0.5%
City of Montague	\$321,124	\$342,082	\$316,852	\$357,636	\$384,199	\$1,721,893	1.5%
City of Mt. Shasta	\$1,786,692	\$2,061,747	\$2,120,912	\$2,296,794	\$2,438,476	\$10,704,621	9.3%
City of Portola	\$775,449	\$867,805	\$669,139	\$811,353	\$814,039	\$3,937,785	3.4%
City of Rio Dell	\$975,147	\$1,015,930	\$1,021,200	\$1,106,459	\$1,162,520	\$5,281,257	4.6%
City of Shasta Lake	\$3,444,570	\$3,719,515	\$3,981,446	\$4,163,629	\$4,279,146	\$19,588,306	17.0%
City of Susanville	\$3,919,587	\$3,848,191	\$4,037,384	\$4,141,779	\$4,203,368	\$20,150,309	17.5%
City of Tule Lake	\$365,242	\$355,728	\$394,327	\$398,719	\$415,931	\$1,929,948	1.7%
City of Weed	\$1,568,849	\$1,757,498	\$1,925,727	\$2,199,308	\$2,154,103	\$9,605,485	8.3%
City of Yreka	\$2,878,897	\$3,115,630	\$3,322,155	\$3,617,069	\$3,746,586	\$16,680,336	14.5%
<b>Grand Total</b>	<b>\$20,249,630</b>	<b>\$21,687,762</b>	<b>\$23,207,433</b>	<b>\$24,301,072</b>	<b>\$25,612,577</b>	<b>\$115,058,475</b>	<b>100.0%</b>

**SCORE**  
**Liability Experience Modification Calculation**  
**Fiscal Year PROPOSED 2021-2022**

<b>FORMULA</b>	(Total Member Losses/Total Member Payroll) x 100	Member LR/Total Pool LR	CY 2020 Payroll + 3% Inflation Factor	PP/(PP + Largest Member PP)	Member RLR x Member Cred + (1- Member Cred)	Projected Payroll x Ex Mod	Unadjusted Ex Mod / Weighted Ex Mod Factor*	Projected Payroll x Ex Mod
	<b>Loss Rate Per \$100 (LR)</b>	<b>Relative Loss Rate (RLR)</b>	<b>Projected Payroll (PP)</b>	<b>Credibility Factor (Cred)</b>	<b>Unadjusted Ex Mod</b>	<b>Unadjusted Ex Mod Payroll (UEP)</b>	<b>Ex Mod</b>	<b>Ex Mod Adjusted Payroll (Exp)</b>
<b>Member</b>			<b>1.03</b>				0.96	
City of Biggs	\$2.94	3.09	\$450,915	9%	1.18	\$531,904	1.23	\$552,601
City of Colfax	\$0.96	1.01	\$810,291	14%	1.00	\$811,299	1.04	\$842,867
City of Dunsmuir	\$3.28	3.45	\$843,834	15%	1.37	\$1,152,774	1.42	\$1,197,629
City of Etna	\$0.41	0.43	\$836,969	15%	0.92	\$766,431	0.95	\$796,253
City of Isleton	\$0.98	1.03	\$425,423	8%	1.00	\$426,389	1.04	\$442,981
City of Live Oak	\$0.22	0.23	\$1,672,079	26%	0.80	\$1,337,665	0.83	\$1,389,715
Town of Loomis	\$0.24	0.25	\$1,238,021	21%	0.85	\$1,047,562	0.88	\$1,088,323
City of Loyalton	\$0.00	0.00	\$157,657	3%	0.97	\$152,640	1.01	\$158,580
City of Montague	\$0.26	0.27	\$479,468	9%	0.93	\$447,725	0.97	\$465,146
City of Mt. Shasta	\$1.86	1.95	\$2,547,103	35%	1.33	\$3,386,738	1.38	\$3,518,518
City of Portola	\$1.05	1.10	\$863,029	15%	1.02	\$876,526	1.06	\$910,632
City of Rio Dell	\$0.15	0.16	\$1,226,542	20%	0.83	\$1,016,250	0.86	\$1,055,793
City of Shasta Lake	\$0.34	0.36	\$4,796,767	50%	0.68	\$3,260,972	0.71	\$3,387,859
City of Susanville	\$0.64	0.67	\$4,562,934	49%	0.84	\$3,832,758	0.87	\$3,981,894
City of Tule Lake	\$0.15	0.16	\$427,806	8%	0.93	\$398,266	0.97	\$413,762
City of Weed	\$2.23	2.34	\$1,926,183	29%	1.38	\$2,666,995	1.44	\$2,770,770
City of Yreka	\$1.02	1.07	\$4,037,510	46%	1.03	\$4,167,064	1.07	\$4,329,207
<b>Grand Total</b>	<b>\$0.95</b>	<b>1.00</b>	<b>\$27,302,531</b>		<b>1.00</b>	<b>\$26,279,959</b>	1.04	<b>\$27,302,531</b>

**SCORE General Liability Program Funding Changes 2020/21 to 2021/22 With \$500K SIR**

	2021/22	2020/21	Difference
Base Rate*	\$ 2.37	\$ 2.61	-9%
* \$500K SIR Combined rate at Expected CL			

CJPRMA	2021/20	2020/21	Difference	20/21	21/22	
XS Rate	\$ 1.96	\$ 1.11	77%	\$ 288,212	\$ 534,903	86%

Member Entity	Deposit Premium Change			Payroll			Losses \$0-\$50K			Experience Mod			Admin Allocation		
	Current Year 2021/22	Prior Year 2020/21	% Change	CY 2020 Payroll with 3% inflation factor	CY 2019 Payroll with 3% inflation factor	% Change	5-Year Total FYE 2015-20	5-Year Total FYE 2014-19	% Change	2021/22	2020/21	% Change	2021/22	2020/21	% Change
	\$500K SIR	\$500K SIR		1.03	1.03										
Biggs	\$46,438	\$39,940	16%	\$450,915	\$421,306	7%	\$58,585	\$57,737	1%	1.23	1.18	4%	\$17,858	\$17,335	3%
Colfax	\$64,610	\$55,354	17%	\$810,291	\$815,608	-1%	\$34,175	\$14,781	131%	1.04	0.93	12%	\$20,978	\$20,834	1%
Dunsmuir	\$83,167	\$87,695	-5%	\$843,834	\$867,785	-3%	\$115,364	\$168,484	-32%	1.42	1.69	-16%	\$21,269	\$21,298	0%
Etna	\$62,182	\$40,374	54%	\$836,969	\$535,744	56%	\$11,018	\$17	65679%	0.95	0.91	5%	\$21,209	\$18,351	16%
Isleton	\$40,431	\$35,175	15%	\$425,423	\$390,983	9%	\$14,507	\$14,507	0%	1.04	1.02	2%	\$17,636	\$17,066	3%
Live Oak	\$100,509	\$78,543	28%	\$1,672,079	\$1,393,398	20%	\$14,922	\$15,105	-1%	0.83	0.83	0%	\$28,459	\$25,963	10%
Loomis	\$81,092	\$87,361	-7%	\$1,238,021	\$1,182,518	5%	\$11,090	\$75,018	-85%	0.88	1.18	-25%	\$24,691	\$24,091	2%
Loyalton	\$23,523	\$22,259	6%	\$157,657	\$161,721	-3%	\$0	\$0	n/a	1.01	0.98	2%	\$15,312	\$15,031	2%
Montague	\$42,195	\$35,064	20%	\$479,468	\$408,234	17%	\$4,446	\$5,828	-24%	0.97	0.96	1%	\$18,106	\$17,219	5%
Mt. Shasta	\$217,929	\$208,216	5%	\$2,547,103	\$2,507,482	2%	\$198,574	\$243,485	-18%	1.38	1.52	-9%	\$36,056	\$35,850	1%
Portola	\$68,572	\$58,812	17%	\$863,029	\$904,933	-5%	\$41,293	\$13,104	215%	1.06	0.90	17%	\$21,436	\$21,627	-1%
Rio Dell	\$79,315	\$70,081	13%	\$1,226,542	\$1,216,547	1%	\$7,938	\$6,344	25%	0.86	0.83	4%	\$24,591	\$24,393	1%
Shasta Lake	\$231,461	\$198,951	16%	\$4,796,767	\$4,299,509	12%	\$67,004	\$90,577	-26%	0.71	0.75	-6%	\$55,587	\$51,755	7%
Susanville	\$259,923	\$206,633	26%	\$4,562,934	\$4,420,501	3%	\$128,740	\$101,602	27%	0.87	0.76	14%	\$53,557	\$52,829	1%
Tulelake	\$39,086	\$35,518	10%	\$427,806	\$423,418	1%	\$2,877	\$2,877	0%	0.97	0.94	2%	\$17,657	\$17,354	2%
Weed	\$173,861	\$168,535	3%	\$1,926,183	\$2,269,813	-15%	\$213,991	\$173,217	24%	1.44	1.31	10%	\$30,665	\$33,741	-9%
Yreka	\$273,064	\$216,600	26%	\$4,037,510	\$3,821,757	6%	\$169,783	\$148,375	14%	1.07	0.97	10%	\$48,995	\$47,515	3%
<b>Grand Total</b>	<b>\$1,887,358</b>	<b>\$1,645,113</b>	<b>14.7%</b>	<b>\$27,302,531</b>	<b>\$26,041,259</b>	<b>4.8%</b>	<b>\$1,094,307</b>	<b>\$1,201,465</b>	<b>-8.9%</b>	<b>1.04</b>	<b>1.02</b>	<b>1.9%</b>	<b>\$474,062</b>	<b>\$503,231</b>	<b>-5.8%</b>



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.11.c.**

**FY 21/22 WORKERS' COMPENSATION PROGRAM FUNDING**

**ACTION ITEM**

**ISSUE:** The Board annually reviews and approves the Workers' Compensation Program Funding. Attached is a spreadsheet with each Member's contribution to each element of the funding formula. The funding is based on SCORE's actuary's projections at the 80% Confidence Level (CL) and a \$250,000 SIR, per Board direction and the same as the current year's funding.

Overall funding is increasing by \$27,853, or 1%, while payroll has increased 5% and excess coverage increased 7.5%, *reflecting a decrease of (-6.1%) in SCORE's underlying rate.*

**RECOMMENDATION:** Approve funding at the 80% CL and \$250,000 SIR as presented.

**FISCAL IMPACT:** Increase of \$27,853 in the combined program funding, a 1% increase from FY 20/21.

**BACKGROUND:** The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Confidence Level has been set as high as 85% in the past but was decreased to 70% in FY 2011/12. The Board maintained that level until increasing it to 75% for FY 2016/17 and 80% for FY 2019/20.

Members have considered capping rate increases in the past by using Net Position within SCORE's target funding benchmarks to smooth out the typical increases and decreases in rates. The Program Administrators will continue to annually evaluate the need and ability to cap annual increases in funding.

