

Property
Joint Protection Program

2013



WASHINGTON CITIES INSURANCE AUTHORITY
Property Joint Protection Program for the
Coverage Year December 31, 2012 to December 31, 2013

I. PROPERTY COVERAGE

Washington Cities Insurance Authority (WCIA) provides an optional program to its members whereby they may obtain protection for losses or damages to member owned property.

A. COVERAGE LAYERS

There are three layers in the Property Program:

- The first layer is an *Individual Member Deductible* where each member has a choice of individual deductible layers for each program for all perils other than flood and earthquake. *Individual Member deductibles* do not apply to builders risk, boiler & machinery and certain unscheduled property as this coverage is not included in the *Self-Insured Property Retention Layer*.

The second layer is the *WCIA Self-Insured Property Retention Layer*, which covers from the members chosen deductible to \$750,000 per occurrence.

- The third layer is *Group Purchased Property Insurance*, which covers from \$750,000 to a limit of \$300,000,000 million per occurrence for all members combined, except for damage that is subject to a separate \$100 million pool annual aggregate limit to cover all member losses as a result of a flood subject to a \$50 million annual aggregate for flood in zones A/V, a \$150 million pool annual aggregate limit to cover all member losses as a result of an earthquake, and \$1,000,000 for unscheduled tunnels, bridges, dams, catwalks, roadways, highways, streets, sidewalks, culverts, street lights, traffic signals above an individual member deductible of \$750,000, \$25,000,000 course of construction limit per project above a \$500,000 individual member deductible, a \$100,000,000 equipment breakdown limit and other policy sub-limits.

COVERAGE	INDIVIDUAL MEMBER DEDUCTIBLE	WCIA SELF-INSURED RETENTION LAYER
Property All Perils Except Flood and Earthquake.	\$1,000; \$5,000; \$25,000 or \$50,000	\$750,000
Flood	\$250,000 per occurrence except for property in Zone A or V 3% of values involved in loss subject to a \$500,000 minimum per occurrence	\$0
Earthquake	2% of values involved in a loss. Subject to \$250,000 minimum	\$0
Builders Risk	\$750,000	\$0
Boiler & Machinery	As declared in the third layer insurance policy	\$0

The Board, at its discretion, may choose to self insure or purchase insurance in any of the layers. Purchased insurance policies may differ from each other in language, exclusions, conditions and underwriter's intent. Coverage among the various policies may not be continuous.

B. LIMITS APPLICATIONS

In the event a member incurs a loss which exceeds the currently available policy limits of insurance, sub-limits, or annual aggregate limits including partially exhausted annual aggregate limits, or if a combination of members incur losses which exceed available limits of insurance on a per occurrence or annual aggregate basis; the losses shall be paid on a pro rata basis from the proceeds of insurance currently available at the time the loss was incurred. The calculation of pro rata payment of member losses shall be determined by taking the dollar value of each members loss and dividing it by the total dollar value of all members losses to determine a pro rata percentage which each members loss bears to the combined total dollar value of member losses being submitted for coverage. Each member will then be paid the lesser of the following: either the full value of their

loss or the percentage that their loss bears in proportion to all members losses times the total dollar value of insurance proceeds currently available at the time of the occurrence causing the loss.

C. DEDUCTIBLE APPLICATIONS

In the event more than one member sustains a flood or earthquake loss from the same occurrence that is covered by group purchased Property Insurance, the deductible shall be applied on a pro rata basis to each member suffering loss. The calculation of the pro rata deductible shall be determined by taking the dollar value of each member's loss and dividing it by the total dollar value of all members' losses. This determines a pro rata percentage which each member's loss bears to the combined total dollar value of member losses being submitted for coverage. Each member will then bear a portion of the flood and earthquake deductible in proportion to the total loss.

D. DEFINITION OF OCCURRENCE

The definition of "occurrence" is consistent with Self-Insured Property Retention Layer and Group Purchased Property Insurance definitions.

E. COVERAGE TERMS, EXCLUSIONS, AND CONDITIONS

1. The terms, definitions, exclusions and conditions of the primary layer of group purchased Property insurance policies shall also apply to WCIA Self-Insured Property Retention Layer. Replacement coverage in the third layer shall be extended to all members scheduling inland marine equipment regardless of equipment age. The Property Program shall allow each member to select property coverage for buildings, contents, inland marine and boiler & machinery.
2. Under any circumstances WCIA's obligation to make payment to a member for property loss or damage shall be limited to no more than \$750,000 per occurrence regardless of the amount or number or kinds of properties that are damaged, destroyed or affected by the occurrence. The definition of an "occurrence" which may give rise to a claim against WCIA Self-Insured Property Retention Layer shall be the same as the definition given in the group purchased Property Insurance Policy.

F. MEMBERS

Current members in the Property Program include the following and new members approved by the Executive Committee electing coverage during the Coverage Year:

A Regional Coalition for Housing (ARCH)	Des Moines
Aberdeen	Des Moines Pool Metro Park District
Arlington	Eastside Public Safety Communications Agency (EPSCA)
Auburn	Edgewood
Bainbridge Island	Edmonds
Battle Ground	Ellensburg
Benton City	Elma
Benton County Emergency Services	Emergency Services Coordinating Agency (ESCA)
Bonney Lake	Enumclaw
Bothell	Fife
Brier	George
Burien	Goldendale
Burlington	Grandview
Camas	Grays Harbor Communications
Cashmere	Hoquiam
Centralia	Issaquah
Chehalis	Jefferson County 911
Chelan	Kelso
Cheney	Kenmore
Chewelah	Kirkland
Clark Regional Emergency Services Agency (CRESA)	Kitsap Regional Coordinating Council
Clarkston	La Conner
Cle Elum	Lacey
Clyde Hill	Lake Forest Park
Coupeville	Lake Stevens
Covington	Lakewood
Cowlitz-Wahkiakum Council of Governments	Leavenworth

Long Beach	Snohomish
Longview	Snohomish County Emergency Radio System (SERS)
LOTT Clean Water Alliance	Snohomish County Fire District #3 (dba Monroe Fire District)
Mabton	Snohomish County Police Auxiliary Services Center (SNOPAC)
Maple Valley	Snoqualmie
Marysville	Soap Lake
Marysville Fire District	South Correctional Entity Facility PDA (SCORE)
Mason County Emergency Communications (MACECOM)	South Sound 911
McCleary	SW Snohomish County Communications Agency (SNOCOM)
Medical Lake	Spokane Valley
Medina	Stanwood
Mercer Island	Steilacoom
Metropolitan Park District of Tacoma	Sumner
Mill Creek	Sunnyside
Millwood	Three Rivers Regional Wastewater Authority
Milton	Thurston 9-1-1 Communications
Monroe	Thurston Public Utilities District
Moses Lake	Thurston Regional Planning Council
Mount Vernon	Toppenish
Mountlake Terrace	Tukwila
Mukilteo	Tukwila Pool Metropolitan Park District
Multi Agency Communications Center (MACC 911)	Tumwater
Newcastle	Union Gap
Normandy Park	University Place
North Bonneville	Valley Communications
Northshore Utility District	Valley Regional Fire Authority
Northwest Incident Management Team	Walla Walla
Oak Harbor	Walla Walla Joint Community Development Agency
Ocean Shores	Warden
Othello	Washougal
Peninsula Communications (PENCOM)	Water Operating Board
Port Angeles	West Richland
Port Townsend	Westport
Pullman-Moscow Regional Airport Board	WHITCOM 911
Puyallup	William Shore Memorial Pool District
Renton	Woodinville
Richland	Woodway
Ridgefield	Yakima Valley Conference of Governments
Sammamish	Yarrow Point
Shelton	Zillah
Shoreline	
Silver Lake Water and Sewer District	
Skagit 9-1-1	

II. DESCRIPTION OF SERVICES AND COST ALLOCATION

A. COVERAGE ASSESSMENT BASIS

Assessment costs per member is based on replacement cost.

