Property
Joint Protection Program

2016
WASHINGTON CITIES INSURANCE AUTHORITY

Property Joint Protection Program for the
Coverage Year December 31, 2015 to December 31, 2016

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, 2015 to December 31, 2016 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 contract #B0509BOWPN1500156 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 AV, 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 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 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 contract # B0509BOWPN1500156.

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) 
Aberdeen 
Arlington 
Auburn 
Bainbridge Island 
Battle Ground 
Benton City 
Benton County Emergency Services 
Bonney Lake 
Bothell 
Brewster 
Brier 
Burien 
Burlington 
Camas 
Cashmere 
Centralia 
Chehalis 
Chelan 
Cheney 
Chewelah 
Clark Regional Emergency Services Agency (CRESA) 
Clarkston 
Cle Elum 
Clyde Hill 
Coupeville 
Covington 
Cowlitz-Wahkiakum Council of Governments 
Des Moines 
Des Moines Pool Metropolitan Park District 
Duvall 
Eastside Public Safety Communications Agency (EPSCA) 
Edgewood 
Edmonds 
Ellensburg 
Elma 
Enumclaw 
Everson 
Ferndale 
Fife 
George 
Goldendale 
Grandview 
Grays Harbor Communications Center, E9-1-1-1 
Hoquiam 
Issaquah 
Jefferson County 911 
Kelso 
Kirkland 
Kitsap Regional Coordinating Council 
La Conner 
Lacey 
Lake Forest Park 
Lake Stevens 
Lakewood 
Leavenworth 
Long Beach 
Longview 
LOTT Clean Water Alliance 
Mabton 
Maple Valley 
Marysville 
Marysville Fire District 
Mason County Emergency Communications (MACECOM)
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 member's 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 2016 Property Joint Protection Program

ALL RISK PROPERTY
CARRIERS AND PARTICIPATION:
National Fire & Marine Insurance Company
Policy Number: 42-PRP-000098-03
27.5% or $82,500,000 part of $300,000,000 per occurrence
RSUI Indemnity Company, Policy Number: NHT421566
12.5% or $37,500,000 part of $300,000,000 per occurrence
Ironshore Specialty Insurance Company, Policy Number: 001219504
10% or $10,000,000 part of $100,000,000 per occurrence
Lloyd’s of London, Contract Number: B0509BOWPN1500156
Unique Market Reference Number: B0509BOWPN1500156
10% or $10,000,000 part of $100,000,000 per occurrence
Lloyd’s of London, Contract Number: B0509BOWPN1500156
Unique Market Reference Number: B0509BOWPN1500156
40% or $30,000,000 part of $75,000,000 per occurrence excess of $25,000,000 per occurrence
Ironshore Specialty Insurance Company, Policy Number: 001853802
10% or $20,000,000 part of $200,000,000 per occurrence excess of $100,000,000 per occurrence
Lloyd’s of London, Contract Number: B0509BOWPN1500156
Unique Market Reference Number: B0509BOWPN1500156
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: LHQ421567
50% or $25,000,000 part of $50,000,000 per occurrence excess of $100,000,000 per occurrence
Lloyd’s of London, Contract Number: B0509BOWPN1500162
Unique Market Reference Number: B0509BOWPN1500162
35% or $17,500,000 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-10547-01
15% or $7,500,000 part of $50,000,000 per occurrence excess of $100,000,000 per occurrence

TERRORISM
CARRIERS AND PARTICIPATION:
Lloyd’s of London, Beazley Syndicates 2623 and 623
Certificate Number: W17355150201
Authority Reference Number: B6012BUSANMSL1501
50% or $50,000,000 part of $100,000,000
Lloyd’s of London, Talbot Syndicate 1183
Evidence of Coverage Number: AFH95495B15
Unique Reference Number: B6044RURS04015
50% or $50,000,000 part of $100,000,000

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: 12/01/15 to 12/01/16