**ATTACHMENTS:**

1. Proposed Workers' Compensation Program Funding FY 21/22
2. SCORE Workers' Compensation Experience Modification Calculation
3. SCORE FY 21/22 Workers' Compensation Program Funding Changes

**SMALL CITIES ORGANIZED RISK EFFORT  
WORKERS' COMPENSATION PROGRAM  
PROPOSED Fiscal Year 2021-22  
Funding 80% CL**

Total Admin Expenses:	\$889,027	Liability Participants	17
Total Liab Admin Expenses:	\$474,062	WC Participants	16
Total WC Admin Expenses:	\$414,964	WC members (Mini-Cities as one)	13
		Mini-Cities Members	4

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2020 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)
<b>MEMBER ENTITY</b>	<b>Projected Payroll (PP)</b>	<b>EX MOD</b>	<b>Ex-Mod Adjusted Payroll (ExP)</b>	<b>BANKING LAYER 80% CL \$0 to \$25K</b>	<b>SHARED LAYER 80% CL \$25K to \$250K</b>	<b>EXCESS LAYER \$250K TO STATUTORY LAW CX PREMIUM</b>	<b>Loss Funding</b>	<b>Unadjusted Loss Funding</b>	<b>Ex Mod Impact on Loss Funding Increase or (Decrease)</b>
<b>Rate/Amount</b>	<b>1.03</b>	<b>Calc</b>		<b>\$ 1.80</b>	<b>\$ 4.62</b>	<b>\$ 1.55</b>	<b>Calc</b>	<b>Calc</b>	<b>Calc</b>
Colfax	\$810,291	0.86	\$ 705,884	\$ 12,738	\$ 32,593	\$ 10,923	\$ 56,254	\$ 64,574	\$ (8,320)
Dunsmuir	\$843,834	1.06	\$ 906,620	\$ 16,360	\$ 41,861	\$ 14,029	\$ 72,251	\$ 67,247	\$ 5,004
Etna	\$836,969	0.84	\$ 711,733	\$ 12,843	\$ 32,863	\$ 11,014	\$ 56,720	\$ 66,700	\$ (9,980)
Live Oak	\$1,672,079	0.72	\$ 1,226,923	\$ 22,140	\$ 56,651	\$ 18,986	\$ 97,777	\$ 133,252	\$ (35,476)
Loomis	\$1,238,021	0.78	\$ 972,685	\$ 17,552	\$ 44,912	\$ 15,052	\$ 77,516	\$ 98,661	\$ (21,145)
Mt. Shasta	\$2,547,103	0.74	\$ 1,906,976	\$ 34,412	\$ 88,051	\$ 29,509	\$ 151,972	\$ 202,985	\$ (51,013)
Portola	\$863,029	1.24	\$ 1,086,472	\$ 19,605	\$ 50,166	\$ 16,812	\$ 86,584	\$ 68,777	\$ 17,807
Rio Dell	\$1,226,542	0.86	\$ 1,062,056	\$ 19,165	\$ 49,038	\$ 16,435	\$ 84,638	\$ 97,746	\$ (13,108)
Shasta Lake	\$4,796,767	0.60	\$ 2,902,601	\$ 52,378	\$ 134,022	\$ 44,916	\$ 231,316	\$ 382,267	\$ (150,951)
Susanville	\$4,562,934	1.24	\$ 5,745,401	\$ 103,676	\$ 265,283	\$ 88,907	\$ 457,866	\$ 363,632	\$ 94,234
Weed	\$1,926,183	1.03	\$ 2,004,661	\$ 36,174	\$ 92,561	\$ 31,021	\$ 159,757	\$ 153,503	\$ 6,254
Yreka	\$4,037,510	1.46	\$ 5,956,444	\$ 107,485	\$ 275,028	\$ 92,172	\$ 474,685	\$ 321,760	\$ 152,925
<b>Subtotal Members</b>	<b>\$25,361,262</b>	<b>0.95</b>	<b>\$ 25,188,458</b>	<b>\$ 454,528</b>	<b>\$ 1,163,030</b>	<b>\$ 389,776</b>	<b>\$ 2,007,334</b>	<b>\$ 2,021,105</b>	<b>\$ (13,771)</b>
Isleton (do not participate)									
Biggs	\$450,915	1.10	\$ 502,319	\$ 9,064	\$ 23,194	\$ 7,773	\$ 40,031	\$ 35,935	\$ 4,097
Loyalton	\$157,657	1.10	\$ 175,630	\$ 3,169	\$ 8,109	\$ 2,718	\$ 13,996	\$ 12,564	\$ 1,432
Montague	\$479,468	1.10	\$ 534,126	\$ 9,638	\$ 24,662	\$ 8,265	\$ 42,566	\$ 38,210	\$ 4,356
Tulelake	\$427,806	1.10	\$ 476,575	\$ 8,600	\$ 22,005	\$ 7,375	\$ 37,980	\$ 34,093	\$ 3,887
<b>Subtotal Mini Cities</b>	<b>\$1,515,845</b>	<b>1.10</b>	<b>\$ 1,688,650</b>	<b>\$ 30,472</b>	<b>\$ 77,970</b>	<b>\$ 26,131</b>	<b>\$ 134,573</b>	<b>\$ 120,802</b>	<b>\$ 13,771</b>
<b>Grand Total</b>	<b>\$26,877,108</b>	<b>0.98</b>	<b>\$ 26,877,108</b>	<b>\$ 485,000</b>	<b>\$ 1,241,000</b>	<b>\$ 415,907</b>	<b>\$ 2,141,907</b>	<b>\$ 2,141,907</b>	<b>\$ 0</b>

**SMALL CITIES ORGANIZED RISK EFFORT  
WORKERS' COMPENSATION PROGRAM  
PROPOSED Fiscal Year 2021-22  
Funding 80% CL**

Total Admin Expenses:	\$889,027	Liability Participants	17
Total Liab Admin Expenses:	\$474,062	WC Participants	16
Total WC Admin Expenses:	\$414,964	WC members (Mini-Cities)	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 ASSESSMENT	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed Admin Total FY 21-22	Admin Total FY 20-21	% Change ADMIN	Proposed FY 21-22 TOTAL DEPOSIT	Prior Year FY 20-21 DEPOSIT	\$ Change Overall	% Change Overall	% Change in Payroll	% Projected Payroll (%PP)
Rate/Amount	Calc	\$207,482	\$207,482	\$414,964	\$394,847	5.1%	80% CL	80% CL				
Colfax	\$ 158	\$12,968	\$ 6,255	\$19,223	\$18,621	3.2%	\$75,634	\$75,086	\$548	1%	-1%	3.0%
Dunsmuir	\$ 374	\$12,968	\$ 6,514	\$19,482	\$19,023	2.4%	\$92,107	\$94,007	-\$1,900	-2%	-3%	3.1%
Etna	\$ -	\$12,968	\$ 6,461	\$19,429	\$16,469	18.0%	\$76,149	\$54,737	\$21,411	39%	56%	3.1%
Live Oak	\$ -	\$12,968	\$ 12,908	\$25,876	\$23,065	12.2%	\$123,652	\$107,600	\$16,052	15%	20%	6.2%
Loomis	\$ 223	\$12,968	\$ 9,557	\$22,525	\$21,443	5.0%	\$100,263	\$96,541	\$3,722	4%	5%	4.6%
Mt. Shasta	\$ 1,192	\$12,968	\$ 19,663	\$32,630	\$31,633	3.2%	\$185,794	\$209,890	-\$24,096	-11%	2%	9.5%
Portola	\$ 168	\$12,968	\$ 6,662	\$19,630	\$19,308	1.7%	\$106,382	\$115,496	-\$9,114	-8%	-5%	3.2%
Rio Dell	\$ 112	\$12,968	\$ 9,468	\$22,436	\$21,705	3.4%	\$107,186	\$118,850	-\$11,665	-10%	1%	4.6%
Shasta Lake	\$ 1,336	\$12,968	\$ 37,029	\$49,997	\$45,414	10.1%	\$282,649	\$265,537	\$17,112	6%	12%	17.8%
Susanville	\$ 2,859	\$12,968	\$ 35,224	\$48,192	\$46,345	4.0%	\$508,917	\$450,644	\$58,272	13%	3%	17.0%
Weed	\$ 803	\$12,968	\$ 14,869	\$27,837	\$29,805	-6.6%	\$188,397	\$236,503	-\$48,106	-20%	-15%	7.2%
Yreka	\$ 893	\$12,968	\$ 31,168	\$44,136	\$41,740	5.7%	\$519,713	\$536,926	-\$17,212	-3%	6%	15.0%
<b>Subtotal Members</b>		<b>\$155,612</b>	<b>\$ 195,780</b>	<b>\$351,392</b>	<b>\$334,571</b>	<b>5.0%</b>	<b>\$2,366,843</b>	<b>\$2,361,817</b>	<b>\$5,026</b>	<b>0%</b>	<b>5%</b>	<b>94.4%</b>
Isleton (do not participat												
Biggs	\$ 72	\$12,968	\$ 3,481	\$16,449	\$15,589	5.5%	\$56,552	\$48,133	\$8,418	17%	7%	1.7%
Loyalton	\$ -	\$12,968	\$ 1,217	\$14,185	\$13,593	4.4%	\$28,181	\$25,996	\$2,185	8%	-3%	0.6%
Montague	\$ -	\$12,968	\$ 3,701	\$16,669	\$15,488	7.6%	\$59,235	\$46,779	\$12,455	27%	17%	1.8%
Tulelake	\$ -	\$12,968	\$ 3,303	\$16,270	\$15,605	4.3%	\$54,250	\$48,240	\$6,009	12%	1%	1.6%
<b>Subtotal Mini Cities</b>		<b>\$51,871</b>	<b>\$ 11,702</b>	<b>\$63,572</b>	<b>\$60,275</b>	<b>5.5%</b>	<b>\$198,217</b>	<b>\$169,150</b>	<b>\$29,067</b>	<b>17%</b>	<b>7%</b>	<b>5.6%</b>
<b>Grand Total</b>	<b>\$ 8,189</b>	<b>\$207,482</b>	<b>\$ 207,482</b>	<b>\$414,964</b>	<b>\$394,847</b>	<b>5.1%</b>	<b>\$2,565,061</b>	<b>\$2,530,967</b>	<b>\$34,093</b>	<b>1%</b>	<b>5%</b>	<b>100.0%</b>

