

A black and white photograph of a modern glass skyscraper, the City of Merced building. The image shows the building's facade with a grid of windows and a person walking on a balcony. A dark, angular architectural element is in the foreground, partially obscuring the view.

City of Merced

2017 – 2018

Alliant Property Insurance Program (APIP)

Presented on May 30, 2017 by:

Kevin J. Bibler
Senior Vice President

Evan Washburn
Account Executive

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

EXECUTIVE SUMMARY

July 1, 2017 – July 1, 2018

Attached please find materials associated with the renewal of the Alliant Property Insurance Program for the 2017-2018 period. An overview of the most significant issues concerning this years' renewal are discussed here.

As has been the case for the past few years, the property insurance market continues to be soft with record amounts of financial capacity coming to the market in search of financial return. As such, underwriters are willing to price coverage competitively in spite of deteriorating loss ratios overall. This past year has seen an increase in the number of catastrophe losses throughout the world, and while none of these have been "signature" events such as 9/11, Hurricane Katrina, or Superstorm Sandy, 2016 has been dubbed "the year of the attritional catastrophe" which identifies a higher frequency of smaller events that lead to a higher than average catastrophe loss amount to the market. Consequently, for the 2017-2018 renewal, most insureds will see relatively flat to minor rate decreases over expiring. However, for those insureds that have either experienced significant shock losses, or persistent attritional loss activity, rates may increase to "right size" their rates relative to the risk they present. In keeping with the programs' general history however, we expect rates to remain below that which can be achieved in the market for similar coverage.

The primary \$2,500,000 layer will be renewed with the program's long-term partner, Lexington Insurance Company, A.M. Best Rated Au XV. Lexington will also continue to provide significant capacity in the \$22,500,000 x/s \$2,500,000 layer, sharing that layer with Lloyd's of London, A.M. Best Rated A XV. Excess limits up to \$1,000,000,000 will be placed with London, Bermudian, European, and U.S domestic markets, all A.M. Best Rated of at least A- VII. Members should note several key highlights for this year's renewal:

- Boiler & Machinery cover for participating members of the APIP Boiler Program will be maintained with Hartford Steam Boiler (HSB), who will also continue to perform required jurisdictional inspections.
- Cyber (Privacy Liability) Coverage for both 1st and 3rd parties from the Beazley Syndicate at Lloyd's, A.M. Best Rated A XV, (for those eligible insureds) with coverage as outlined on the following proposal will be maintained. **Please note claims reporting timeframe limitations for this coverage**
- Pollution Coverage for both 1st and 3rd parties from Illinois Union Insurance Company, A.M. Best Rated A++ XV, (for those eligible insureds) with coverage as outlined on the following proposal will be maintained. **Please note claims reporting timeframe limitations for this coverage**

Alliant Business Services (ABS) will continue to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the 2017-2018 policy year, property valuations will 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 five to seven years. This service is included in the total program cost. Insureds may also choose to have lower valued buildings appraised. The cost to have all, or specific buildings appraised that are valued on a members 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, 2017 – July 1, 2018
EXECUTIVE SUMMARY

The following table depicts key statistics relative to last year:

Year-over-Year Rate and Premium Comparison

<u>City of Merced</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u> <u>(at 11/13/2016)</u>	<u>2017-2018</u>	<u>Variance</u>
Total Insured Values:	\$ 207,400,367	\$ 211,725,304	\$ 217,791,029	\$ 237,641,185	9.11%
Account Rate (per hundred dollars):	0.0867568	0.0835857	0.0817040	0.0813942	-0.37%
Earthquake TIV:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	N/A
Earthquake Limit:	Not Covered	Not Covered	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 179,933.00	\$ 176,972.00	\$ 177,944.01	\$ 193,426.15	8.70%

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

The following pages are coverage items currently under review with the APIP markets to be effective on July 1, 2017.

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.

