

To: Administration and Finance Committee

Date: September 25, 2015

From: Kathy Casenave, Director of Finance

Reviewed by:

SUBJECT: Earthquake and Flood Insurance

Summary of Issues:

County Connection does not have earthquake or flood insurance. Our broker, Integro Insurance Brokers, (formerly Argo) obtained quotes so that the committee could discuss the merits and costs associated with obtaining these types of coverages.

The least expensive quotes were from Lloyds of London- \$24,500-\$29,000 for earthquake insurance, depending upon the deductible and loss limit. The flood coverage addition would be \$3,788-\$4,500. The full quotation is attached.

If the committee is interested in pursuing this, staff can arrange to have our broker, Jerry Katopodis, attend a future meeting to discuss the issues in more detail.



Integro Insurance Brokers
2300 Contra Costa Blvd, Ste. 375
P.O. Box 232017
Pleasant Hill, CA 94523
t: 925.682.7001
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September 9, 2015

Katherine Casenave
Central Contra Costa Transit
2477 Arnold Industrial Way
Concord, CA 94520

RE: QUAKE & FLOOD COVERAGES/PRICING INDICATIONS

Dear Katherine,

Attached is our report showing various quotes for your consideration. Quake and Flood coverages are typically written as follows:

- **FULL LIMITS** - Same as one has for 100% of exposure and close to what one insures for Fire. In our case the Full Limit stands at \$18,943,609.
- **SUB-LIMITS** - Provided when the buyer feels that the probable loss will be **PARTIAL** or the Insurance Company will not offer Full Limits.
- **DEDUCTIBLES** - Typically it is shown as a percentage of the values at risk (full limits), which in our case stands at \$18,943,609. Using 5% would make the deductible \$947,180, while 10% would come to \$1,894,360.

In Summary:

A 10mm Sub-limit with a 5% deductible would cost \$27,500 plus taxes and fees. With a 10% deductible the cost would be \$24,500 plus taxes and fees.

A Full Limits option (\$18,943,609) with a 5% would cost \$29,000 plus taxes and fees. With a 10% the cost would be \$26,000 plus taxes and fees.

Flood can be added with a cost in the area of \$3,800 to \$4,500 for Sub-limit/Full Limit respectively.

Please see the attached Report/Summary for a more detailed review.

Looking forward to respond to any questions.

Regards,

Jerry Katopodis



Proposal of Difference in Conditions
(Earthquake) Insurance with Flood options

Central Contra Costa Transit
Authority

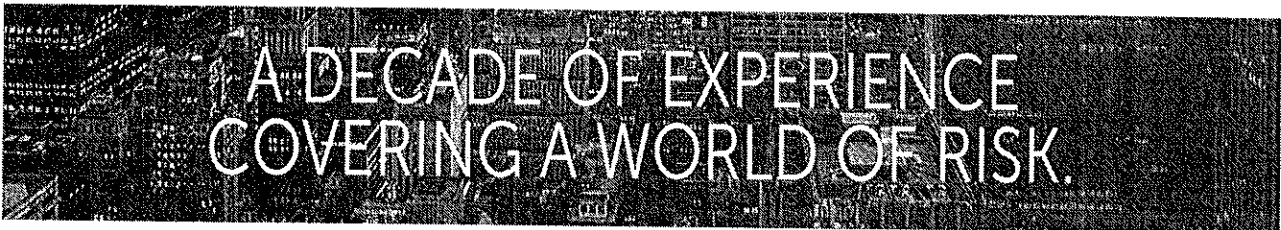
2477 Arnold Industrial Way
Concord, CA 94520-5326

Presented By

Jerry Katopodis, CPCU
Integro Insurance Brokers
P. O. Box 232017
Pleasant Hill, CA 94523-6017
925-682-7001

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September 9, 2015



The outlines of coverage used throughout this document are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage and limits. For a complete understanding of the coverage provided, please refer to the actual policy wording. Read your policy.

Markets Approached

Carrier Name	A.M. Best Rating	Admitted/Non-Admitted	Status	Comments
ICAT (Lloyd's of London)		Non-Admitted	Quoted	<p>Option #1 Full Limits, 5% ded: \$29,000 + Taxes & Fees</p> <p>Option #2: Full Limits, 10% ded: \$26,000 + Taxes & Fees</p> <p>Option #3: \$10M Loss Limit; 5% ded: \$27,500 + Taxes & Fees</p> <p>Option #4: \$10M loss limit 10% ded: \$24,500 Taxes & Fees</p> <p>Option #5: To ADD flood coverage at a \$50K policy deductible to quote with full limits: \$4,500</p> <p>Option #6 To ADD flood coverage at a \$50K policy deductible to quote with \$10M loss limit: \$3,788</p>
Arrowhead		Non-Admitted	Indication	Full Limits: 5% ded \$40,000 + Taxes & Fees
ICW		Non-Admitted	Indication	<p>Option #1 Full Limits-10% ded: \$34,000</p> <p>Option #2: \$10M Limit 10% Ded \$28K-\$30K</p>
Catalytic (Western Re)		Non-Admitted	Declined	Not Competitive

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A. M. Best Financial Stability Rating

The California Department of Insurance (DOI) is charged with the responsibility to monitor and review the financial stability of all insurance companies operating within California. In addition to the DOI, there are many agencies that also provide input regarding the financial stability of insurance companies, including A.M. Best, Standard & Poor's and Moody's. Utilizing information provided by A.M. Best and the DOI, we strive to avoid placing our clients with an insurance company of questionable financial or managerial integrity.

Financial Strength Ratings: The A.M. Best Company evaluates insurance companies on the basis of general management and assigns one of the following ten ratings.

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

Financial Size Categories: A. M. Best also considers the financial size of insurance companies, assigning each to one of 15 categories. (Categories are determined by adding the surplus to policyholders, conditional or technical reserves, less indicated shortages in reserves, if any. For stock companies, policyholders' surplus is the sum of capital and for mutual companies it is the surplus fund.)

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

Not Rated Categories (NR) and Modifiers:

NR-1	Insufficient Data
NR-2	Insufficient Size and/or Operating Experience
NR-3	Rating Procedure Inapplicable
NR-4	Company Request
NR-5	Not Formally Followed
u	Under Review
s	Syndicate
pd	Public Data

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Difference in Conditions (DIC)

Company: ICAT
A.M. Best Rating: A X
Policy Number: TBD
Policy Term: TBD

OPTION #1

Limit: \$10M
Ded: 5%
Premium: \$27,500 + Taxes & Fees

OPTION #2

Limit: \$10M
Ded: 10%
Premium: \$24,500 + Taxes & Fees

OPTION #3

Limit: Full Limits (\$18,943,609)
Ded: 5%
Premium: \$29,000 + Taxes & Fees

OPTION #4

Limit: Full Limits (\$18,943,609)
Ded: 10%
Premium: \$26,000 + Taxes & Fees

OPTION #5-To Add Flood Coverage (both locations in Concord and Pleasant Hill)

Same Limits and deductible structure as Options 1-4 subject to a \$50,000 minimum deductible by policy.

Additional Premium to add flood is \$3,788 for \$10M limit/ded option.

OPTION #6

Same Limits and deductible structure as Options 1-4 subject to a \$50,000 minimum deductible by policy.

Additional Premium to add flood is \$4,500 for Full Limits/ded option.

Applies to the above options:

Policy Issuance Fee: \$200.00
Inspection Fee: \$750.00
State Taxes/Fees: 3.2% of premium

DIFFERENCE IN CONDITIONS INCLUDING EARTHQUAKE COVERAGE PER ICAT DICNA 100 FORM

DIC Including:

Coverage applicable to Real Property, Business Personal Property, Additional Property Coverage, Earthquake Sprinkler Leakage, Business Income/Extra Expense/Rental Value at:
2477 Arnold Industrial Way
Concord, CA 94520-5326

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Difference in Conditions (DIC) (cont.)

Based upon values as follows:

	Limit
Total Insurable Values at 100% replacement cost.	\$18,943,609

Deductible per Occurrence: 5% per occurrence applied by building for the real property and contents coverage and per location for the Business Income.

All Other Causes of Loss: \$25,000 per occurrence applied by Policy.

Sublimits:

- Ordinance or Law Coverage: Part A is included. Coverage Parts B&C Combined, sublimited to 10% of Coverage Part A value per building, per occurrence and in the aggregate.

Conditions:

- Business Income Coverage is subject to a monthly limit of indemnity of 50%.
- Replace Cost endorsement is included.
- Minimum Earned Premium of 25% applies

Exclusions:

- Coverage for Acts of Terrorism is excluded.
- Coverage for mold cleanup and removal may be available for additional premium.
- Coverage for fuel is excluded.
- All other exclusions per standard forms and endorsements in use by ICAT at the time of binding this account.

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9/25/2015

Service Team

Broker	Account Manager
Jerry Katopodis, CPCU	Lynette Dupree, CIC, AIS
T. 925-852-0400 F. 852-0450	T. 925-852-0413 F. 925-852-0463
Email: jerry.katopodis@integrogoup.com	Email: Lynette.Dupree@integrogoup.com
Jerry Katopodis will serve as your primary contact for the coordination of service from Argo Insurance Group.	Lynette Dupree will provide assistance in all areas of account management, including policy changes, billing inquiries, audit assistance, insurance company marketing and general correspondence.

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CERTIFICATES OF INSURANCE

Certificate of Insurance

This is evidence of insurance. 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. Some of these obligations are not covered by insurance. You should review these with competent legal counsel.

Additional Insured

In addition to providing a Certificate of Insurance, you may be required by contract to name your client or customer on your policy as an Additional Insured. This is possible only with permission of the insurance company and, in some cases, an additional premium. There are other consequences to your 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.

Contracts, leases and agreements you sign may have indemnification and other requirements that cannot be addressed by an insurance policy. Before signing any agreement that includes an indemnification clause, it would be prudent to allow us to review the insurance section of the agreement.

Client Responsibilities

It is critical that we have open lines of communication so we may adequately anticipate and respond to your insurance and risk management requirements. Please notify us immediately when:

- ✓ You are contemplating new operations or locations
- ✓ You are in need of a certificate for a bank, lessor, and other parties (request forms will be provided electronically upon request)
- ✓ You need certificates provided to you by others (contractors, suppliers) renewed
- ✓ You are contemplating a merger, acquisition, or joint venture
- ✓ Before you sign leases, contracts, rental agreements or construction contracts
- ✓ Purchase or lease of new equipment, property, or vehicles
- ✓ Significant changes in your financial structure and / or condition
- ✓ Changes in the protective safeguards of your property (inoperable alarm, fire suppression systems, etc)
- ✓ Changes in core operations
- ✓ An incident occurs that may give rise to a claim (form will be supplied). This applies to both management liability risks (D&O / EPLI / Fiduciary, etc) and other liability areas, such as premises, operations, product failure, etc.