**SCORE**  
**Workers' Compensation Experience Modification Calculation**  
**Fiscal Year PROPOSED 2021-2022**

<b>FORMULA</b>	(Total Member Losses/Total Member Payroll) x 100	Member LR/Total Pool LR	CY 2020 Payroll + 3% Inflation Factor	PP/(PP + Largest Member PP)	Member RLR x Member Cred + (1-Member Cred)	Projected Payroll x Ex Mod	Unadjusted Ex Mod / Weighted Ex Mod Factor*	Projected Payroll x Ex Mod	
<b>MEMBER ENTITY</b>	<b>Loss Rate Per \$100 (LR)</b>	<b>Relative Loss Rate Per \$100 (RLR)</b>	<b>Projected Payroll (PP)</b>	<b>Credibility Factor (Cred)</b>	<b>Unweighted Experience Mod</b>	<b>Unweighted Ex Mod Payroll (UEP)</b>	<b>Ex Mod</b>	<b>Ex Mod Adjusted Payroll (ExP)</b>	<b>Ex Mod Adjusted Payroll (ExP)</b>
			<b>1.03</b>				<b>1.02455261</b>		
Colfax	\$0.32	\$0.18	\$810,291	0.14	0.88	\$714,128	0.86	\$697,014	\$705,884
Dunsmuir	\$2.84	\$1.58	\$843,834	0.15	1.09	\$917,207	1.06	\$895,227	\$906,620
Etna	\$0.11	\$0.06	\$836,969	0.15	0.86	\$720,044	0.84	\$702,789	\$711,733
Live Oak	\$0.01	\$0.00	\$1,672,079	0.26	0.74	\$1,241,251	0.72	\$1,211,505	\$1,226,923
Loomis	\$0.00	\$0.00	\$1,238,021	0.21	0.79	\$984,044	0.78	\$960,462	\$972,685
Mt. Shasta	\$0.54	\$0.30	\$2,547,103	0.35	0.76	\$1,929,245	0.74	\$1,883,012	\$1,906,976
Portola	\$5.03	\$2.79	\$863,029	0.15	1.27	\$1,099,159	1.24	\$1,072,819	\$1,086,472
Rio Dell	\$0.70	\$0.39	\$1,226,542	0.20	0.88	\$1,074,459	0.86	\$1,048,710	\$1,062,056
Shasta Lake	\$0.40	\$0.22	\$4,796,767	0.50	0.61	\$2,936,497	0.60	\$2,866,126	\$2,902,601
Susanville	\$2.81	\$1.56	\$4,562,934	0.49	1.27	\$5,812,495	1.24	\$5,673,203	\$5,745,401
Weed	\$2.13	\$1.18	\$1,926,183	0.29	1.05	\$2,028,071	1.03	\$1,979,470	\$2,004,661
Yreka	\$3.74	\$2.08	\$4,037,510	0.46	1.49	\$6,026,002	1.46	\$5,881,593	\$5,956,444
<b>Subtotal Members</b>	<b>\$1.74</b>	<b>\$0.97</b>	<b>\$25,361,262</b>	<b>0.84</b>	<b>0.97</b>	<b>\$25,482,602</b>	<b>0.95</b>	<b>\$24,871,931</b>	<b>\$25,188,458</b>
Isleton (does not participate)									
Biggs	\$0.07	\$0.04	\$450,915	0.09	1.36	\$611,120	1.10	\$496,007	\$502,319
Loyalton	\$0.25	\$0.14	\$157,657	0.03	1.36	\$213,671	1.10	\$173,423	\$175,630
Montague	\$2.63	\$1.46	\$479,468	0.09	1.36	\$649,817	1.10	\$527,414	\$534,126
Tulelake	\$6.39	\$3.55	\$427,806	0.08	1.36	\$579,800	1.10	\$470,586	\$476,575
<b>Subtotal Mini Cities</b>	<b>\$2.73</b>	<b>\$1.52</b>	<b>\$1,515,845</b>	<b>0.24</b>	<b>1.12</b>	<b>\$2,054,409</b>	<b>1.10</b>	<b>\$1,667,430</b>	<b>\$1,688,650</b>
<b>Grand Total</b>	<b>\$1.80</b>	<b>\$1.00</b>	<b>\$26,877,108</b>	<b>0.85</b>	<b>1.00</b>	<b>\$27,537,011</b>	<b>0.98</b>	<b>\$26,539,361</b>	<b>\$26,877,108</b>

**SCORE**  
**Workers' Compensation Experience Modification Calculation**  
**Fiscal Year PROPOSED 2021-2022**

FORMULA	Losses						Payroll					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total	% of Total Losses	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total	% Total Payroll
Colfax	\$5,585	\$127	\$487	\$3,478	\$9,677	0.6%	\$685,372	\$763,883	\$729,025	\$830,945	\$ 3,009,224	3%
Dunsmuir	\$82,947	\$2,080			\$85,027	5.1%	\$670,417	\$731,158	\$814,074	\$773,719	\$ 2,989,368	3%
Etna		\$2,461			\$2,461	0.1%	\$384,224	\$642,786	\$582,991	\$683,538	\$ 2,293,539	2%
Live Oak		\$320			\$320	0.0%	\$1,359,315	\$1,542,765	\$1,145,631	\$1,546,372	\$ 5,594,082	6%
Loomis					\$0	0.0%	\$786,892	\$921,205	\$1,038,226	\$1,199,587	\$ 3,945,910	4%
Mt. Shasta	\$7,007	\$2,929	\$20,733	\$17,553	\$48,222	2.9%	\$2,061,747	\$2,120,912	\$2,296,794	\$2,438,476	\$ 8,917,928	10%
Portola	\$3,024	\$55,631	\$100,000	\$298	\$158,953	9.4%	\$867,805	\$669,139	\$811,353	\$814,039	\$ 3,162,336	3%
Rio Dell	\$2,786	\$225	\$23,034	\$4,249	\$30,293	1.8%	\$1,015,930	\$1,021,200	\$1,106,459	\$1,162,520	\$ 4,306,110	5%
Shasta Lake	\$2,169	\$57,494	\$2,147	\$3,344	\$65,154	3.9%	\$3,719,515	\$3,981,446	\$4,163,629	\$4,279,146	\$ 16,143,736	17%
Susanville	\$216,618	\$51,363	\$121,095	\$66,886	\$455,961	27.1%	\$3,848,191	\$4,037,384	\$4,141,779	\$4,203,368	\$ 16,230,722	17%
Weed	\$12,320	\$100,000	\$54,248	\$4,684	\$171,253	10.2%	\$1,757,498	\$1,925,727	\$2,199,308	\$2,154,103	\$ 8,036,636	9%
Yreka	\$97,300	\$178,207	\$128,563	\$111,722	\$515,791	30.7%	\$3,115,630	\$3,322,155	\$3,617,069	\$3,746,586	\$ 13,801,439	15%
<b>Subtotal Members</b>	<b>\$429,757</b>	<b>\$450,838</b>	<b>\$450,305</b>	<b>\$212,213</b>	<b>\$1,543,113</b>	<b>91.7%</b>	<b>\$20,272,534</b>	<b>\$21,679,759</b>	<b>\$22,646,339</b>	<b>\$23,832,398</b>	<b>\$ 88,431,030</b>	<b>95%</b>
Isleton (does not participate)												
Biggs			\$1,094		\$1,094	0.1%	\$392,776	\$400,995	\$403,292	\$416,544	\$ 1,613,607	2%
Loyalton	\$1,304				\$1,304	0.1%	\$121,101	\$101,470	\$133,847	\$158,777	\$ 515,195	1%
Montague		\$36,350		\$472	\$36,822	2.2%	\$342,082	\$316,852	\$357,636	\$384,199	\$ 1,400,769	1%
Tulelake		\$0	\$100,000		\$100,000	5.9%	\$355,728	\$394,327	\$398,719	\$415,931	\$ 1,564,706	2%
<b>Subtotal Mini Cities</b>	<b>\$1,304</b>	<b>\$36,350</b>	<b>\$101,094</b>	<b>\$472</b>	<b>\$139,220</b>	<b>8.3%</b>	<b>\$1,211,688</b>	<b>\$1,213,645</b>	<b>\$1,293,493</b>	<b>\$1,375,451</b>	<b>\$ 5,094,277</b>	<b>5%</b>
<b>Grand Total</b>	<b>\$431,061</b>	<b>\$487,188</b>	<b>\$551,399</b>	<b>\$212,685</b>	<b>\$1,682,332</b>	<b>100%</b>	<b>\$21,484,222</b>	<b>\$22,893,404</b>	<b>\$23,939,832</b>	<b>\$25,207,849</b>	<b>\$ 93,525,307</b>	<b>100%</b>

**SCORE Workers' Compensation Program Funding Changes 2020/21 to 2020/21**

SIR Layers	2021/22	2020/21	Difference
Base Rate*	\$ 6.42	\$ 6.84	-6.1%

Excess Coverage	2021/22	2020/21	Difference
Base Rate	\$ 1.55	\$ 1.44	7.5%

\*Combined Rate at 80% CL

Member Entity	WC Deposit Premium Change			Payroll			WC Losses \$0-\$50K			WC Experience Mod			WC Admin Allocation		
	Current Year 2021/22 80% CL	Prior Year 2020/21 80% CL	% Change	CY 2020 Payroll with 3% inflation factor	CY 2019 Payroll with 3% inflation factor	% Change	4-Year Total FYE 2016-20	4-Year Total FYE 2015-19	% Change	2021/22	2020/21	% Change	2021/22	2020/21	% Change
				<b>1.03</b>	<b>1.03</b>										
Colfax	\$ 75,634	\$ 75,086	1%	\$810,291	\$815,608	-1%	\$9,677	\$6,199	56%	0.86	0.83	3%	\$ 19,223	\$18,621	3%
Dunsmuir	\$ 92,107	\$ 94,007	-2%	\$843,834	\$867,785	-3%	\$85,027	\$85,027	0%	1.06	1.04	2%	\$ 19,482	\$19,023	2%
Isleton (do not participate)															
Live Oak	\$ 123,652	\$ 107,600	15%	\$1,672,079	\$1,393,398	20%	\$320	\$1,133	-72%	0.72	0.74	-2%	\$ 25,876	\$23,065	12%
Loomis	\$ 100,263	\$ 96,541	4%	\$1,238,021	\$1,182,518	5%	\$0	\$0		0.78	0.76	2%	\$ 22,525	\$21,443	5%
Mt. Shasta	\$ 185,794	\$ 209,890	-11%	\$2,547,103	\$2,507,482	2%	\$48,222	\$120,369	-60%	0.74	0.85	-13%	\$ 32,630	\$31,633	3%
Portola	\$ 106,382	\$ 115,496	-8%	\$863,029	\$904,933	-5%	\$158,953	\$200,452	-21%	1.24	1.28	-3%	\$ 19,630	\$19,308	2%
Rio Dell	\$ 107,186	\$ 118,850	-10%	\$1,226,542	\$1,216,547	1%	\$30,293	\$87,630	-65%	0.86	0.96	-11%	\$ 22,436	\$21,705	3%
Shasta Lake	\$ 282,649	\$ 265,537	6%	\$4,796,767	\$4,299,509	12%	\$65,154	\$86,093	-24%	0.60	0.61	-3%	\$ 49,997	\$45,414	10%
Susanville	\$ 508,917	\$ 450,644	13%	\$4,562,934	\$4,420,501	3%	\$455,961	\$440,667	3%	1.24	1.10	13%	\$ 48,192	\$46,345	4%
Weed	\$ 188,397	\$ 236,503	-20%	\$1,926,183	\$2,269,813	-15%	\$171,253	\$173,860	-1%	1.03	1.09	-6%	\$ 27,837	\$29,805	-7%
Yreka	\$ 519,713	\$ 536,926	-3%	\$4,037,510	\$3,821,757	6%	\$515,791	\$513,000	1%	1.46	1.56	-7%	\$ 44,136	\$41,740	6%
Biggs	\$ 56,552	\$ 48,133	17%	\$450,915	\$421,306	7%	\$1,094	\$1,094	0%	1.10	0.91	21%	\$ 16,449	\$15,589	6%
Etna	\$ 76,149	\$ 54,737	39%	\$836,969	\$535,744	56%	\$2,461	\$2,461	0%	1.10	0.91	21%	\$ 19,429	\$16,469	18%
Loyalton	\$ 28,181	\$ 25,996	8%	\$157,657	\$161,721	-3%	\$1,304	\$1,394	-6%	1.10	0.91	21%	\$ 14,185	\$13,593	4%
Montague	\$ 59,235	\$ 46,779	27%	\$479,468	\$408,234	17%	\$36,822	\$36,350	1%	1.10	0.91	21%	\$ 16,669	\$15,488	8%
Tulelake	\$ 54,250	\$ 48,240	12%	\$427,806	\$423,418	1%	\$100,000	\$99,623		1.10	0.91	21%	\$ 16,270	\$15,605	4%
<b>Grand Total</b>	<b>\$ 2,565,061</b>	<b>\$ 2,530,967</b>	<b>1%</b>	<b>\$26,877,108</b>	<b>\$25,650,275</b>	<b>5%</b>	<b>\$1,682,332</b>	<b>\$1,855,353</b>	<b>-9%</b>				<b>\$ 414,964</b>	<b>\$394,847</b>	<b>5%</b>



