

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	06/11/18	Open	Action	05/29/18

Subject: Renewal of Property, Boiler & Machinery, Excess Workers' