

Property  
Joint Protection Program

2014



**WASHINGTON CITIES INSURANCE AUTHORITY**  
**Property Joint Protection Program for the**  
**Coverage Year December 31, 2013 to December 31, 2014**

**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 AGREEMENT**

The coverage period for this Property Joint Protection Program is December 31, 2013 to December 31, 2014 and applies only to those members of WCIA who have elected to participate in this program.

Coverage consists of two layers; a Self-Insured Layer provided by WCIA, and an Insured Layer consisting of purchased insurance policies. The Insured Layer is insured by insurance policies and/or reinsurance agreements issued by the carriers or combinations of both with varying participation levels. The WCIA Self-Insured Layer provides indemnification for covered losses occurring above the members chosen deductible and up to a maximum of \$750,000 per occurrence. Each member has a choice of an individual deductible of \$1,000, \$5,000, \$25,000 or \$50,000. The terms, definitions, exclusions and conditions of the Lloyd's of London policy #DP008813 are adopted and incorporated by reference herein and shall apply to the WCIA Self-Insured Layer with the following exceptions and clarifications:

1. Replacement coverage in the Self-Insured Layer shall be extended to all members scheduling inland marine equipment regardless of equipment age.
2. The Self-Insured Layer does not include coverage from loss from the perils of flood and earthquake.
3. Boiler and Machinery coverage is excluded in the Self-Insured Layer.
4. Builders risk coverage is excluded in the Self-Insured Layer.
5. Coverage for tunnels, bridges, dams, catwalks, roadways, highways, streets, sidewalks, culverts, street lights, traffic signals, landscaping, golf tees, sand traps, golf greens and athletic fields that are not scheduled are excluded in the Self-Insured Layer.
6. Only property identified and scheduled in writing to WCIA by the member is covered.

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 minus the amount of the members selected individual deductible per occurrence regardless of the amount or number or kinds of properties that are damaged, destroyed or affected by the occurrence.

The Insured Layer which covers from \$750,000 to a single 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.

For the Coverage period stated above, The Board of WCIA selects and approves the insurance carriers and policies for the Insured Layer of coverage as set forth in Schedule A attached hereto and which is incorporated herein.. The 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. The WCIA Board at its sole discretion reserves the right to substitute insurance carriers during the coverage period if circumstances warrant the same.

**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 member's loss and dividing it by the total dollar value of all member losses to determine 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 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 member 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 the insured layer, 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. COVERAGE DEFINITIONS

The definitions are the same within the WCIA Self-Insured Layer and the Insured Layer insurance policies; set forth in Lloyd's of London policy #DP0088313.

#### E. 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)	Ellensburg
Aberdeen	Elma
Arlington	Emergency Services Coordinating Agency (ESCA)
Auburn	Enumclaw
Bainbridge Island	Ferndale
Battle Ground	Fife
Benton City	George
Benton County Emergency Services	Goldendale
Bonney Lake	Grandview
Bothell	Grays Harbor Communications Center, E9-1-1
Brewster	Hoquiam
Brier	Issaquah
Burien	Jefferson County 911
Burlington	Kelso
Camas	Kenmore
Cashmere	Kirkland
Centralia	Kitsap Regional Coordinating Council
Chehalis	La Conner
Chelan	Lacey
Cheney	Lake Forest Park
Chewelah	Lake Stevens
Clark Regional Emergency Services Agency (CRESA)	Lakewood
Clarkston	Leavenworth
Cle Elum	Long Beach
Clyde Hill	Longview
Coupeville	LOTT Clean Water Alliance
Covington	Mabton
Cowlitz-Wahkiakum Council of Governments	Maple Valley
Des Moines	Marysville
Des Moines Pool Metro Park District	Marysville Fire District
Eastside Public Safety Communications Agency (EPSCA)	Mason County Emergency Communications (MACECOM)
Edgewood	McCleary
Edmonds	Medical Lake
	Medina

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

## 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 loss or damage to property not scheduled by a member will be denied in the Self-Insured Layer unless the Executive Director, in her sole discretion, determines that the members failure to schedule the damaged or lost property was due to an inadvertent, unintentional and unavoidable error or mistake by the member

### 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 including legal issues related to the Property Joint Protection Program. 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 by WCIA 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 Authority retains control of claims and settlement authority within the Self-Insured Layer. 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 Self-Insured Layer. Failure of a member to cooperate in good faith with WCIA in the investigation and administration of any claim will constitute grounds for denial of the claim.