## 2021/2022 Preliminary Operating Budget SCORE

Member	1									JPA Experience Mod Calculation <i>(Used in determining the JPA's premium to ERMA)</i>											Individual Experience Mod Calculation <i>(Used in determining each individual member's premium to their JPA)</i>				Prior Year Comparison	
	Actual 2020 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Premium	JPA Participation Credit	Net Deposit Premium		2 JPA Experience Modification Factor	3 Dep Prem Adjusted for Experience Modification	4 Off-Balance Factor	5 Dep Prem Adjusted for Off Balance Factor	6 Individual Experience Modification Factor	7 Capped Individual Experience Modification	8 Capped Ind. Ex Mod Including .25 capped change over prior year	Info Only: 9 Prior Year (2020/2021) Experience Modification	10 Deposit Adjusted for Experience Off-Balance Factor	11 Premium Adjusted for Off Balance Factor	Prior Year Deposit Premium	Increase (Decrease)					
1 Biggs (07/01/17)	\$437,782	\$25,000	\$2,350	\$30	\$224	\$2,604	(\$242)	\$2,362		1.210	\$2,858	1.024	\$2,927	0.000	0.750	0.750	0.750	\$1,771	1.388	\$2,459	\$2,131	\$329				
2 Colfax	786,691	25,000	4,223	55	402	4,679	(435)	4,244		1.210	5,135	1.024	5,260	0.000	0.750	0.750	0.750	3,183	1.388	4,419	4,125	295				
3 Dunsmuir (01/01/20)	819,256	25,000	4,397	57	419	4,873	(453)	4,420		1.210	5,348	1.024	5,477	0.000	0.750	0.750	1.000	3,315	1.388	4,602	5,851	(1,249)				
4 Live Oak (07/01/04)	1,623,377	25,000	8,713	113	830	9,656	(898)	8,758		1.210	10,596	1.024	10,854	0.000	0.750	0.750	0.750	6,568	1.388	9,119	7,047	2,073				
5 Loomis (07/01/12)	1,201,962	25,000	6,452	83	615	7,149	(665)	6,484		1.210	7,846	1.024	8,036	0.000	0.750	0.750	0.750	4,863	1.388	6,752	5,980	772				
6 Mt. Shasta (07/01/01)	2,472,916	25,000	13,273	171	1,264	14,709	(1,369)	13,341		1.210	16,142	1.024	16,534	14.384	1.500	1.250	1.000	16,676	1.388	23,153	16,908	6,245				
7 Portola	837,892	25,000	4,497	58	428	4,984	(464)	4,520		1.210	5,469	1.024	5,602	0.000	0.750	0.750	0.750	3,390	1.388	4,707	4,576	131				
8 Rio Dell (07/01/02)	1,190,818	25,000	6,392	83	609	7,083	(659)	6,424		1.210	7,773	1.024	7,962	0.000	0.750	0.750	0.750	4,818	1.388	6,690	6,152	537				
9 Shasta Lake	4,657,055	25,000	24,997	323	2,381	27,701	(2,577)	25,124		1.210	30,399	1.024	31,136	0.000	0.750	0.750	0.750	18,843	1.388	26,161	21,744	4,418				
10 Susanville (07/01/04)	4,430,033	25,000	23,778	307	2,265	26,351	(2,452)	23,899		1.210	28,917	1.024	29,619	7.389	1.500	1.250	1.000	29,873	1.388	41,477	29,807	11,670				
11 Tulelake (07/01/15)	415,345	25,000	2,229	29	212	2,471	(230)	2,241		1.210	2,711	1.024	2,777	0.000	0.750	0.750	0.750	1,681	1.388	2,333	2,141	192				
12 Weed (07/01/15)	1,870,081	100,000	7,284	130	956	8,370	(779)	7,591		1.210	9,185	1.024	9,408	0.000	0.750	0.750	0.750	5,693	1.388	7,905	8,665	(760)				
13 Yreka	3,919,913	25,000	21,040	272	2,004	23,316	(2,169)	21,147		1.210	25,587	1.024	26,208	0.000	0.750	0.750	0.750	15,860	1.388	22,021	19,327	2,693				
<b>Total</b>	<b>\$24,663,120</b>		<b>\$129,626</b>	<b>\$1,710</b>	<b>\$12,611</b>	<b>\$143,946</b>	<b>(\$13,393)</b>	<b>\$130,553</b>			\$157,965		\$161,799					\$116,535		<b>\$161,799</b>	<b>\$134,455</b>	<b>\$27,344</b>				
			(13,393)																							
			<b>\$116,232</b>																							

JPA Ex mod calc: 1 X 2 = 3; then 3 X 4 = 5

Individual Ex mod calc: 1 X 8 = 9; then 9 X 10 = 11



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item H.12.**

**PROPERTY PROGRAM (APIP) CHANGES & OPTIONS**

**INFORMATION ITEM**

**ISSUE:** The attached Executive Summary provides a listing of changes to the Property coverage for FY 21/22. In addition, a redline strikeout version of the master wording is included for review of the changes.

**RECOMMENDATION:** Information only.

**FISCAL IMPACT:** Unknown.

**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.

**ATTACHMENTS:**

1. Executive Summary
2. PEPPIP RLSO Master Policy Form as of May 27

## ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

July 1, 2021 – July 1, 2022

### EXECUTIVE SUMMARY

Attached please find the renewal summary of the Alliant Property Insurance Program (APIP) for the 2021-2022 period. An overview of the most significant issues are discussed here.

The challenging market conditions that began in 2018 have continued into the 2021 renewal. While we do believe the market may be close to peaking (assuming no major catastrophe events), the APIP renewal has proven difficult. While the market has not experienced a single catastrophe event on par with Hurricane Katrina in 2005 over the past few years, natural catastrophe losses such as Hurricanes Harvey, Irma and Maria in 2017, California Wildfires in 2018, 2019 and 2020, Winter Storm Uri in 2021, and the Coronavirus Pandemic are key drivers of continuing rate pressure. These catastrophes along with increased attritional losses resulted in another unprofitable year for most property insurers in 2020. Lack of profitability has resulted in carriers continuing to re-evaluate their books and seeking increased pricing and reduced terms and conditions. Those insureds that have significant shock loss(es) or persistent attritional losses will experience larger rate increases. In keeping with the programs' general history; however, we still expect overall rates to, in many cases, remain below that which can be achieved in the open market for similar coverage.

For the 2021/22 renewal, Lexington will provide the first \$25,000,000 of the program. Maximum program limits between \$800,000,000 and \$1,000,000,000 will be placed with worldwide markets rated at A.M. Best A- VII or higher. 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 provided. Additional excess options are available, if requested. The Cyber market has become extremely volatile in the past year primarily due to a pronounced increase in ransomware claims. Due to the difficulty of even maintaining Cyber coverage for many public entities, we believe the Cyber coverage provided by APIP represents one of the best values in the marketplace. **Please note claims reporting timeframe limitations for this coverage**
- Pollution Coverage for both 1<sup>st</sup> and 3<sup>rd</sup> parties from Ironshore Specialty Insurance Company, A.M. Best Rated A XV, (for those eligible insureds) with coverage as outlined on the following proposal will be provided. **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 to ten 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.**

**ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**  
**July 1, 2021 – July 1, 2022**  
**EXECUTIVE SUMMARY**

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

**Year-over-Year Rate and Premium Comparison**

<b><u>Small Cities Organized Risk Effort</u></b>	<b><u>2020-2021</u></b> (at 10/29/2020)	<b><u>2021-2022</u></b>	<b><u>Variance</u></b>
Total Insurable Values (TIV):	\$ 352,222,099	\$ 365,060,613	3.64%
Earthquake TIV:	Not Applicable	Not Applicable	N/A
Earthquake Limit:	Not Covered	Not Covered	N/A
*Property Annual Cost:	\$ 739,798.81	\$ 1,077,948.81	45.70%
Cyber Liability Annual Cost:	\$ 2,204.68	\$ 10,575.94	379.70%
Pollution Liability Annual Cost:	\$ 2,142.44	\$ 2,573.81	20.13%
Total Account Rate (\$/100):	0.2112718	0.2988815	41.46%
**Total Annual Cost:	\$ 744,145.93	\$ 1,091,098.56	46.62%

\*Property Annual Cost includes: all premiums (except Cyber Liability and Pollution Liability), underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes

\*\* Total Annual Cost includes: Property Annual Cost, Cyber Liability Annual Cost and Pollution Liability Annual Cost (except Cyber BBR option, if purchased).

The following pages are coverage items currently under review with the APIP markets to be effective on July 1, 2021. Cyber and Pollution Liability coverage items currently under review will be noted under these specific proposal documents.