ALLIANT PROPERTY INSURANCE PROGRAM

SUMMARY OF PROPOSED CHANGES

THE FOLLOWING ITEMS ARE PROPOSED CHANGES MADE FOR THE 2017-2018 POLICY TERM

Coverage	2016-2017	2017-2018 Proposed Changes	Status
Course of Construction and Additions (including New) for projects with project values not exceeding insured's sublimit	Up to \$50,000,000 in Total Project value available. Projects over \$25,000,000 are charged at account rate.	Up to \$100,000,000 in Total Project value available. Projects over \$25,000,000 are charged at account rate. Wood Frame construction is excluded if valued over \$50,000,000. All wood frame construction must have underwriting approval prior to binding	Pending
Communicable Disease	Not Covered	\$500,000 per occurrence and annual aggregate per insured limit subject to an aggregate of \$10,000,000 for all Declarations combined except Hospital Declarations	Pending
Drone "Unmanned Aerial Vehicle"	Not Covered	\$100,000 per occurrence while in Storage and in transit coverage subject to \$10,000 deductible. Not covered while in flight additional restrictions to apply	Pending
Mold / Fungus Resultant Damage	Not Covered	\$100,000 per occurrence, with a \$1,000,000 annual aggregate per Declaration.	Pending
Excess Terrorism	\$500,000,000 Per Named Insured for Terrorism (Excess Layer) subject to: \$1,000,000,000 Per Occurrence, All Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34 for Terrorism (Excess Layer) subject to; \$1,300,000,000 Annual Aggregate shared by all Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)	\$600,000,000 Per Named Insured for Terrorism (Excess Layer) subject to: \$1,100,000,000 Per Occurrence, All Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34 for Terrorism (Excess Layer) subject to; \$1,400,000,000 Annual Aggregate shared by all Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)	Approved
Pollution Coverage: Mold deductible	\$75,000 per occurrence	\$250,000 per occurrence	Approved
Cyber Coverage: Fraudulent Instruction Coverage Endorsement	Not Covered	\$50,000 Limit	Approved
Cyber Coverage: Telecommunication Fraud Endorsement	Not Covered	\$50,000 Limit	Approved

ALLIANT PROPERTY INSURANCE PROGRAM

SUMMARY OF PROPOSED CHANGES CONTINUED

THE FOLLOWING ITEMS ARE PROPOSED CHANGES MADE FOR THE 2017-2018 POLICY TERM

Coverage	2016-2017	2017-2018 Proposed Changes	Status
Cyber Coverage: Consequential Reputational Loss Endorsement	Not Covered	\$50,000 Limit	Approved
Cyber Coverage: First Party Computer Security Covg. Endorsement	a. Forensic Expense \$50,000 a. Dependent Business Interruption sublimit \$150,000 b. Hourly Business Interruption sub-limit c. Not Referenced	a. Forensic Expense limit \$100,000 b. Dependent Business Interruption sublimit \$500,000 c. Deleted the Hourly Business Interruption sub-limit d. Amended endorsement wording to refer to <u>bitcoins</u>	Approved

Master Policy Form Wording Proposed Changes

Coverage	2016-2017	2017-2018 Proposed	Status
Policy Term	July 1, 2016 to July 1, 2017	July 1, 2017 to July 1, 2018	Renewal item
Section I, G. 6.	Library Book table	Updated library book values per US inflation calculator and updated list to Alliant Ins. Services, Inc. Programs' format.	Update
Section I, E. 2.p	p. Increased Cost of Construction <u>due to the enforcement of</u> building codes / ordinance or law. As per policy provisions;	p. Increased Cost of Construction <u>as a consequence of a requirement to comply with</u> building codes / ordinance or law. As per policy provisions;	Requested
Section II, B. 8.	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 <u>the enforcement of</u> any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).	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 <u>a requirement to comply with</u> any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).	Requested

Master Policy Form Wording Proposed Changes Continued

Coverage	2016-2017	2017-2018 Proposed	Status
Section II, B. 9.	In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from <u>enforcement of</u> any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.	In the event of physical damage to property insured by a covered peril, this policy is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this Policy and resulting from <u>a requirement to comply with</u> any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.	Requested
Section II, B. 10.	In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement occasioned by the <u>enforcement of</u> any local or state ordinance or law including written guidelines used by the department of corrections in any state regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.	In the event of physical damage to property insured by a covered peril, this Policy is extended to cover the increased cost of repair or replacement occasioned by <u>a requirement to comply with</u> any local or state ordinance or law including written guidelines used by the department of corrections in any state regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.	Requested
Section III, B. 3.	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 <u>enforcement of</u> any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.	The Company shall, in the case of loss covered under this Policy, be liable also for loss to the interest covered by the Policy, occasioned by <u>a requirement to comply with</u> any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this Policy damaged by a covered peril.	Requested

Master Policy Form Wording Proposed Changes Continued

Coverage	2016-2017	2017-2018 Proposed	Status
Section IV. B. Exclusions 11. e	Not restricted	With the limit increase for COC the following is added to this section: e. Excluding wood construction valued over USD 50,000,000	Pending
Section IV. AG. 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, <u>as per schedule held on file with Alliant Insurance Services, Inc.</u>	It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included <u>where required by contract.</u>	Requested
Section VIII, 2.(h)	Boiler and Machinery Ordinance or Law item	Replacing "enforcement" with "a requirement to comply with any"	Requested
Section VIII, 8. g (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 <u>enforcement</u> of an ordinance or law to which this coverage applies, exceed:	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 <u>a requirement</u> of an ordinance or law to which this coverage applies, exceed:	Requested
Endorsements	Not provided	Mold /Fungus Resultant Damage coverage added via endorsement to the Policy Form. Sub-limit is added as noted above.	Requested

INVOICE

Alliant Insurance Services Inc. 2180 Harvard Street, Ste 460 Sacramento, CA 95815
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NAMED INSURED: City of Merced	INVOICE DATE: May 30, 2017 CUSTOMER NUMBER: MERCED0-02 EFFECTIVE DATE: July 1, 2017
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INSURANCE CO: Various	INVOICE NUMBER: 1040274
POLICY NUMBER: PPROP1718	
Total Property Premium:	\$ 180,334.00
ABS Fee:	\$ 5,049.00
Estimated SLT&F's	\$ 5,841.15
Broker Fee:	\$ 0.00
ALL RISK PROPERTY SUBTOTAL	\$ 191,224.15

INSURANCE CO: Various	INVOICE NUMBER: 2040274
POLICY NUMBER: PBOILER1718	
EXCESS BOILER & MACHINERY SUBTOTAL	\$ 2,202.00

TOTAL DUE AT THIS TIME	\$ 193,426.15
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Total Due includes Premiums, Taxes and Fees where applicable. The Cyber Enhancement premium, should you have elected to purchase this coverage, is not included as part of this invoice.

Please return a copy of the invoice with your payment. Premiums are due and payable upon receipt of this invoice but no later than July 21, 2017. If payment is not received by the due date, policies may be subject to cancellation.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

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

TYPE OF INSURANCE: ☒ Insurance ☐ Reinsurance

NAMED INSURED: City of Merced

DECLARATION: 2-Cities 2

POLICY PERIOD: July 1, 2017 to July 1, 2018

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 237,641,185 as of May 31, 2017

**ALL RISK
COVERAGES &
LIMITS:**

\$	1,000,000,000	Per Occurrence: all Perils, Coverages (subject to policy exclusions) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, coverages, extensions of coverage, or perils insured, subject to the following per occurrence and/or aggregate sub-limits as noted below.
\$	5,000,000	Flood Limit - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
\$	5,000,000	Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sub-limit does not increase the specific flood limit of liability for those Named Insured(s) that purchase this optional dedicated coverage.
	Not Covered	Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage).
\$	100,000,000	Combined Business Interruption, Rental Income and Tax Revenue Interruption and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$500,000 per Named Insured subject to maximum of \$2,500,000 Per Occurrence for Business Interruption, Rental Income and Tuition Income combined, and \$5,000,000 per occurrence for Tax Revenue Interruption. Coverage for power generating plants is excluded, unless otherwise specified.
\$	50,000,000	Extra Expense.

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

\$	25,000,000	Miscellaneous Unnamed Locations for existing Named Insured's Excluding Earthquake coverage for Alaska and California Named Insureds. 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.
	180 Days	Extended Period of Indemnity
See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sub-limit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item.
\$	5,000,000	or 110% of the scheduled values, whichever is greater, for Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item.
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sub-limit shown.
\$	2,500,000	Money & Securities for named perils only as referenced within the policy.
\$	2,500,000	Unscheduled Fine Arts.
\$	250,000	Accidental Contamination per occurrence and annual aggregate per Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration.
\$	2,000,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs).

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

\$	50,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery).
\$	25,000,000	Transit.
\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence.
\$	2,500,000	Unscheduled Watercraft up to 27 feet.
	Included	Per Occurrence for Off Premises Vehicle Physical Damage.
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations.
\$	5,000,000	Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Earthquake Shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc..
\$	5,000,000	Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc..
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately.
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately.
\$	1,000,000	Claims Preparation Expenses.
\$	50,000,000	Expediting Expenses.
\$	1,000,000	Personal Property Outside of the USA.
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
\$	500,000	Per Occurrence and Annual Aggregate per insured limit for Communicable Disease subject to an APIP Program aggregate of \$10,000,000 for all declarations combined except Hospital declarations.

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor's Equipment /Vehicles either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

EXCLUSIONS

(Including but not limited to):

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).

"ALL RISK"
DEDUCTIBLE:

\$ 10,000 Per Occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES:**

\$ 100,000 All Flood Zones Per Occurrence excluding Flood Zones A & V.

\$ 250,000 Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures).

Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the minimum deductible per occurrence.

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

\$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters).

