



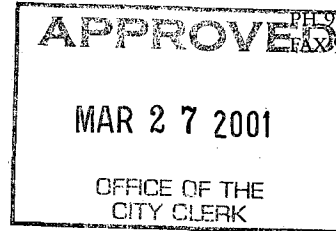
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DEPARTMENT OF  
ADMINISTRATIVE SERVICES  
RISK MANAGEMENT DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

921 TENTH STREET  
ROOM 700  
SACRAMENTO, CA  
95814-2713

March 20, 2001



PH 916-264-5278  
FAX 916-264-5160

City Council  
Sacramento, California

**Honorable Members in Session:**

**SUBJECT: REQUEST FOR QUOTATIONS FOR INSURANCE BROKER SERVICES**

**LOCATION AND COUNCIL DISTRICT:**

City:

**RECOMMENDATION:**

This report recommends that the City Council adopt a resolution approving the attached "Request for Statements of Qualifications to Provide Insurance Broker and Other Related Services", including the evaluation process contained therein.

**CONTACT PERSON:**

Margaret Ann Allen, Risk Manager, 264-5823

**FOR COUNCIL MEETING OF:**

March 27, 2001

**SUMMARY:**

In the Spring of 1998 the City went out to bid for Insurance Broker Services. Robert F. Driver was awarded the contract to serve as the City's Broker of Record for three years, July 1, 1998 to June 30, 2001. We are again soliciting Requests for Qualifications from brokerage firms interested in providing insurance and related services to the City. Attached to this report is a copy of the "Request for Statements of Qualifications to Provide Insurance Broker and Other Related Services" (**Exhibit 1**).

## COMMITTEE/COMMISSION ACTION:

None

## BACKGROUND INFORMATION:

The City had not solicited formal bids for insurance brokerage services for seventeen years, when we went out to bid in 1998. Three years ago we enjoyed a very competitive market place, as insurance was priced at a five year low. We have now entered a hard market, and are faced with increases in premium and decreases in coverages. The primary reasons for this unfortunate change are categorized in three areas. First, the financial results of insurers are in decline (**Exhibit 2**), second, the world has suffered an unusual number of catastrophic events (**Exhibit 3**), and three, the workers' compensation market has grossly under reserved expected losses for the past seven years (**Exhibit 4**).

The question at hand is "How will this affect the City's Insurance Programs?"

### Property Insurance

We expect a 25 - 50% increase in our all risk property coverages, and a 50-300% increase in our catastrophe perils of Earthquake and Flood. In addition, we anticipate that our sub-limits will be reduced and deductions/retentions will increase. **Exhibit 5** summarizes our current program.

### Liability Insurance

The industry expects a minimum price increase of 10% on accounts with excellent loss histories. Included in this tightening will be restrictions in liability forms in the areas of Employment Practices, Pollution and Inverse condemnation. There has been discussion of returning to "Claims-made" coverage in 2002. The City's loss history is significant. At best, we can expect high increases and lower retentions. **Exhibit 6** outlines our current liability program.

### Workers' Compensation

The City has a good loss history in this area, however excess rates will increase a minimum of 30 - 70%. Our self-insured and self-administered program is adequately reserved and stable.

We anticipate that only a limited number of brokerage firms will respond to this proposal. Due to the volatility of rates in the present insurance market, bids are requested on a "fee-for-service" rather than a commission basis.

## FINANCIAL CONSIDERATIONS:

This report is for information only, to make the Council aware of expected increases in insurance premiums.

**ENVIRONMENTAL CONSIDERATIONS:**

The subject of this report does not involve a project that requires compliance with the California Environmental Quality Act (CEQA), inasmuch as it does not involve an activity which may cause a direct or indirect change in the environment (Public Resources Code Section 21065).

**POLICY CONSIDERATIONS:**

Acquisition of insurance is consistent with the City's policy to purchase protection for the City against catastrophic losses.

**ESBD CONSIDERATIONS:**

A concerted effort is being made by the City to include Emerging and Small Businesses (ESB) in this program. A mandatory pre bid conference is scheduled to allow all bidders to meet and discuss developing partnership arrangements to provide broker services to the City. Staff from ESB will be available at this conference to certify ESB,s on site.

Respectfully submitted,



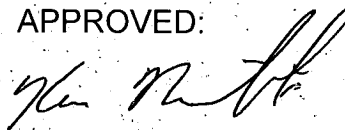
Margaret Ann Allen  
Risk Manager

REPORT APPROVED:

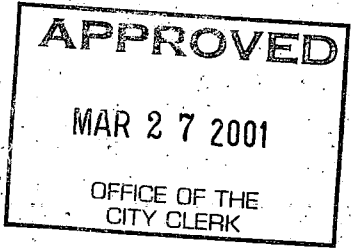


Robert P. Thomas  
City Manager

APPROVED:



Ken Nishimoto  
Director of Administrative Services



**RESOLUTION NO.** 2001-185

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION APPROVING REQUESTS  
FOR STATEMENTS OF QUALIFICATIONS  
TO PROVIDE INSURANCE BROKER  
AND OTHER RELATED SERVICES**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the Risk Manager is hereby authorized to release the attached "Request for Statements of Qualifications to Provide Insurance Broker and Other Related Services".
2. That the evaluation format outlined in the attached "Request" is approved as to process.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_ 3A

DATE ADOPTED: \_\_\_\_\_

**CITY OF SACRAMENTO**

**REQUESTS FOR STATEMENTS**

**OF QUALIFICATIONS TO PROVIDE**

**INSURANCE BROKER AND OTHER**

**RELATED SERVICES**

**MARCH 2001**

**CITY OF SACRAMENTO  
REQUEST FOR QUALIFICATIONS  
INSURANCE BROKER**

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## **1.0 INTRODUCTION**

- 1.1** The City of Sacramento (City) is seeking written Requests for Qualifications (RFQ) from insurance brokers to market and provide insurance and professional services for the period of five years commencing July 1, 2001.
- 1.2** THIS SOLICITATION SHOULD NOT BE CONSIDERED AN AUTHORIZATION TO APPROACH INSURANCE UNDERWRITERS ON BEHALF OF THE CITY. WE SPECIFICALLY REQUEST THAT NO INSURANCE MARKET CONTACT BE MADE ON BEHALF OF THE CITY AND THAT NO MARKET RESERVATIONS OR COMMITMENTS BE MADE FOR ANY PURPOSES REGARDING INSURANCE OR REINSURANCE TO BE PROVIDED FOR THE CITY.
- 1.3** The City was founded in 1849 and incorporated as a City in 1850. In 1920, City voters adopted a City Charter and a City Council-City Manager form of government, which continues to this day. Today, Sacramento has grown into the eighth-largest city in California, with a population of over 406,000 residents. Our residents and employees reflect a culturally diverse community.
- 1.4** The City manages its risks of accidental loss through a combination of risk retention, risk control and risk financing, including self-funding and the purchase of insurance. The City's total cost of risk is approximately \$17 million annually. Included in this figure are insurance premium costs that have ranged between \$650,000 and \$750,000 annually in recent years.
- 1.5** The City's Risk Management Division is comprised of thirty-eight employees and is housed in the Department of Administrative Services. Risk Management

is charged with the following major areas of responsibility:

- A. Workers' Compensation - The City's self-insured workers' and self-administered compensation program has existed since 1980.
- B. Auto and General Liability - The City's self-insured auto and general liability program is administered by Gregory B. Bragg & Associates, TPA, on site.
- C. Loss Control - The City's Safety Office administers health, safety, industrial hygiene, DOT training and loss control programs.
- D. Insurance - The purchase and administration of insurance coverages.

**1.6** The City's Risk Management general philosophy is to minimize the cost of risk and maximize protection of City assets utilizing the following objectives:

- A. To recognize that while insurance is one useful risk management technique; the prevention of loss is always primary.
- B. To retain (self-insure) all exposures which have a predictable loss frequency and loss severity when:
  - 1) Law or contract does not require insurance,
  - 2) The loss potential is not catastrophic, and
  - 3) The annual insurance premium exceeds the predicted annual value of the losses.
- C. To purchase insurance, if available, at the lowest practical cost commensurate with quality protection and services when a loss potential is too great or cannot be controlled.
- D. To apply the most cost effective deductible amounts when insurance is

purchased, consistent with financial conservation.