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 SUB-LIMIT & DEDUCTIBLE CHANGES**

**BELOW IS A SUMMARY OF PROPOSED CHANGES FOR THE 2021-2022 POLICY PERIOD AS OF MAY 28, 2021**

Coverage	2020-2021 Sub-limit / Deductible	2021-2022 Sub-limit / Deductible	Status
Miscellaneous Unnamed Locations	\$25,000,000 Miscellaneous Unnamed Locations or 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.	<u>\$25,000,000 Miscellaneous Unnamed Locations for Named Insureds with total insurable values greater than or equal to \$500,000,000 at time of binding or \$10,000,000 Miscellaneous Unnamed Locations for Named Insureds with total insurance values less than \$500,000,000 at time of binding</u> 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. <u>Vacant and Unoccupied Buildings are sub-limited to \$10,000,000.</u>	As expiring except for vacant properties and Named Insureds with TIV < \$500M
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.	<u>\$25,000,000 Automatic Acquisition for Named Insureds with total insurable values greater than or equal to \$500,000,000 at time of binding or \$10,000,000 Automatic Acquisition for Named Insureds with total insurable values less than \$500,000,000 at time of binding up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days</u> excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. <u>Vacant and Unoccupied Buildings are sub-limited to \$10,000,000.</u>	As expiring except for vacant properties and Named Insureds with TIV < \$500M
Money & Securities	<del>\$2,500,000</del> Money and Securities for named perils only as referenced within the policy.	<u>\$500,000 Money and Securities for named perils only as referenced within the policy, however fraudulent impersonation, fraudulent instruction or similar events are excluded.</u>	Reduced sub-limit
Accidental Contamination	\$250,000 Accidental Contamination per occurrence and annual aggregate per Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration.	<u>\$250,000 Accidental Contamination per occurrence and annual aggregate per Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration. Coverage 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.</u>	Clarification
Transit	\$25,000,000 Transit for Physical Damage and Business Interruption combined.	\$25,000,000 Transit Physical Damage only	Business Interruption excluded
Off Premises Vehicle Physical Damage Deductible	Deductibles varied by named insured	<i>For Insureds who purchase this coverage with replacement cost valuation, the following minimum deductibles apply:</i> <ul style="list-style-type: none"> <li>For vehicles with replacement cost value under \$250,000: \$25,000 deductible, except \$50,000 for all police vehicles;</li> <li>For vehicles with replacement cost value of \$250,000 to \$750,000: \$100,000 deductible;</li> <li>For vehicles with replacement cost value in excess of \$750,000: \$250,000 deductible</li> </ul> the stated deductible will apply to vehicle physical damage both on and off-premises on a per occurrence basis, unless otherwise stated.	Update

**KEY MASTER POLICY FORM PROPOSED CHANGES**

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

Coverage	2020-2021	2021-2022	Status
Policy Period	July 1, 2020 to July 1,2021	July 1, 2021 to July 1,2022	Update
Section I, E., 2. k.  Money and Securities	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)).	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)), <u>however fraudulent impersonation, fraudulent instruction or similar events are excluded.</u>	Clarification
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 <u>incoming electricity, fuel, gas, water, steam or refrigeration or outgoing sewerage, heat light, power, telephone or similar services to a Named Insured's premises.</u> The coverage provided by this clause is sub-limited to USD as per Declaration Page.	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  (1.) Incoming electricity, fuel, gas, water, steam, or refrigeration;  (2.) <u>Data, voice or video service;</u> or  (3.) Outgoing sewerage to an Insured's Location.  The coverage provided by this clause is sub-limited to <u>USD as per Declaration Page</u>	Clarification
Section II, B. 8.  Building Laws	See Red Line Strike Out of Master Policy Form for full wording.	The Building Law section has been deleted in its entirety. Coverage is provided under Increased Cost of Construction, Section II, B. 10.	Update
Section II, B. 19.  Automatic Acquisition and Reporting Conditions	See Red Line Strike Out of Master Policy Form for full wording	<i>See Red Line Strike Out of Master Policy Form for full wording. Partial wording changes provided below.</i>  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 period, within the United States of America, subject to the values of such additional property and/or interests not exceeding  a. <u>USD25,000,000 for Named Insureds with total insurable values greater than or equal to USD500,000,000 at time of binding;</u>  b. <u>USD10,000,000 for Named Insureds with total insurable values less than USD500,000,000 at time of binding.</u>  c. Named Insured's Policy Limit of Liability if less than USD25,000,000.	As expiring except for Named Insureds with TIV < \$500M

**KEY MASTER POLICY FORM PROPOSED CHANGES CONTINUED**  
**PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS**

Coverage	2020-2021	2021-2022	Status
<p>Section II, B. 20. Miscellaneous Unnamed Locations</p>	<p>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. 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.</p>	<p>Subject to the Miscellaneous Unnamed Locations sub-limit shown on the Declaration Page, this policy is extended to insure property of type not excluded located at Miscellaneous Unnamed Locations. Miscellaneous Unnamed Locations means a property that has not been included in the Schedule of Values on file with Alliant Insurance Services, Inc. as may be required in the Policy provisions elsewhere.</p> <p>There is no coverage under this paragraph for loss or damage which is covered under the Errors and Omissions or Automatic Acquisition provisions of this Policy.</p> <p>This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska or Flood coverage for any property situated in Flood Zones A or V.</p>	<p>Clarification</p>
<p>Section II, B. 21 Accidental Contamination</p>	<p>See Red Line Strike Out of Master Policy Form for full wording</p>	<p><i>New paragraph added at the end of item:</i></p> <p>In accordance with Section IV, Item T., Other Insurance, coverage provided under this paragraph 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.</p>	<p>Clarification</p>
<p>Section II, C. 3 Property Not Covered</p>	<p>Land (including land <u>on which covered property is located</u>), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens).</p>	<p>Land (including land <u>underneath or adjacent to a covered building or structure, and including costs to replace, repair, or stabilize any land, unless when necessary to protect a covered building or structure</u>), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens). <u>However, this policy does insure fill beneath any buildings or structures.</u></p>	<p>Clarification</p>
<p>Section II, D. 4. Loss Payment Basis / Valuation</p>	<p>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.</p>	<p>On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction <u>without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.</u> 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 <u>or allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.</u></p>	<p>Clarification</p>

**KEY MASTER POLICY FORM PROPOSED CHANGES CONTINUED**  
**PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS**

Coverage	2020-2021	2021-2022	Status
Section II. D. Loss Payment Basis / Valuation	"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:	<p><i>Replacement Cost definition has been modified to allow increased cost of construction to be covered under Section II, B. 10.:</i></p> <p>"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 <u>or allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair</u>, subject to the following:</p>	Clarification
Section III. A. 2. Extra Expense	See Red Line Strike Out of Master Policy Form for full wording.	<p><i>New wording added:</i></p> <p>With respect to Power Generating Facilities, Extra Expense shall also include any extra expense incurred resulting from the purchase of electrical power from any other power source, the coverage provided hereunder is sub-limited to USD as per Declaration Page.</p> <p>However, this Policy shall not cover loss of Bonus Capacity Payments, performance Guarantee penalties or any other indirect or remote loss of whatever nature.</p>	Clarification
Section III. B. 4. Contingent Time Element Coverage	See Red Line Strike Out of Master Policy Form for full wording.	<p><i>New wording added to the end of this item:</i></p> <p>This coverage applies to the Insured's direct suppliers or direct customers located in the Coverage Territory.</p> <p>Notwithstanding the foregoing, this Additional Coverage does not apply to:</p> <p>a. Any supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, Cloud Computing Service or data, voice or video service; or</p> <p>b. The Insured's customers, if the Insured is a supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, Cloud Computing Service or data, voice or video service.</p> <p><i>(A Cloud Computing Service definition has been added under Section II. E. 6.)</i></p>	Clarification

**KEY MASTER POLICY FORM PROPOSED CHANGES CONTINUED**  
**PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS**

COVERAGE	2020-2021	2021-2022	STATUS
Section IV, B. 15.	Notwithstanding Section IV, Item T., 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 other than as above stated.	<del>In accordance with Section IV, Item T., Other Insurance, coverage provided under this paragraph 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.</del> Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.	Clarification
Section IV, B. 22.	No exclusion.	<p><i>Addition of the following item to the General Conditions Section ...:</i></p> <p>For buildings that are purchased, acquired or leased with the following conditions existing at the time of acquisition:</p> <ul style="list-style-type: none"> <li>a. Building or any part of a building that is in danger of falling down or caving in, or</li> <li>b. Any part of a building that has separated from another part of the building.</li> </ul> <p>Loss or damage arising out of the above conditions is excluded;</p> <p>However, the Company does cover loss or damage arising out of Collapse. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.</p>	Clarification
Section IV, H. 5.	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.	<p><i>Addition of the following item to the General Conditions Section:</i></p> <p>5. The Insured has permission to cease business operations or to have any insured building remain vacant or unoccupied, provided that fire protection, security and alarm services are maintained and written notice is given to the Company prior to the one-hundred twentieth (120th) consecutive day of cessation of business operations, vacancy. The insured building is considered vacant when:</p> <ul style="list-style-type: none"> <li>a. Such building does not contain adequate Insured Property to conduct customary business operations; or</li> <li>b. Such building is no longer used by the Insured, a lessee or a sub-lessee to conduct customary business operations;</li> <li>c. 70% or more of its total square footage is "vacant";</li> </ul> <p>provided however, this provision shall not apply to any time period when customary business operations are suspended due to circumstances that are usual to such business operations.</p>	Update

**KEY MASTER POLICY FORM PROPOSED CHANGES CONTINUED**  
**PLEASE REFER TO THE RED LINE STRIKE OUT VERSION OF THE MASTER POLICY FOR FULL DETAILS**

Coverage	2020-2021	2021-2022	Status
Section IV, AH. 4. Location(s)	No Insured Location definition	<p><i>Addition of the following definition to the General Conditions Section which replaced “premises of the Named Insured”, “covered location” and “Named Insured’s Location”.</i></p> <p>Insured Location(s) means:</p> <ol style="list-style-type: none"> <li>1. The location(s) within the Coverage Territory described in the most recent Statement of Values held on file with the Alliant Insurance Services, Inc., Miscellaneous Unnamed Locations and locations as covered by the Errors and Omissions and Automatic Acquisition Additional Coverages;</li> <li>2. Unless otherwise set forth in the Statement of Values, each such Insured Location(s) shall be comprised of any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by property lines, public streets, clear land space or open waterways, each not less than fifty (50) feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.</li> </ol>	Clarification
Endorsement 5 LMA 5400, Cyber Exclusion	Applicable to specific carriers	<p>Applicable to all carriers. This exclusion replaces the previous Cyber exclusion in the policy (Section IV, AE) which will be deleted.</p> <p>Please note that LMA 5400 excludes Cyber Loss and any loss or damage directly or indirectly caused by that Cyber Loss. This includes any resultant physical damage as a result of a malicious Cyber Act. See Red Line Strike Out of Master Policy Form for full wording.</p>	Restriction



**PEPIP USA FORM No. ~~1617~~**  
**MASTER POLICY WORDING**

**COVERAGE INCEPTING**  
**FROM JULY 1, ~~2020-2021~~ TO JULY 1,**  
**~~2021~~2022**

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## 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.

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 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 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. When a sub-limit refers to a covered peril, the sub-limit applies to all loss and expense resulting from said peril, regardless of the number of coverages that may apply to such loss or expense. In the event that a claim involves both a coverage that is sub-limited and a peril that is sub-limited, the lesser of the two will apply.

- 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/Unnamed Locations;
- 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 and 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)); however fraudulent impersonation fraudulent instruction or similar events are excluded;
- 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, sidewalks, 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 physical damage only;
  - 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 and 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~~-vehicle 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 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

(1.) Incoming electricity, fuel, gas, water, steam, or refrigeration;

(2.) Data, voice or video service; ~~telephone or similar services, refrigeration~~ or

(3.) ~~Outgoing~~ sewerage to an ~~Named Insured's premises.~~ Location.

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

### 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;~~ any architects and engineers' fees.

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. CLAIM PREPARATION EXPENSES**

This Policy also insures as a direct result of physical loss or damage insured hereunder any claim preparation expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

## **76. 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.

## **87. 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~~ Location 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 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 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 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 caused by the enforcement of any 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 AND & 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. This extension does not increase any more specific limit stated elsewhere in this Policy or Declaration.

## 12. **ANIMALS**

This 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 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 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 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.

## 15. VEHICLES WHILE ON INSURED PREMISES

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

## 16. ASBESTOS CLEAN UP AND REMOVAL

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

## 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 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, 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:

- a. Designated persons means:
  - (1) Patients, residents and lawful occupants at an Insured Location~~covered location~~, and/or
  - (2) Those employees who are essential to implement the mandatory evacuation order at an Insured Location~~covered Insured 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 Insured Location~~covered Insured Location~~ or, if the Insured Location~~covered Insured 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:

- a.(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
- b.(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
- c.(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 period, within the United States of America, subject to the values of such additional property and/or interests not exceeding

a. USD25,000,000 for Named Insureds with total insurable values greater than or equal to USD500,000,000 at time of binding;

b. USD10,000,000 for Named Insureds with total insurable values less than USD500,00,000 at time of binding; or

c. 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 \$USD2,500,000 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.

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

a. USD25,000,000 for Named Insureds with total insurable values greater than or equal to USD500,000,000 at time of binding;

b. USD10,000,000 for Named Insureds with total insurable values less than USD500,00,000 at time of binding; or

c. 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 for Named Insureds with total insurable

values greater than or equal to USD500,000,000 at time of binding or USD10,000,000 for Named Insureds with total insurable values less than USD500,00,000 at time of binding.

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 for Named Insureds with total insurable values greater than or equal to USD500,000,000 at time of binding or USD10,000,000 for Named Insureds with total insurable values less than USD500,00,000 at time of binding 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 period, 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.

This Policy covers real or personal property of the type insured under this Policy that is rented, leased, or purchased by the Insured after the inception date of this Policy, subject to the sub-limits shown on the Declaration page. Coverage under this additional coverage ceases at the earlier of the following dates:

A. One hundred twenty (120) days from the date of acquisition or lease of such property or such other number of days shown in Section I for Automatic Acquisition, if applicable, or

B. When the automatic acquisition location is bound by Alliant Insurance Services, Inc.; or

C. Alliant Insurance Services, Inc. notifies the Insured that it will not bind the automatically acquired location.

There is no coverage for any property that is partially or wholly insured under any other insurance.

There is no coverage under this paragraph for loss or damage, which is covered under the Error and Omissions or Miscellaneous Unnamed **Locations** provisions of this Policy.

## 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. 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. Subject to the Miscellaneous Unnamed Locations sub-limit shown on the Declaration Page, this policy is extended to insure property of type not excluded located at Miscellaneous Unnamed Locations. Miscellaneous Unnamed Locations means property that has not been included in the Schedule of Values on file with Alliant Insurance Services, Inc. as may be required in the Policy provisions elsewhere.

There is no coverage under this paragraph for loss or damage which is covered under the Errors and Omissions or Automatic Acquisition provisions of this Policy.

This coverage extension does not apply to the peril of Earthquake Shock in the states of California, or Alaska or Flood coverage for any property situated in Flood Zones A or V.

## 21. ACCIDENTAL CONTAMINATION

This Policy is hereby extended to cover the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of Pollutants or Contaminant(s) from any source to Covered Property 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.

In accordance with Section IV, Item T., Other Insurance, coverage provided under this paragraph 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.

### C. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this 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, 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~~ underneath or adjacent to a covered building or structure, and including costs to replace, repair, or stabilize any land, unless when necessary to protect a covered building or structure), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens). However, this policy does insure fill beneath any buildings or structures.
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 Location unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from ~~the premises of the Named~~ Insured Location 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.
9. Trees, plants, and shrubs unless their position and planting was undertaken by human agency, such as landscaping.

#### 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 Rreplacement Ccost (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 Rreplacement Ccost 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 Rreplacement Ccost 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 without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair. In the event of a partial loss, Rreplacement Ccost 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 Rreplacement Ccost.

6. On library contents, at Replacement Cost, or as follows, whichever is greater:

Category	Value (per item)	
Juvenile Materials	USD	50.52
Pamphlets	USD	6.50
Magazines	USD	13.10
Fiction	USD	24.43
Non-Fiction	USD	87.97
Dictionary	USD	128.03
Encyclopedia	USD	306.41
Thesaurus	USD	46.83
Reference (other)	USD	122.96
Abstracts	USD	301.10
Textbook	USD	111.38
Art Books	USD	66.34
Film	USD	295.41
Book/Diskette	USD	111.52
Vinyl Records	USD	88.63
DVD/VHS	USD	59.08
Audio Cassette	USD	32.49
Compact Discs	USD	25.93
CD ROM	USD	41.97
Books/Audio	USD	79.46
Medical Atlas	USD	189.85
Technical Law	USD	161.11
Nanotechnology	USD	186.04
Biotechnology	USD	176.03

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 Rreplacement Ccost 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 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 Rreplacement Ccost 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 or allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, subject to the following:

- a. 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. Replacement shall be effected by the Named Insured with due diligence and dispatch;
- c. 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. For historical buildings as more specifically defined in this Section.
- e. 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 Rreplacement Ccost, 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:

- a. Tuition income and related fees which are prevented from being earned or received.
- b. Other income derived from:
  - i. routine and special services;
  - 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:
  - 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.

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) 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).

With respect to Power Generating Facilities, Extra Expense shall also include any extra expense incurred resulting from the purchase of electrical power from any other power source, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

However, this Policy shall not cover loss of Bonus Capacity Payments, performance Guarantee penalties or any other indirect or remote loss of whatever nature.

## 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 10 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 10 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 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.

This coverage applies to the Insured's direct suppliers or direct customers located in the Coverage Territory.

Notwithstanding the foregoing, this Additional Coverage does not apply to:

- a. Any supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, Cloud Computing Service or data, voice or video service; or
- b. The Insured's customers, if the Insured is a supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, Cloud Computing Service or data, voice or video service.

### 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 as a result of physical damage to or destruction 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 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:
  - 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,

- 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, the actual recovery under this 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, extra expense, 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~~would have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this Policy.

#### 6. CLOUD COMPUTING SERVICE

The term Cloud Computing Service means a service (i) in the business of storing, managing and processing electronic data for which the Insured has a written contract and (ii) that provides access to and use of: software and/or a network of remote servers hosted away from an Insured Location to store, manage or process such data.

**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 settling, cracking, shrinkage, bulging, or expansion of 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.
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 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.
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 T., Other Insurance, coverage provided under this paragraph shall apply as primary. In accordance with Section IV, Item T., Other Insurance, coverage provided under this paragraph 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. Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the 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 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;~~ voice or video service;
- all when caused by loss or damage to any property outside Insured Location(s).

However, the above do not apply to ~~Off~~ PREMISES ~~Premises~~ SERVICE ~~service~~ Interruption ~~NTERRUPTION~~.

22. For buildings that are purchased, acquired or leased with the following conditions existing at the time of acquisition:

- a. Building or any part of a building that is in danger of falling down or caving in, or
- b. Any part of a building that has separated from another part of the building.

Loss or damage arising out of the above conditions is excluded;

However, the Company does cover loss or damage arising out of Collapse. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

## 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.~~If a vacant location has not been reported as part of the Named Insured(s) schedule of values held on file with Alliant Insurance Services, Inc., the coverage provided by this clause is sub-limited to the Miscellaneous Unnamed Location – Vacant and Automatic Acquisition – Vacant Sub-limit of USD as per Declaration Page.
5. The Insured has permission to cease business operations or to have any insured building remain vacant or unoccupied, provided that fire protection, security and alarm services are maintained and written notice is given to the Company prior to the one-hundred twentieth (120th) consecutive day of cessation of business operations, vacancy. The insured building is considered vacant when:
  - a. Such building does not contain adequate Insured Property to conduct customary business operations; or
  - b. Such building is no longer used by the Insured, a lessee or a sub-lessee to conduct customary business operations;
  - c. 70% or more of its total square footage is "vacant";

provided however, this provision shall not apply to any time period when customary business operations are suspended due to circumstances that are usual to such business operations.

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, 11<sup>th</sup> 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 after the inception of loss upon knowledge within the risk management or finance division of the insured that a loss has occurred.

**L. ARBITRATION OF VALUE**

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.

**M. 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.

**N. 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.

#### **P. 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.

#### **Q. ABANDONMENT**

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

**R. ASSIGNMENT**

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

**S. 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.

**T. 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.

**U. 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.

**V. 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.

**W. 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.

**X. FULL WAIVER**

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

**Y. 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.

**Z. JOINT LOSS ADJUSTMENT – BOILER AND 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:

- (i) 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;
- (ii) 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:

- (i) 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).
- (ii) The boiler and machinery insurer(s) shall simultaneously pay to the Named Insured, one-half of the said amount, which is in disagreement.
- (iii) 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.

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

(v) 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.

#### **AA. 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.

## **AB. 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 Policy, shall be paid to the Payee named on the first page of this Policy, 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 Policy, 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 Policy 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 Policy, 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 Policy 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 Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, 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 Policy 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 Policy 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 Policy at any time, as provided by its terms, but in such case this Policy 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 Policy 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 Policy become vested in the Lender or its agents, insurance under this Policy 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 Policy 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 Policy 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 Policy.

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

#### **AC. 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.

#### **AD. 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. 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 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 the Company of the Named Insured failure to do so, and;
    - (3) Has notified 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 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 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 the Company

3. If the Company cancels this 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, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this 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.

~~**AE. ELECTRONIC DATA**~~

~~**A. ELECTRONIC DATA EXCLUSION**~~

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

- ~~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' and 'time or logic bombs'.~~

- ~~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~~

**~~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.~~

**AEF. 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.

**AFG. 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. Lloyd's America Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25<sup>th</sup> 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.

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)
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)

## **AGH. 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 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 Information 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 ~~&~~and 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. INSURED LOCATION(S) means:

1. The location(s) within the Coverage Territory described in the most recent Statement of Values held on file with the Alliant Insurance Services, Inc., Miscellaneous Unnamed Locations and locations as covered by the Errors and Omissions and Automatic Acquisition Additional Coverages;
2. Unless otherwise set forth in the Statement of Values, each such Insured Location(s) shall be comprised of any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by property lines, public streets, clear land space or open waterways, each not less than fifty (50) feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.

## 4.5. 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.

**56. TIER I WINDSTORM COUNTIES**

<b>State</b>	<b>Tier I Counties, Parishes or Independent Cities</b>
Alabama	Baldwin, Mobile
Connecticut	Fairfield, Middlesex, New Haven, New London
Delaware	Entire State, All Counties
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
Maine	Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York
Maryland	Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester
<b>State</b>	<b>Tier I Counties, Parishes or Independent Cities Cont.</b>
Massachusetts	Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk
Mississippi	Hancock, Harrison, Jackson
New Hampshire	Rockingham, Strafford
New Jersey	Atlantic, Burlington, Cape May, Cumberland, Middlesex, Monmouth, Ocean, Salem, Union
New York	Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk
North Carolina	Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington
Rhode Island	Entire State, All Counties
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

**67. TIER 2 WINDSTROM COUNTIES**

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

**AH. 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 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 ~~an the Named~~ Insured ~~premises~~ Location, 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~~ Location.
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. **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.
8. **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.