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

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

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

\$	10,000	Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.
\$	50,000	Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits.
	24 Hour	Waiting Period for Service Interruption for All Perils and Coverages.
	2.5%	of Annual Tax Revenue Value per Location for Tax Interruption.
\$	5,000	Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk (Basic) deductible.
	Replacement Cost	Vehicle Valuation Basis
\$	10,000	Per Occurrence for Contractor's Equipment.

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

\$	100,000,000	Per Named Insured Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-22, 25-30 and 32-34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer).
\$	10,000	Per Occurrence Deductible for Primary Terrorism.
\$	600,000,000	Per Named Insured for Terrorism (Excess Layer) subject to;
\$	1,100,000,000	Per Occurrence, All Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34 for Terrorism (Excess Layer) subject to;
\$	1,400,000,000	Annual Aggregate shared by all Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer).
\$	500,000	Per Occurrence Deductible for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted).
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Document for details of coverage terms, limits and deductibles

Included Pollution Liability Insurance Coverage. See attached Pollution Liability Insurance Coverage Document for applicable limits and deductibles.

TERMS & CONDITIONS: 25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 30% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

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

	Annual Cost*
Total Property Premium:	\$ 180,334.00
Excess Boiler:	\$ 2,202.00
ABS Fee:	\$ 5,049.00
SLT&F's (Estimate)	\$ 5,841.15
Broker Fee:	\$ 0.00
TOTAL COST †: (Including Taxes and Fees)	\$ 193,426.15
*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.	
† TOTAL COST includes: premiums, underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes (excluding the Cyber Enhancement premium - should you have elected to purchase this coverage)	

PRINT DATE: May 31, 2017

PROPOSAL VALID UNTIL: July 1, 2017

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861
 Kevin J. Bibler
 Senior Vice President
 Evan Washburn
 Account Executive

NOTES:

- *Major pending and approved changes to the APIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Each line of coverage is rated separately therefore increases in TIV's on highly rated coverages such as Vehicles, CE, EQ or 100 year Flood Zones, etc may increase the member average account rate*
- *Some coverage, sub-limits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *This indication is based on the current loss experience and is subject to change if this members loss ratio deteriorates further and/or if the markets suffer a catastrophic event*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*
- *The flood zones provided on the Schedule of Values (SOVs) are for rating purposes only. The actual flood zone will be determined at the time of loss.*

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

BOILER & MACHINERY PROPOSAL

NAMED INSURED: City of Merced
POLICY PERIOD: July 1, 2017 to July 1, 2018
COMPANIES: See Attached List of Companies
TOTAL INSURED VALUES: \$ 237,641,185 as of May 30, 2017
STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS:

\$	100,000,000	Boiler Explosion and Machinery Breakdown, (for those Named Insureds that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:
	Included	Jurisdictional and Inspections.
\$	10,000,000	Per Occurrence for Service/Utility/Off Premises Power Interruption.
	Included	Per Occurrence for Consequential Damage/Perishable Goods/Spoilage.
\$	10,000,000	Per Occurrence for Electronic Data Processing Media and Data Restoration.
\$	2,000,000	Per Occurrence, Per Named Insured and in the Annual Aggregate per Declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage.
\$	10,000,000	Per Occurrence for Hazardous Substances/ Pollutants/Decontamination.
	Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes.

NEWLY ACQUIRED LOCATIONS:

\$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 120 days and must have prior underwriting approval prior to binding

VALUATION:

Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS

(Including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED:

(Including but not limited to):

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF CANCELLATION:

90 days except 10 days for non-payment of premium

DEDUCTIBLES:

\$ 2,500	Except as shown for Specific Objects or Perils.
\$ 2,500	Electronic Data Processing Media.
\$ 2,500	Consequential Damage.
\$ 2,500	Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface.
\$ 50,000	Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface.
\$ 100,000	Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface.
\$ 250,000	Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface.
\$ 350,000	Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface.
10 per foot / \$2,500 Minimum	Deep Water Wells.
24 Hour Waiting Period	Utility Interruption.
24 Hours	Business Interruption/Extra Expense Except as noted below.
30 Days	Business Interruption - Revenue Bond.
5 x 100% of Daily Value	Business Interruption - All objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 square feet heating surface.
5 x 100% of Daily Value	Business interruption - All Objects at Waste Water Treatment Facilities and All Utilities.

Annual Cost

COST: Cost is included on Property Proposal

PRINT DATE: May 30, 2017

PROPOSAL VALID UNTIL: July 1, 2017

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

Kevin J. Bibler
Senior Vice President

Evan Washburn
Account Executive

NOTES:

- *Major pending and approved changes to the APIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*