- E. To purchase insurance with policy limits equal to the Maximum Foreseeable Loss (MFL) of any exposure that is not retained.

Please refer to the appendices section for additional information regarding the City.

## **2.0 SCOPE OF SERVICES**

The broker selected to purchase insurance and deliver related services to the City must be a competent and full-service brokerage firm. Essential services required include, but are not limited to the following:

- 2.1** Design, market, obtain quotations, evaluate insurers' financial status, place and service all of the City's policies for property, excess liability, excess workers' compensation, employee crime, aircraft insurance, special events and vendor/contractor liability.
- 2.2** Provide the insurance protection equal to or superior to the protection currently afforded the City.
- 2.3** Provide other insurance coverages or self-insurance coverages or programs that the City may wish to consider including pollution legal liability, personal lines for employees, real property appraisals, and loss control services.
- 2.4** Assist the City in the identification, measurement and analysis of the City's risks of accidental loss.
- 2.5** Develop and implement a service plan for managing the City's insurance program, assisting with claims and implementing risk control strategies.
- 2.6** Advise the City of insurance industry developments and effective strategies to aggressively manage these developments, including alternative insurance programs, and/or coverages.
- 2.7** Review major City contracts and advise on indemnification provisions and insurance coverages required of vendors, suppliers, contractors, and providers of professional services to the City.

**2.8** Provide technical advice on claims and losses when requested. Meet with City staff and/or contractors to advise on insurance coverages on major and/or difficult contract issues.

**2.9** This Request For Qualifications (RFQ) is for all of the City's risks and insurance with the exception of following:

- A. The City's occupational medical programs mandated by Cal-OSHA.
- B. Retirement programs.
- C. Unemployment insurance.
- D. Fine Arts insurance.

**3.0 PLAN OF ACTION**

- 3.1** The City intends to select one broker for all services included under this RFQ effective July 1, 2001.
- 3.2** The brokers submitting the best and most responsive qualifications will be asked to attend oral interview sessions scheduled to be held in the City's offices during the week of April 30, 2001.
- 3.3** Listed below are the important dates when the City plans to take steps or actions. If the City finds it necessary to change any dates, such change will be accomplished by addendum to this RFQ.

<b>Activity</b>	<b>Date</b>
Release RFQ	3/28/01
Mandatory Pre-Bid Conference	4/11/01
Broker Statements of Qualifications Due (5 copies)	4/25/01
Interviews with Qualified Brokers	week of 4/30/01
Selection of Broker	5/04/01
Submit Quotations for Coverages	6/13/01
Finalize Broker Service Agreements	7/01/01

Please deliver five (5) copies of your Statement of Qualifications on or before 3:00 p.m., Pacific Standard Time, April 25, 2001 to:

Margaret Allen, Risk Manager  
City of Sacramento  
921 Tenth Street, 7<sup>th</sup> Floor  
Sacramento, CA 95814

## **4.0 PROPOSAL INSTRUCTIONS**

### **4.1 Questions**

All questions relating to this RFQ must be submitted in writing, by mail or fax, prior to April 18, 2001 to:

Margaret Allen, Risk Manager,

City of Sacramento

921 Tenth Street, 7<sup>th</sup> Floor

Sacramento, CA 95814

FAX (916) 264-5160

Copies of all questions and responses will be provided to all potential bidders.

### **4.2 Reservation of Rights**

The City reserves the right to reject any and all proposals, or any part thereof, or to accept any proposals or any part thereof, or to waive any informality on or defects in any proposal, or in the qualification process, as deemed to be in the best interest of the City. An award may be made to the responsible proposer whose proposal is deemed to be most advantageous to the City. The City reserves the right to re-issue or change the RFQ, and to procure the services and insurance by any other means.

### **4.3 Costs**

The City will not be responsible to pay any costs incurred in proposal preparation, presentation, demonstration or negotiation, nor does it commit to procure or contract for any services. All costs of the proposal preparation, presentation, demonstration and negotiation shall be borne by the proposer.