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.
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.
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.
12. Packing: It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.
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.
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 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. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
2. 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. 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. 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. 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. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
3. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
4. 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 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 the Named Insured's business and that the Named Insured 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:

1. Listed on the schedule which is a part of this Policy or which is on file with the Company;
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.
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 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 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 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 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 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 Rreplacement Ccost.
- 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:
  - i. Any boiler setting, any insulating or refractory material,
  - ii. 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 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) The 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. The 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 Risk policy that this Extension attached to, the deductible to be applied to the total loss shall be the highest applicable 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.

This endorsement modifies insurance provided by the 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 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 may be canceled by the **FIRST NAMED INSURED** by mailing prior written notice to the Company or by surrender of this Policy to the **Company**.

If this 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. **First Named Insured** means the first Named Insured as shown on the Declarations page of this 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 Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, 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.
- 8 Cyber Incident means:
- 8.1 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
  - 8.2 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.
- 9 Computer System means:
- 9.1 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 nay other party.
- 10 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.
- 11 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



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item I.**

**GENERAL RISK MANAGEMENT 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:** None



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item J.**

**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. SCORE Resource Contact Guide
2. SCORE Glossary of Terms

# GLOSSARY OF TERMS

Term	Definition
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
<b>ACV</b> (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)
<b>ATD</b> (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
<b>AME</b> (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
<b>ACIP</b> (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.
<b>APIP</b> (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
<b>ADA</b> (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)
<b>AIS</b> (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

# GLOSSARY OF TERMS

<b>AGRIP</b> (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
<b>ALCM</b> (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).
<b>ARM</b> (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.
<b>BOD/BD</b> (Board of Directors)	body of elected or appointed members who jointly oversee the activities of a company or organization
<b>BI</b> (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.
<b>CAJPA</b> (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
<b>CIPRA</b> (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
<b>CJPRMA</b> (California Joint Powers Risk Management Authority)	CJPRMA provides the excess coverage to SCORE's Liability Program
California State Association of Governments ( <b>CSAC</b> )	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 ( <b>CSAC-EIA</b> )	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
<b>CalTIP</b> (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

# GLOSSARY OF TERMS

Catastrophic Loss Reserve	A separate JPIA reserve account designated to pay losses without additional premium assessments to members
<b>CIC</b> (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 ( <b>CIH</b> )	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 ( <b>CPCU</b> )	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 ( <b>C&amp;R</b> )	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 ( <b>CL</b> )	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 ( <b>CSP</b> )	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 ( <b>CSAC-EIA</b> )	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>

# GLOSSARY OF TERMS

	<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

# GLOSSARY OF TERMS

Errors and Omissions Insurance ( <b>E&amp;O</b> )	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 ( <b>EC</b> )	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 ( <b>FASB</b> )	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 ( <b>GAAP</b> )	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 ( <b>GASB</b> )	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 ( <b>HIPAA</b> )	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 ( <b>IBNR</b> )	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"> <li>- 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</li> </ul>

# GLOSSARY OF TERMS

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 ( <b>IIPP</b> )	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 ( <b>IRIC</b> )	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. ( <b>ISO</b> )	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 ( <b>LAWCX</b> )	LAWCX provides excess coverage to SCORE's workers' compensation pool
Long Range Planning ( <b>LRP</b> )	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 ( <b>LAE</b> )	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 ( <b>MMI</b> )	When an injured employee's condition is well stabilized and unlikely to change substantially in the next year, with or without medical treatment. Once

# GLOSSARY OF TERMS

	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

# GLOSSARY OF TERMS

Personal Protective Equipment ( <b>PPE</b> )	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 ( <b>PARMA</b> )	A statewide association for risk managers in the public sector. Educational and lobbying activities
Public Entity Property Insurance Program ( <b>PEPIP</b> )	A group purchase program from which many SCORE members purchase their insurance
Public Risk Management Association ( <b>PRIMA</b> )	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
<b>QME</b> (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 ( <b>RC</b> )	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)

# GLOSSARY OF TERMS

Risk and Insurance Management Society ( <b>RIMS</b> )	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 ( <b>SIR</b> )	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

# GLOSSARY OF TERMS

	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

**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](http://www.Alliant.com)

SUBJECT	MAIN CONTACT	PHONE	EMAIL
<p><b>JPA MANAGEMENT ISSUES</b> –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><b>Marcus Beverly</b></p> <p><b>Conor Boughey</b></p> <p><b>Michael Simmons</b></p> <p><b>Michelle Minnick</b></p>	<p>(916) 643-2704 (916) 660-2725 (cell)</p> <p>(415) 403-1411</p> <p>(415) 403-1425 (925) 708-3374 (cell)</p> <p>(916) 643-2715</p>	<p><a href="mailto:Marcus.Beverly@alliant.com">Marcus.Beverly@alliant.com</a></p> <p><a href="mailto:cboughey@alliant.com">cboughey@alliant.com</a></p> <p><a href="mailto:msimmons@alliant.com">msimmons@alliant.com</a></p> <p><a href="mailto:Michelle.Minnick@alliant.com">Michelle.Minnick@alliant.com</a></p>
<p><b>JPA ADMINISTRATIVE ISSUES</b> – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies &amp; procedures, JPA state compliance, Form 700, changes in Board members, website maintenance.</p>	<p><b>Michelle Minnick</b></p> <p><b>Marcus Beverly</b></p>		
<p><b>COVERAGE / RISK MANAGEMENT ISSUES</b> –</p> <ul style="list-style-type: none"> <li>➤ Certificates of coverage, additions/deletions of coverage’s, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs</li> <li>➤ 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</li> <li>➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services &amp; audits, third party contract review</li> </ul>	<p><b>Michelle Minnick</b></p> <p><b>Marcus Beverly</b></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](http://www.yorkrisk.com)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p><b>CLAIMS ADMINISTRATION</b> – questions regarding liability and Workers’ Compensation claims handling can be forwarded to York Risk Services Group</p> <p><b>Property Recovery Program</b>            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;"><b><u>Liability Claims</u></b></p> <p style="text-align: center;"><b><u>Workers’ Compensation Claims</u></b></p> <p style="text-align: center;"><b><u>Subrogation</u></b></p>	<p><b>Jill Petrarca</b>, Senior Manager            Property &amp; Casualty Adjuster</p> <p><b>Shawn Millar</b>, Property &amp;            Casualty Adjuster</p> <p><b>Caroline Sbabo</b>, Property &amp;            Casualty Adjuster</p> <p><b>Alex Davis</b>, Property &amp;            Casualty Adjuster</p> <p><b>Ariel Leonhard</b>, Claims            Examiner</p> <p><b>John Peshkoff</b>, Senior Claims            Manager</p> <p><b>Alicia Veloz</b>, Senior Claims            Examiner</p> <p><b>Jill Petrarca</b>, Senior Manager            Property &amp; 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><a href="mailto:jill.petrarca@sedgwick.com">jill.petrarca@sedgwick.com</a></p> <p><a href="mailto:shawn.millar@sedgwick.com">shawn.millar@sedgwick.com</a></p> <p><a href="mailto:caroline.sbabo@sedgwick.com">caroline.sbabo@sedgwick.com</a></p> <p><a href="mailto:alex.davis@sedgwick.com">alex.davis@sedgwick.com</a></p> <p><a href="mailto:ariel.leonhard@sedgwick.com">ariel.leonhard@sedgwick.com</a></p> <p><a href="mailto:john.peshkoff@sedgwick.com">john.peshkoff@sedgwick.com</a></p> <p><a href="mailto:alicia.veloz@sedgwick.com">alicia.veloz@sedgwick.com</a></p> <p><a href="mailto:jill.petrarca@sedgwick.com">jill.petrarca@sedgwick.com</a></p>
<p><b>ADMINISTRATIVE ISSUES</b> - annual contracts for services, IT issues, reports, service issues</p> <p><b>COMPUTER SERVICES, TRUST ACCOUNT SERVICES</b> – loss runs, special reports, check registers, bank reconciliations</p>	<p><b>Dori Zumwalt</b>, Account            Executive, Client Services</p> <p><b>Kelly Stewart</b>, Vice President            Property and Casualty Claims</p>	<p>(916) 960-1017</p> <p>(714) 620-1302</p>	<p><a href="mailto:dorienne.zumwalt@sedgwick.com">dorienne.zumwalt@sedgwick.com</a></p> <p><a href="mailto:kelly.stewart@sedgwick.com">kelly.stewart@sedgwick.com</a></p>

### CLAIM REPORTING AND TRIAGE SERVICES

Company Nurse Injury Hotline

Main: (888) 817-9282

<https://companynurse.com/>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p><b>CLAIM REPORTING AND TRIAGE SERVICES</b> –Company Nurse strives to streamline injury reporting and reduce injury reporting lag time and overall cost</p> <ul style="list-style-type: none"> <li>• Quick, easy, cost efficient way to immediately report workplace injuries</li> <li>• 24/7 Nurse Triage Hotline 1-888-545-9154 (Please ensure to use the city code specific to your member)</li> </ul>	<p><b>Chris Park</b>, Account Executive</p>	<p>(480) 717-6842</p>	<p><a href="mailto:service@companynurse.com">service@companynurse.com</a></p>

### ACCOUNTING SERVICES

Gilbert Associates, Inc.

