

# Auto Physical Damage Joint Protection Program

# 2020



## WASHINGTON CITIES INSURANCE AUTHORITY

### Auto Physical Damage Joint Protection Program for the Coverage Year December 31, 2019 to December 31, 2020

#### I. AUTO PHYSICAL DAMAGE 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, leased or rented autos.

##### A. COVERAGE LAYERS

There are three layers in the Auto Physical Damage Program:

1. The first layer is an *Individual Member Deductible* where each Member has a choice of individual deductible layers for each program.
2. The second layer is the *WCIA Self-Insured Auto Physical Damage Retention Layer*, which attaches from the individual deductible.
3. The third layer is the *Insured layer*, which provides \$100,000,000 per occurrence limits which attaches at \$250,000 per occurrence above the *Self-Insured Auto Physical Damage Retention Layer*.

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. COVERAGE TERMS, EXCLUSIONS, AND CONDITIONS

The terms, definitions, exclusions and conditions of the Auto Physical Damage program are outlined in the WCIA Self Insured Coverage Document for Auto Physical Damage APDCov2020 and is hereby incorporated by reference and adopted herein to this document.

Replacement cost coverage in the third layer shall be extended to all Members specifying replacement cost coverage on the Member's Schedule of Values on file with WCIA regardless of auto age in accordance with Auto Physical Damage Coverage Document, Section II.C.2.

##### C. MEMBERS

Current Members include the following and new Members approved by the Executive Committee electing coverage during the Coverage Year:

Aberdeen	Chelan
Arlington	Cheney
Auburn	Clark Regional Emergency Services Agency
Bainbridge Island	(CRESA)
Battle Ground	Clarkston
Benton City	Cle Elum
Benton County Emergency Services	Clyde Hill
Bonney Lake	College Place
Bothell	Coupeville
Brewster	Covington
Brier	Cowlitz-Wahkiakum Council of Governments
Burien	Des Moines
Burlington	Duvall
Camas	Eastside Public Safety Communications Agency
Cashmere	(EPSCA)
Centralia	Edgewood
Chehalis	Edmonds

Ellensburg	Ocean Shores
Elma	Olympia
Enumclaw	Olympic View Water and Sewer District
Everson	Othello
Federal Way	Port Angeles
Ferndale	Port Townsend
Fife	Poulsbo
George	Pullman-Moscow Regional Airport Board
Goldendale	Puyallup
Hoquiam	Richland
Issaquah	Ridgefield
Jefferson County 911	Sammamish
Kelso	Selah
Kenmore	Sequim
Kennewick	Shelton
Kirkland	Shoreline
Kitsap 911 Public Authority	Silver Lake Water and Sewer District
La Conner	Skagit 911
Lacey	Snohomish
Lake Forest Park	Snohomish County 911
Lake Stevens	Snohomish County Fire Protection District No. 7
Lakewood	Snoqualmie
Leavenworth	Soap Lake
Long Beach	South Correctional Entity (SCORE)
Longview	South Sound 911
LOTT Clean Water Alliance	Spokane Valley
Lynden	Stanwood
Mabton	Steilacoom
Mason County Emergency Communications	Stevenson
Maple Valley	Sumas
Marysville Fire District	Sumner
Mattawa	Sunnyside
McCleary	Three Rivers Regional Wastewater Authority
Medical Lake	Thurston 9-1-1 Communications
Medina	Thurston Public Utility District
Mercer Island	Thurston Regional Planning Council
Metropolitan Park District of Tacoma	Toppenish
Mill Creek	Tukwila
Millwood	Tumwater
Milton	Union Gap
Monroe	University Place
Moses Lake	Valley Regional Fire Authority
Mount Vernon	Walla Walla
Mountlake Terrace	Warden
Mukilteo	Washougal
Multi Agency Communications Center	West Richland
Newcastle	Westport
Normandy Park	William Shore Memorial Pool District
North Bonneville	Woodinville
Northshore Utility District	Woodway
Northwest Incident Management Team	Yarrow Point
Oak Harbor	Zillah

**II. DESCRIPTION OF SERVICES AND COST ALLOCATION**

**A. COVERAGE ASSESSMENT BASIS**

Assessment costs per Member is based on scheduled values of Member owned autos.

**B. AUTOMOBILE SCHEDULES**

Each Member is responsible for reporting any changes in automobile values as soon as practicable to WCIA.

#### 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 Autos which the Member may have against any person or other entity with respect to any payment made under this Auto Physical Damage 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 Auto Physical Damage 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 Auto Physical Damage 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 Auto Physical Damage 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 Auto Physical Damage Retention 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 Auto Physical Damage Retention 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 Auto Physical Damage 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 Auto Physical Damage Joint Protection Program, other than insurance that is provided in excess of this program, the protection and excess insurance afforded by this Auto Physical Damage Joint Protection Program shall be in excess of and shall not contribute with such other insurance.

**VII. CANCELLATION OR TERMINATION OF MEMBER AUTO PHYSICAL DAMAGE COVERAGE**

A Member's participation and coverage in the Auto Physical Damage 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 Auto Physical Damage 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 Auto Physical Damage to a Member as provided by Article 21(b) of the Interlocal, or if either votes to cease offering the Auto Physical Damage 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 Auto Physical Damage 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 Auto Physical Damage 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 Auto Physical Damage premiums, expand program enhancements, and/or build up funds for unallocated loss reserves.

**VIX. 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 terms of the Authority's Auto Physical Damage Coverage Document, 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 the Insured Layer is responsible for all costs and expenses, including legal costs, incurred in obtaining indemnification from insurers. If requested by a Member, the Authority may, in its sole discretion, elect to participate with a Member and/or, with the Member's consent, take full control over any legal effort by or on behalf of 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 100% of any legal costs and expenses incurred in such effort done at the direction and control of the Authority and the Member will be responsible for 100% of all costs. Subject to the preceding sentence, the Authority shall have a right of subrogation and a subrogation lien against any monetary recovery or judgment rendered against any insurer or reinsurer in favor of a Member for any monetary advances (such as claim settlement, judgment payment, appeal bond payment and legal expenses) made on behalf of a Member by the Authority in excess of the Self Insured layer as stated herein, including but not limited to legal expenses, costs associated with hearings, arbitrations, mediations, negotiations or other proceedings, related to seeking coverage for a Member from any insurer or reinsurer.

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 Auto Physical Damage 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 Auto Physical Damage Retention Layer may be made by special assessment as approved by the Board at its discretion.

It is also understood and agreed that any auto loss not within the coverage definitions or terms of the Auto Physical Damage Insurance policies or Self Insured Coverage Document for Auto Physical Damage 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 policy years shall remain at \$250,000 per occurrence. Any remaining obligation over the \$250,000 coverage limit is the responsibility of the applicable Member. The Board may authorize the purchase of new insurance or self-insure the coverage layer.