#### 4.4 Right to Waive Irregularities

The City reserves the right to waive irregularities in the proposal process or to modify the selection process and timeline as it deems necessary.

#### 4.5 Interpretation of Documents

If any Proposer contemplating submission of a proposal is in doubt as to the true meaning of any part of this RFQ, the Proposer may submit to City a written request for an interpretation thereof. Replies to inquiries, which in the opinion of City warrant a written reply, will be published in the form of an Addendum to this RFQ, and will be mailed to all parties which received a copy of this RFQ. City will not be responsible for oral or other explanations or interpretations of the documents. Should the Proposer feel that an error appears in the RFQ documents, Proposer shall notify City not later than five (5) working days prior to the proposal submittal date.

#### 4.6 Economy of Preparation

Submissions should be prepared as simply and economically as possible while providing straightforward, concise delineation of the firm's capabilities to satisfy the requirements of this RFQ. Fancy bindings, colored displays and promotional material, etc., are neither necessary nor desired. Technical literature about the firm's experience and qualifications may be included. The emphasis should be on completeness and clarity of content. **In order to expedite the evaluations, it is essential that specifications and instructions contained in this RFQ be followed as closely as possible.**

**4.7 Emerging and Small Business Development Program**

The City strongly encourages the participation of Emerging and/or Small  
~~Businesses as defined by our Administrative Services Office of Emerging and~~  
Small Business. For further information, please contact the Office of Small  
Business Development at (916) 264-6747.

## **5.0 PROPOSAL CONTENT**

This section details the instructions and order to be followed in preparing a response to this RFQ. City reserves the right to reject any proposal as non-responsive if the proposal fails to include any requested information. Each part of the proposal should be clearly labeled and tabbed for each reference. The proposal shall be submitted in an 8 1/2" X 11" size format with foldouts utilized as necessary.

### **5.1 Cover Letter**

A cover letter transmitting the proposal must be submitted. The letter must indicate that the Proposer agrees to be bound by the proposal without modifications, unless mutually agreed to by City and the Proposer. The cover letter shall also contain the name, title, address, and telephone number of the individual(s) with authority to bind the Proposer during the period in which City is evaluating the proposals. The cover letter shall also identify the legal form of the firm, i.e., sole proprietor doing business as \_\_\_\_\_. If the firm is a corporation, the cover letter shall identify in which state the company was incorporated. The cover letter shall be signed by a principal of the firm or other person fully authorized to act on behalf of the firm.

### **5.2 Table of Contents**

The Table of Contents should identify locations of all sections in the proposal.

### **5.3 Description of Proposed Services**

This section should include responses to all items outlined in Section 2.0 (Scope of Services). This section should contain a description of how Proposer intends to organize and implement the proposed services.

#### **5.4 Proposer Information and Requirements**

- A. The Proposer shall provide general information about the firm including a brief history, growth and number of years in business under the same firm name, the types of services provided, and a general description of past experience and qualifications relevant to this RFQ.
- B. Outline the qualifications of your firm, including any special expertise in public entity insurance services.
- C. Describe your procedure for accessing the worldwide insurance markets, and the key factors to be considered in performing the work.
- D. Describe procedures followed in evaluating non-admitted markets.

#### **5.5 Personnel Assignments**

- A. Identify and describe the pertinent experience of the proposed Account Manager, the individuals who would provide support to the Account Manager, and other brokerage personnel who would be involved in servicing the account in any way. Provide complete details on the functions to be performed by these persons and how their activities would be directed and coordinated.
- B. Identify the insurance marketing team by major line of coverage, their roles, capabilities and how the team members would coordinate their activities with the account management team.
- C. Provide complete resumes of all key persons to be involved in servicing the account and give the rationale for their involvement. For each person involved, describe his or her experience with accounts similar to

the City.

- D. Provide information about the current and expected workloads of key personnel so that an assessment can be made about adequacy of account management staffing and availability of key personnel for day-to-day and exceptional consultation and other servicing needs. Give your best estimate of the time each of your account management and marketing team members would spend annually in servicing the City account.
- E. Describe your firm's willingness to try to meet the City's goal for Emerging and Small Business Enterprise participation. Outline your efforts to include small business enterprises in your proposal.

#### **5.6 Program Design**

Describe how the various insurance programs would be designed. Functions involved include risk analysis, design of coverage forms, structure of offerings to be presented to underwriters (use of deductibles and self-insured retentions, layering of primary and excess coverages, use of manuscript policies), how pricing would be determined, and any services available or to be provided by insurers as part of the insurance placements.

#### **5.7 References**

Include in your statement of qualifications at least five references, which may be contacted by the City. Each reference should include the name of the entity, name and title of person responsible for the entity's insurance, address, telephone number and description of services performed and/or insurance

placed, the date of such services and/or insurance placements and the persons within your firm who performed the services.

**5.8 Proposer Office and On-Site Staffing**

The proposer shall specify the location of the firm's home office, and whether or not the firm has professional staff in the greater Sacramento area.

**5.9 Personnel Changes**

Proposers shall agree that no changes in key project personnel listed in the proposal are to be made without prior written consent of the City.

**5.10 Price Proposal**

Proposals must be submitted on the basis of an annual brokerage fee rather than commission. Proposals must state the annual brokerage fee for each of the three (3) years of the contract, and an hourly rate for any consulting services anticipated to be charged above the fee. The City reserves the right to extend the contract up to two years at the discretion of the City Council.

## **6.0 STATEMENT OF QUALIFICATIONS EVALUATION CRITERIA**

### **6.1 Minimum Qualifications**

All firms submitting proposals must meet the following minimum qualifications in order to be considered for evaluations:

- A. Firm must be licensed to do business in the State of California as a property and casualty broker.
- B. Firm must be able to provide satisfactory evidence of adequate insurance for workers' compensation and employers' liability, general and auto liability, and professional errors and omissions liability. The City desires evidence of coverage with minimum limits of at least \$1 million per occurrence for each category of liability insurance.
- C. Firm must state its willingness to comply with the City's key contractual terms and negotiate a Professional Services Agreement.

### **6.2 Additional Information**

This section is provided for the submission of any additional information considered to be pertinent to the proposal and not included elsewhere.

## **7.0 EVALUATION PROCESS**

### **7.1 General**

The RFQ represents the most definitive statement City will make concerning information upon which proposals are to be based. Any information, verbal or written, which is not contained in this RFQ will not be considered by City in evaluating the proposals.

### **7.2 Evaluation Team**

An evaluation team comprised of representatives from City and other agencies will evaluate all proposals received. All requirements identified in this RFQ must be satisfied in order to ensure that a proposal will qualify for consideration.

### **7.3 Proposer Appraisal**

Previous clients of each Proposer will be contacted regarding the Proposer's past performance. Responses to these questions may be used as a part of the proposal evaluation process.

### **7.4 Evaluation Questions/Presentations**

During the evaluation and selection process, City may require Proposers to attend an oral interview as part of the ranking process. Following the oral interviews, the selection committee will complete its evaluation and establish the final ranking of firms.

### **7.5 Evaluation Criteria**

An evaluation scoring system will be used to rank the proposals. Each proposal will be ranked with a score in each category between 0 and 10.

(0= lowest; 10= highest). The recommendation for contract award will not necessarily be based on the lowest price proposed. Each category is weighted such that the maximum score possible is 230. The evaluation categories and weight of each category are depicted in the table below.

### **PROPOSER SCORING CRITERIA**

<b>CATEGORY</b>	<b>SCORE</b>	<b>WEIGHT</b>	<b>TOTAL</b>
Cost Proposal	10	3	30
Services Proposed	10	10	100
Firm Qualifications	10	5	50
Personnel Experience	10	5	50
<b>Sub Total</b>			230
ESB Efforts 5%			
<b>GRAND TOTAL</b>			

Note: Those Proposers who qualify for ESB Efforts will be awarded an additional 5% on their sub total score.