Main: (916) 646-6464 Fax: (916) 929-6836

[www.gilbertcpa.com](http://www.gilbertcpa.com)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p><b>ACCOUNTING SERVICES</b> – any questions regarding accounting, accounts payable, invoicing, and checks can be forwarded to Gilbert Associates</p>	<p style="text-align: center;"><b>Kevin Wong</b>  <b>Jennifer Zraick</b></p>	<p>(916) 646-6464</p>	<p><a href="mailto:kswong@gilbertcpa.com">kswong@gilbertcpa.com</a>  <a href="mailto:JZraick@gilbertcpa.com">JZraick@gilbertcpa.com</a></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><b>POLICE RISK MANAGEMENT SERVICES</b> – 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><b>Dale Cephers</b>, West Region Market Development Executive <b>Sarah Graham</b>, Marketing Campaign Manager</p>	<p>(469) 731-4685  (949) 325-1237</p>	<p><a href="mailto:dcephers@lexipol.com">dcephers@lexipol.com</a>  <a href="mailto:sgraham@lexipol.com">sgraham@lexipol.com</a></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><b>ERMA</b> – provides loss prevention services designed to minimize employment practices liability (EPL) exposure of members</p> <p align="right"><b>Board Member</b> - John Duckett</p> <p align="right"><b>Alternate</b> - Roger Carroll</p> <p><b>Services Offered</b></p> <ul style="list-style-type: none"> <li>• Employee Reporting line</li> <li>• Attorney Hotline</li> <li>• Employment Practices Training</li> </ul>	<p><b>Jennifer Jobe</b>, Executive Director</p> <p><b>Mona Hedin</b>, Analyst &amp; Training Coordinator</p>	<p>(530) 275-7427</p> <p>(916) 652-1840</p> <p>(916) 244-1141</p> <p>(916) 290-4645</p>	<p><a href="mailto:info@ermajpa.org">info@ermajpa.org</a></p> <p><a href="mailto:jduckett@cityofshastalake.org">jduckett@cityofshastalake.org</a></p> <p><a href="mailto:rcarroll@loomis.ca.gov">rcarroll@loomis.ca.gov</a></p> <p><a href="mailto:jennifer.jobe@sedgwick.com">jennifer.jobe@sedgwick.com</a></p> <p><a href="mailto:mona.hedin@sedgwick.com">mona.hedin@sedgwick.com</a></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><b>LAWCX</b> – Provides Excess Workers’ Compensation coverage and additional training resources</p> <p align="right"><b>Board Member</b> - Steve Baker</p> <p align="right"><b>Alternate</b> - Roger Carroll</p> <p><b>Online Risk Control Services</b></p> <ul style="list-style-type: none"> <li>• Employees can access online training courses by registering online at <a href="http://www.lawcx.org">www.lawcx.org</a>.</li> <li>• Video/Webinars – There are over 300 Training videos and over 30 recorded webinars available. Live Webinars are also available</li> <li>• Training Tools – Sample Training Matrices, Safety Communications, Safe Practices Guidelines</li> <li>• Programs/Forms Comprehensive Sample Programs with implementation guides and Sample Forms</li> <li>• Blog – Timely and informational reports from Risk Control Experts</li> <li>• Can you Risk It? Liability Exposures- real questions from actual members are answered</li> </ul>	<p><b>Jim Elledge</b>, Executive Director</p> <p><b>Tammy Vitali</b>, Workers’ Compensation Program Manager</p> <p><b>Terrie Norris</b>, Risk Control Services Manager</p> <p><b>Kim Sackett</b>, Board Secretary &amp; Analyst</p>	<p>(530) 841-2321</p> <p>(916) 652-1840</p> <p>(916) 244-1124</p> <p>(916) 244-1114</p> <p>(916) 290-4655</p> <p>(916) 290-4601</p>	<p><a href="mailto:sbaker@ci.yreka.ca.us">sbaker@ci.yreka.ca.us</a></p> <p><a href="mailto:rcarroll@loomis.ca.gov">rcarroll@loomis.ca.gov</a></p> <p><a href="mailto:jim.elledge@sedgwick.com">jim.elledge@sedgwick.com</a></p> <p><a href="mailto:tammy.vitali@sedgwick.com">tammy.vitali@sedgwick.com</a></p> <p><a href="mailto:terrie.norris@sedgwick.com">terrie.norris@sedgwick.com</a></p> <p><a href="mailto:kim.sackett@sedgwick.com">kim.sackett@sedgwick.com</a></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><b>CJPRMA</b> – Provides Excess Liability coverage and additional training resources</p> <p align="right"><b>Board Member</b> - Roger Carroll</p> <p align="right"><b>Alternate</b> - John Duckett</p> <p><b>Services Offered</b></p> <ul style="list-style-type: none"> <li>• Five annual regional training workshops throughout California-previous years topics include Contractual Risk Transfer, Police Liability, Parks and Recreation Liability, and Sidewalk Liability Controls.</li> <li>• Two to four training sessions per year available at no charge. Topics include: police liability, tort issues, streets and sidewalks, contractual liability, employment practices</li> <li>• Personal assistance available to review contracts and to help look at any risk related issues (Contact Tony Giles General Manager or Marinda Griese)</li> </ul> <p><b>**Services offered at an additional cost**</b></p> <ul style="list-style-type: none"> <li>• Certificates of Insurance tracking through Risk Console (cost for each user is \$100/year)</li> <li>• 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.</li> </ul>	<p align="center"><b>Marinda Griese</b>, Claim Administrator</p> <p align="center"><b>Tony Giles</b>, 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"><a href="mailto:rcarroll@loomis.ca.gov">rcarroll@loomis.ca.gov</a></p> <p align="center"><a href="mailto:jduckett@cityofshastalake.org">jduckett@cityofshastalake.org</a></p> <p align="center"><a href="mailto:marinda@cjprma.org">marinda@cjprma.org</a></p> <p align="center"><a href="mailto:tony@cjprma.org">tony@cjprma.org</a></p>

**LOSS CONTROL SERVICES**

**DKF Solutions**

Fax: (707) 647-7200

[www.dkfsolutions.com](http://www.dkfsolutions.com)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p><b>LOSS CONTROL SERVICES</b> – 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><b>Services available to all SCORE members</b>                      Maintenance Training &amp; Sewer Management Plans                      Phone and email hotline (contact David Patzer)                      On-Site Visit with Biomechanics Training &amp; Review of Operations/Current Practices                      Online Training: Employees can access online training courses by going to: <a href="http://www.mysafetyofficer.com/employeetraining">www.mysafetyofficer.com/employeetraining</a> and entering the username “employee” and password “safety” which will grant access to the following training:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Tailgate Training: Free downloadable tailgate training materials covering topics from Aerial Lift Safety to Zoonotics</li> <li>• 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</li> <li>• ***NOTE: Monthly news update with a different article each month at <a href="http://www.dkfsolutions.com/blog/">http://www.dkfsolutions.com/blog/</a></li> </ul>	<p align="center"><b>David Patzer</b></p> <p align="center"><b>John Balestrini</b></p> <p align="center"><b>Katie Frassinelli</b></p>	<p align="center">(707) 373-9709</p> <p align="center">(916) 532-5802</p>	<p align="center"><a href="mailto:dpatzer@dkfsolutions.com">dpatzer@dkfsolutions.com</a></p> <p align="center"><a href="mailto:john@dkfsolutions.com">john@dkfsolutions.com</a></p> <p align="center"><a href="mailto:Kfrassinelli@dkfsolutions.com">Kfrassinelli@dkfsolutions.com</a></p>

**EMPLOYEE ASSISTANCE PROGRAM**  
 ACI Specialty Benefits Corporation  
 Main: (800) 932-0034 Fax: (858) 452-7819  
[www.acieap.com](http://www.acieap.com)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p><b>EMPLOYEE ASSISTANCE PROGRAM</b> - 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 <a href="http://score.acieap.com">http://score.acieap.com</a></p> <ul style="list-style-type: none"> <li>• Each city has 4 hours per year for On-Site Employee Orientations, Manager &amp; Supervisor Trainings, and Lunch ‘n Learn Seminars Per City per year</li> <li>• <i>Unlimited</i> Critical Incident Stress Management (CISM) Telephonic Consultation for Crisis response</li> <li>• Each city has 1 On-Site Critical Incident Stress Debriefing (CISD) per year for Crisis response</li> <li>• 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)</li> </ul> <p><b>**Services offered at an additional cost**</b></p> <ul style="list-style-type: none"> <li>• <b>Wellness Resources</b> 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</li> </ul>	<p><b>Sasha Abrams</b></p>	<p>(858) 736-3976</p>	<p><a href="mailto:sabrahms@acieap.com">sabrahms@acieap.com</a></p>

**AQUATICS RISK MANAGEMENT**  
 Total Aquatic Management  
 Main: (510) 523-3155  
[www.totalaquaticmanagement.webs.com](http://www.totalaquaticmanagement.webs.com)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<ul style="list-style-type: none"> <li>• <b>Aquatic Safety services</b></li> <li>• <b>Certified Pool Operator (CPO) Trainings</b></li> </ul>	<p><b>Jim Wheeler</b></p>	<p>(510) 523-3155</p>	<p><a href="mailto:jim@totalaquaticmanagement.com">jim@totalaquaticmanagement.com</a></p> <p><a href="mailto:swimnjim@hotmail.com">swimnjim@hotmail.com</a></p>

### TRAINING SERVICES

Target Solutions

Main: (800) 840-8048 Fax: (858) 487-8762

[www.targetsolutions.com](http://www.targetsolutions.com)

[app.targetsolutions.com/score](http://app.targetsolutions.com/score)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<b>TRAINING SERVICES</b> – a Web-based Safety Training Platform <b>Services Offered</b> <ul style="list-style-type: none"><li>• OSHA Training Documentation</li><li>• Online Video Library <a href="http://app.targetsolutions.com/auth/index.cfm?action=login.showlogin&amp;ustomerid=19258&amp;customerpath=score">http://app.targetsolutions.com/auth/index.cfm?action=login.showlogin&amp;ustomerid=19258&amp;customerpath=score</a></li><li>• Policy Templates (IIPP examples, Bloodborne Pathogens, HAZWOPER, Emergency Response Plans)</li><li>• Training Records management (i.e. Diplomas, Certificates of Completion)</li><li>• Continuing Education Courses for Fire and Safety Personnel</li></ul>	<b>Jenna Davis</b> , Customer Success Manager	(858) 924-8386	<a href="mailto:jenna.davis@vectorsolutions.com">jenna.davis@vectorsolutions.com</a>

### CONCRETE CUTTING

Precision Concrete Cutting

Main: (866) 792-8006 Fax: (650) 240-3866

[www.dontgrind.com](http://www.dontgrind.com)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<b>SIDEWALK TRIP HAZARD SERVICES</b> <b>Services Offered</b> <ul style="list-style-type: none"><li>• Sidewalk Asset Management</li><li>• Surveying Sidewalk Infrastructure</li><li>• Repairing Uneven Sidewalk Panels</li></ul>	<b>Joseph Ortega</b>  <b>Katrina Lynch</b>	(650) 576-4303  (916) 847-7346	<a href="mailto:jortega@DontGrind.com">jortega@DontGrind.com</a>  <a href="mailto:Klynch@dontgrind.com">Klynch@dontgrind.com</a>

### JURASSIC PARLIAMENT

Main: (206) 542-8422

<https://jurassicparliament.com>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
Jurassic Parliament is a service that allows members to understand Roberts Rules of Order. The website offers free webinar trainings as well as free resources available for download.	<b>Ann Macfarlane</b>	(206) 542-8422	<a href="mailto:info@jurassicparliament.com">info@jurassicparliament.com</a>

**LEAGUE OF CALIFORNIA CITIES**

Main: (916) 658-8200 Fax: (866) 593-2927

[www.cacities.org](http://www.cacities.org)

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<ul style="list-style-type: none"><li>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.</li></ul>	<b>Charles W. Anderson,</b> Regional Public Affairs Manager	(916) 798-2231	<a href="mailto:canderson@cacities.org">canderson@cacities.org</a>



**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item K.**

**CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95**

**ACTION ITEM**

**ISSUE:** Pursuant to Government Code Section 54956.95, the Board will hold a Closed Session to discuss the following claims:

\*\*Request for Authority

**1. Liability**

a. SCGA02015A2 v. City of Yreka\*\*

**2. Workers Compensation**

a. SCWA-556100 and SCWA-556174 v. City of Weed\*\*

**FISCAL IMPACT:** TBD

**RECOMMENDATION:** None

**BACKGROUND:** None

**ATTACHMENTS:** None



BACK TO AGENDA

**Small Cities Organized Risk Effort  
Board of Directors Teleconference Meeting  
June 11, 2021**

**Agenda Item L.**

**REPORT FROM CLOSED SESSION  
INFORMATION ITEM**

**ISSUE:** The floor will be open to the Board for discussion.

**RECOMMENDATION:** None

**FISCAL IMPACT:** None

**BACKGROUND:** This item is added to each agenda for any topics or ideas members would like to discuss.

**ATTACHMENTS:** None.