B. PROPERTY SCHEDULES

Each member is responsible for reporting, additions or changes to property schedules including increases in replacement values as soon as practicable to WCIA. Claims for property not scheduled may be denied coverage in the event of loss.

C. WCIA ADMINISTRATION

The Executive Director shall administer WCIA operations and be accountable to the Board in the areas of insurance purchases, claims and loss control administration, coverage determinations and new membership.

D. LEGAL SERVICES

WCIA Legal Counsel is appointed by the Board to provide legal assistance concerning WCIA operations to the Board and Executive Director. WCIA Legal Counsel is an administrative expense.

E. SUBROGATION

WCIA shall be subrogated to all legal rights to seek and recover damages for injury, theft, loss or destruction of member owned property which the member may have against any person or other entity with respect to any payment made under this Property Joint Protection Program. The member shall execute all papers required by WCIA and shall cooperate with WCIA to secure and protect WCIA's rights. WCIA shall have the exclusive right to select, retain and pay attorneys as necessary to pursue legal remedies for recovery of its subrogation interests. In case any reimbursement is obtained or recovery is made by the member or WCIA on account of any loss covered by this Property Joint Protection Program, the distribution of such reimbursement or recovery, shall be first applied in the following order:

1. Payment of legal costs and attorney fees incurred by WCIA in making the recovery.
2. Second, to recover the member's loss because of application of their deductible;
3. Third, to recover WCIA's payments until WCIA is fully reimbursed.

F. CLAIMS COSTS

Administration of the property claims program is conducted in-house by WCIA staff and is an administrative expense. Some losses are assigned by staff to an outside claims service company for resolution. The service company's fees are administrative costs.

III. MEMBER ASSESSMENTS

Each member's assessments with WCIA is due within thirty (30) days of billing. Claims reports will be distributed annually to the membership. Mid-year (new) membership will be prorated against the remaining coverage year premium, payable within thirty (30) days. Any assessment paid is not refundable or short rated in the event of a member withdrawal from Property Joint Protection Program prior to the end of a policy year.

IV. CLAIMS PROCESS

The claims process is supervised by WCIA and includes development and implementation of claims procedures which members agree to follow.

Members shall cooperate by promptly reporting all property claims, by participating fully in any investigation conducted by WCIA or its claims administrator, and by adhering to the claims procedures as set forth in the WCIA *Claims Manual*. The Executive Director may settle any claim within the WCIA Retention Layer.

V. COVERAGE DETERMINATION

The Executive Director shall be responsible for making all coverage determinations within the WCIA Self-Insured Property Retention Layer in regard to all claims filed by the member in which a question of coverage exists.

Any member aggrieved by a coverage determination of the Executive Director shall follow the appeal process which has been adopted in the *By-Laws*, Article VII, Section 2, to allow members to bring before the Executive Committee any coverage decisions which they may contest. Respective requirements of each participating party are detailed as appropriate in the *By-Laws*. Failure to follow the stated requirements may result in a waiver of legal rights.

VI. OTHER-INSURANCE

If any member has other valid and collectible insurance which is written by another insurer, and such insurance is available to the member covering a loss also covered by this Property Joint Protection Program, other than insurance that is provided in excess of this program, the protection and excess insurance afforded by this Property Joint Protection Program shall be in excess of and shall not contribute with such other insurance.

VII. CANCELLATION OR TERMINATION OF MEMBER PROPERTY COVERAGE

A member's participation and coverage in the Property Joint Protection Program may terminate or cease in one of the following ways:

- A. A member withdraws from WCIA by giving its one year notice in advance of withdrawal from WCIA's Interlocal Agreement pursuant to Article 20 (a) thereto.
- B. A member gives 60 days advance written notice to WCIA of its intent to cease participation in the Property Joint Protection Program.