# Financial Results of Insurers as a Driving Force

- Return on equity for the United States Property and Casualty market has fallen from 13.1% in 1997, to 6.5% in 1999, and to 5.8% in 2000
- Net income dropped from \$30.8 billion in 1998, to \$21.9 billion in 1999, to \$19 billion in 2000
- Property and Casualty Insurers' Combined Ratio (premium/expense) for 2000 is projected at 110.3% which is up from 107.8% for 1999

# Catastrophic Events

	<u>Disaster</u>	<u>Where</u>	<u>Total Damages</u>	<u>Death Toll</u>
• 1999	Hurricane Floyd	USA	\$6,000,000,000	75
	Earthquake	Turkey	\$5,000,000,000	15,814
	Cyclone	India	\$ 650,000,000	9,500

Source: *Business Insurance, At the Millennium (Special Issue Jan 2000)*

- 2000 ♦ 24 Catastrophic Events (Insured loss excess \$25,000,000)
- USA ♦ Total claims of \$4.3 billion vs. \$9.1 billion 10 year average.

Source: *National Underwriter 2/5/01*

- Europe ♦ Ericson Files Massive Business Interruption claims (\$511,000,000) on Fire at sole source supplier.

Source: *Business Insurance 10/9/00*

- ♦ 1999 Insured Storm losses of \$9.7 billion

Source: *Business Insurance 12/25/01*

- 2001 Business Insurance estimates Seattle earthquake's insured loss at \$1 Billion

Source: *Business Insurance 3/5/01*

# California Workers' Compensation Accident Year Combined Loss And Expense Ratios

(as of 9/30/2000)