### V. COVERAGE DETERMINATION

The Executive Director shall be responsible for making all coverage determinations within the WCIA Self-Insured 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 Self-Insured 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 *Insured Layer*, 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 and/or indemnification from any insurance company or reinsurer for any loss and occurrence within Authority's property Insured Layer is responsible for all costs and expenses incurred in obtaining indemnification from insurers. If requested by a member, the Authority may, in its sole discretion, elect to participate with a member in any legal effort by a member to seek or enforce indemnification from any insurance company or reinsurer and, if it does so, the Authority will be responsible for payment of 50% of any legal costs and expenses incurred in such effort and the member will be responsible for the remainder of all costs. Subject to the preceding sentence, any costs incurred by the Authority or individuals acting on its behalf and at its discretion 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 Layer is limited to budgeted funds and a high frequency of losses may result in the exhaustion of all WCIA funds. Replenishment of the Self-Insured 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 the financial failure of an insurer providing a policy of in the Insured Layer of coverage, the total liability of the Authority for the coverage year shall remain at \$750,000 per occurrence. Any loss over the \$750,000 Self-Insured coverage limit is the responsibility of the applicable member and/or any remaining insurance companies still providing coverage in the Insured Layer subject to their policy terms and conditions. The Board may, at its sole discretion, authorize the purchase of new insurance or elect to self insure the coverage layer previously covered by a failed insurer.

Schedule A  
WCIA 2014 Property Joint Protection Program

**ALL RISK PROPERTY**

**CARRIERS AND PARTICIPATION:**

National Fire & Marine Insurance Company,  
Policy Number: 42-PRP-000098-01  
25% or \$75,000,000 part of \$300,000,000 per occurrence

Government Entities Mutual, Inc., Policy Number: GEM-0011-B13002  
15% or \$45,000,000 part of \$300,000,000 per occurrence

Ironshore Specialty Insurance Company, Policy Number: 001219502  
10% or \$10,000,000 part of \$100,000,000 per occurrence

Lloyd's of London, Policy Number: DP008813  
10% or \$10,000,000 part of \$100,000,000 per occurrence

Lloyd's of London, Policy Number: DP008813  
40% or \$10,000,000 part of \$25,000,000 per occurrence

Lloyd's of London, Policy Number: DP008813  
30% or \$22,500,000 part of \$75,000,000 per occurrence excess of  
\$25,000,000 per occurrence

Arch Specialty Insurance Company, Policy Number: PRP0047210-02  
10% or \$7,500,000 part of \$75,000,000 per occurrence excess of  
\$25,000,000 per occurrence

Ironshore Specialty Insurance Company, Policy Number: 0011853800  
10% or \$20,000,000 part of \$200,000,000 per occurrence excess of  
\$100,000,000 per occurrence

Lloyd's of London, Policy Number: DP008813  
50% or \$100,000,000 part of \$200,000,000 per occurrence excess of  
\$100,000,000 per occurrence

**EXCESS EARTHQUAKE**

**CARRIERS AND PARTICIPATION:**

Landmark American Insurance Company, Policy Number: LHQ419708  
50% or \$25,000,000 part of \$50,000,000 per occurrence excess of  
\$100,000,000 per occurrence

Lloyd's of London, Policy Number: DP008913  
35% or \$17,500,000 part of \$50,000,000 per occurrence excess of  
\$100,000,000 per occurrence

Liberty Surplus Insurance Company, Policy Number: LIUESP00319157  
10% or \$5,000,000 part of \$50,000,000 per occurrence excess of  
\$100,000,000 per occurrence

Certain Underwriters at Lloyd's – London-Brit Syndicate 2987,  
Policy Number: PD-10009-00  
5% or \$2,500,000 part of \$50,000,000 per occurrence excess of  
\$100,000,000 per occurrence

**BOILER & MACHINERY**

**CARRIER AND PARTICIPATION:**

The Hartford Steam Boiler Inspection and Insurance Company,  
Policy Number: FBP4907705  
100% of \$100,000,000 Limit

**POLICY TERM**

**ALL SCHEDULED CARRIERS:**

12/01/13 to 12/01/14