- C. Immediate termination of coverage will occur if a member's membership in WCIA is terminated by vote of the Board of Directors as provided in Article 20 (b) of the Interlocal Agreement.
- D. Termination of coverage will occur if a member fails to pay assessments when due as required by Article IV, Section 10 of the By-Laws of WCIA and Article 21 of the Interlocal Agreement.
- E. Coverage will cease if the Executive Committee or Board of Directors votes to cease offering coverage for property to a member as provided by Article 21(b) of the Interlocal, or if either votes to cease offering the Property Joint Protection Program to all members.

No member shall be entitled to any return of assessment or premium or "short rate" assessment or premium in the event of termination of coverage under the Property Joint Protection Program or termination of membership in WCIA.

Coverage under this program may be terminated by WCIA by a majority vote of the Board present at the meeting whereby such termination is proposed, or by the property insurance company. Notice of termination shall be provided to the member, in writing, not less than sixty (60) days prior to the effective date of the termination, except that, if the member fails to pay any assessment when due, this coverage may be terminated by providing, in writing, ten (10) days notice.

Limits, terms and conditions of coverage is restricted to those in force at time of cancellation or termination. Should any premium credit for an individual member be returned to WCIA as a result of the cancellation in any insurance policy, it will be retained by WCIA and may be applied toward any outstanding or anticipated debts of the member to WCIA. Any assessment or premium adjustments due to property additions during the last year of participation shall be payable after the assessment/premium audit of that year.

VIII. ESTABLISHMENT OF CONTINGENCY FUND

The Board may establish a contingency fund from money accumulated in excess of losses in WCIA's Retention Layer each year, to offset future property premiums, expand program enhancements, and/or build up funds for unallocated loss reserves.

IX. FURTHER CONDITIONS AND LIMITATIONS OF COVERAGE

In the event that the Authority is unable for any reason to recover from insurers any portion of a loss otherwise payable to a member under the *Group Purchased Property Insurance*, the Authority's obligation to the member shall be reduced by the amount of such non-recovery. The Authority shall make a reasonable effort to obtain insurance recovery, but nothing in this Agreement shall obligate it to instigate judicial or other proceedings, nor to take any particular action to obtain indemnification from insurers.

Any member seeking coverage for any occurrence under the Authority's *Group Purchased Property Insurance* agrees to pay half (50%) of all costs and expenses incurred in obtaining indemnification from insurers. Subject to the preceding sentence, all costs incurred by the Authority or individuals acting on its behalf in obtaining indemnification for the loss, including but not limited to legal expenses, costs associated with hearings, arbitrations, mediations, negotiations or other proceedings, and any other expenses shall reduce any recovery by the member accordingly. Coverage determination costs less than \$1,000 per occurrence shall be a WCIA administrative cost.

In the event that a loss exceeds the combined self insured, and insured layer coverage limits, or if any self insured or insured aggregate limit has been exhausted within the coverage term, any remaining obligation will be the sole responsibility of the applicable member and shall not be the responsibility of the Authority nor any other member.

Further, money available for losses within WCIA Self-Insured Property Retention Layer is limited to budgeted funds and a high frequency of losses may result in the exhaustion of all WCIA funds. Replenishment of WCIA Self-Insured Property Retention Layer may be made by special assessment as approved by the Board at its discretion. The carrier(s) for the group purchased Property Insurance may change during the coverage period.

It is also understood and agreed that any property loss not within the coverage definitions or terms of the Property Insurance and/or Excess Property Insurance policies shall be the sole responsibility of the applicable member and not the responsibility of WCIA nor any other member

In the event of an insurer's financial failure the total liability of the Authority for the coverage year shall remain at \$750,000 per occurrence. Any remaining obligation over the \$750,000 coverage limit is the responsibility of the applicable member. The Board may authorize the purchase of new insurance or self insure the coverage layer.