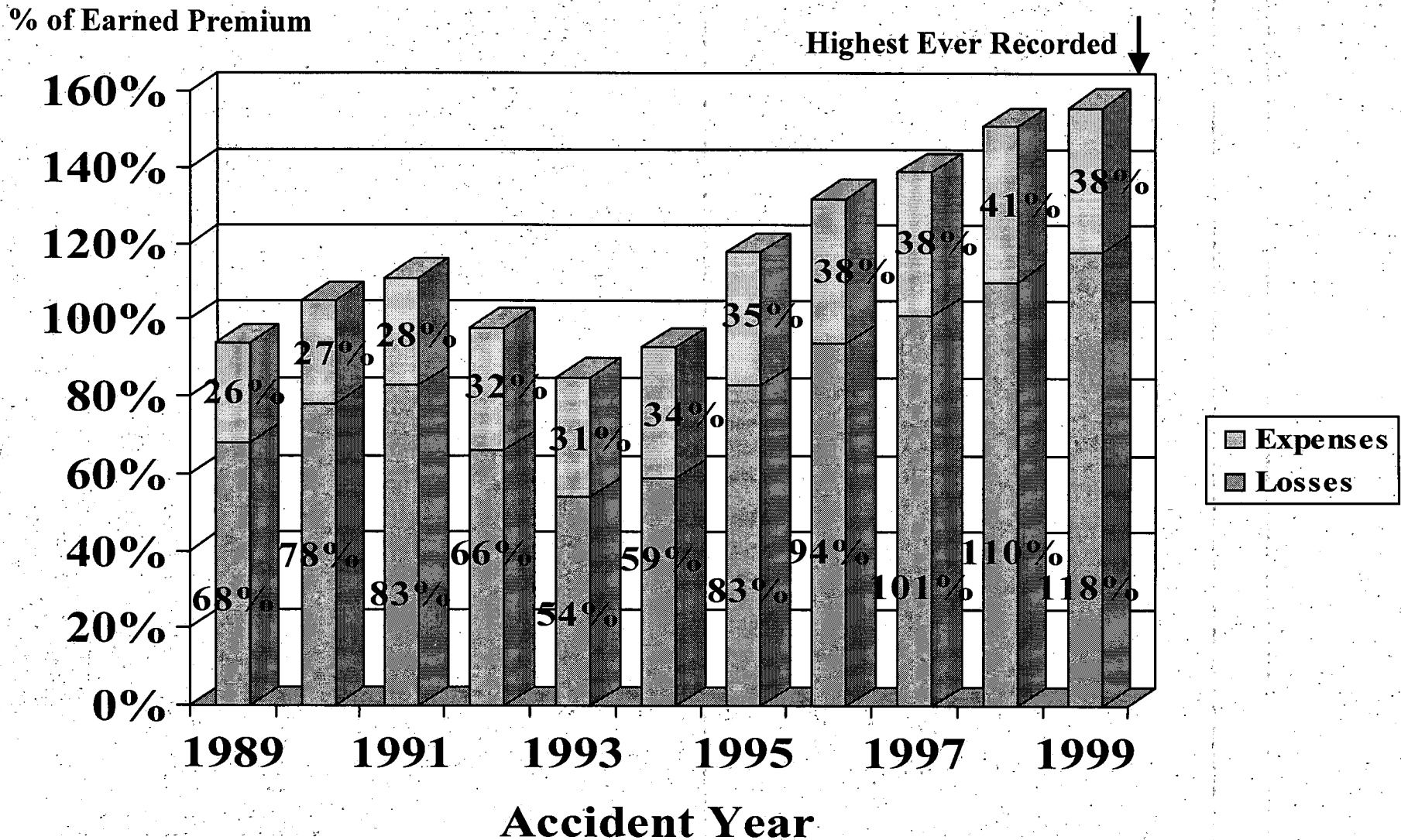


EXHIBIT 4

**PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)  
ALL RISK PROPERTY & DIFFERENCE IN CONDITIONS  
INSURANCE PROPOSAL**

**NAMED INSURED:** Public Entity Property Insurance Program including:  
**CITY OF SACRAMENTO**

**EFFECTIVE DATE:** May 15, 2000 to May 15, 2001

**INSURANCE CARRIERS:** See Section 2

**TOTAL INSURED  
VALUES:** \$648,855,182

**LOCATIONS:** See Section 5

**COVERAGES AND LIMITS:**

- \$1,000,000,000 Per Occurrence: All Perils, Coverages and Insureds/Members combined, subject to the following sublimits:
- \$ 30,000,000 Individual Flood - Per Occurrence
- \$100,000,000 Program Flood - Per Occurrence & Annual Aggregate - all coverages - shared with other members in this Declaration
- \$ 30,000,000 Earthquake Shock - Per Occurrence & Annual Aggregate
- \$100,000,000 Combined Business Interruption, Extra Expense, Rental Income and Tax Interruption except \$5,000,000 Limit if values are not reported by a member
- \$ 25,000,000 Extra Expense (separate from above)
- \$ 50,000,000 Miscellaneous Unnamed Locations and newly acquired as respects existing members (Does not apply to Earthquake)

**PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)  
ALL RISK PROPERTY & DIFFERENCE IN CONDITIONS  
INSURANCE PROPOSAL**

**CITY OF SACRAMENTO**

**COVERAGES AND LIMITS:  
(continued)**

\$ 25,000,000	Errors & Omissions
\$ 25,000,000	Landscaping, tees, sand traps, greens and athletic fields
\$ 25,000,000	Course of Construction (including new for total project values up to \$25,000,000)
\$ 1,000,000	Money & Securities (this enhancement is still under negotiation)
\$ 10,000,000	Unscheduled Fine Arts
\$ 500,000	Accidental Contamination
\$ 1,000,000	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.
\$ 100,000,000	Demolition and Increased Cost of Construction due to the enforcement of building codes
\$ 25,000,000	Transit
\$ 1,000,000	Animals, except \$100,000 Specially Trained Animals
\$ 1,000,000	Watercraft under 27 feet (maximum unless scheduled/reported with values)
\$ 500,000	Newly Acquired Vehicles (current members with auto coverage only)
\$ 10,000,000	Replacement power extra expense at scheduled utility locations
\$ 5,000,000	Off premises Service Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$ 5,000,000	Contingent Business Interruption resulting from a covered peril at non-owned/operated power generating facilities
\$ 5,000,000	Per Occurrence and in the Aggregate for PEPIP Declarations 1 through 9 combined: Earthquake shock on licensed vehicles, unlicensed vehicles, contractors equipment and fine arts combined for all insureds/members combined that do not purchase optional coverage

**PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)  
ALL RISK PROPERTY & DIFFERENCE IN CONDITIONS  
INSURANCE PROPOSAL**

**CITY OF SACRAMENTO**

**DEDUCTIBLES:**

**ALL RISK:** \$100,000  
**FLOOD (INDIVIDUAL):** \$100,000  
**FLOOD (PROGRAM):** \$250,000 Locations in Zone A  
\$100,000 All Other Locations  
**EARTHQUAKE:** 5% of Values / \$25,000 Minimum  
**SERVICE INTERRUPTION:** 24 hour waiting period all perils  
**ALL OTHER PERILS:** Not applicable

**VALUATION:**

**ALL PROPERTY:** Repair or Replace and Agreed Amount  
(for vehicles, see Section 6)  
**BUSINESS INTERRUPTION:** Actual Loss Sustained

**CANCELLATION:** 90 Day Notice except 10 Days for Non-Payment

**DRIVER SIGNATURE  
SERVICES:** 36 Available Hours

**ANNUAL PREMIUM:** \$241,755

**BROKER:** **ROBERT F. DRIVER ASSOCIATES**  
**Newport Beach, California**

Martin S. Heflin  
First Vice President  
PEPIP Program Manager

Gordon B. DesCombes  
President

Nasreen Kassam  
Account Administrator

*For a complete listing of your policy terms, exclusions and conditions, please refer to your policy.*

**CALIFORNIA MUNICIPAL EXCESS LIABILITY PROGRAM (CAMEL)  
2000 - 2001 PROGRAM RENEWAL**

**CITY OF SACRAMENTO**

**INSURER:** Special National Insurance Company  
(Kemper Group)

**BEST'S GUIDE RATING:** A, Excellent  
Financial Size Category 15;  
Greater than \$2,000,000,000

**CALIFORNIA STATUS:** Admitted

**PROGRAM TERM:** July 1, 2000 to July 1, 2001

**COVERAGE:** Excess Municipal Liability on an Occurrence  
Basis including:

- Bodily Injury
- Personal Injury
- Property Damage
- Public Officials Errors & Omissions
- Employment Practices Liability
- Employer's Liability included excess of  
\$100,000 minimum underlying coverage
- Subsidence
- Inverse Condemnation

**MAJOR EXCLUSIONS:**

- Workers' Compensation
- Asbestos
- Pollution/Contamination except for:
  - Hostile Fire and Collision
  - Upset/Overturn of owned and  
non-owned vehicles and Time  
Element Extension
- Eminent Domain
- Care, Custody and Control
- Airports
- Aircraft/Airfield exclusion (E) not  
absolute
- Medical malpractice (except incidental)
- Nuclear Material
- ERISA
- Dams (only those owned or operated by  
the insured)
- Watercraft

**LIMITS OF LIABILITY:**

**BASIC PROGRAM**  
\$10,000,000 per occurrence

**OPTIONAL PROGRAM**  
\$10,000,000 per occurrence

Annual aggregate applies to each entity for  
Public Officials Errors & Omissions

**SELF-INSURED  
RETENTION:**

\$1,000,000 applies per occurrence

**DEFENSE COSTS  
AND EXPENSES:**

Defense Costs and Expenses are included  
in the Self-Insured Retention and outside  
Limits of Liability

**CLAIMS  
ADMINISTRATION:**

To be under direction and control of  
individual cities. Claims Reporting  
Requirements apply as outlined in the  
issued policies

**ANNUAL PREMIUM:**

**BASIC PROGRAM** \$241,689 (2000 - 2001)

**OPTIONAL PROGRAM** \$43,311

**TOTAL ANNUAL PREMIUM:** \$285,000

## **APPENDICES**

1. City of Sacramento Miscellaneous Statistics
2. City of Sacramento Organizational Chart
3. Department of Administrative Services Organizational Chart
4. Risk Management Division Organizational Chart
5. ESBD Materials
6. Schedule of Insurance
7. Workers' Compensation Annual Reports (1996 - 2000)
8. Workers' Compensation Claim Payments, Reserved Amounts & Liability by Injury Year as of June 30, 2000
9. Workers' Compensation Claims greater than \$100,000
10. Auto & General Liability Claim Payments, Reserved Amounts, & Liability by Injury Years as of June 30, 2000
11. Claims with Total Incurred greater than \$100,000 for Auto & General Liability
12. Property Schedule
13. Vehicle Schedule
14. Consultant and Professional Services Agreement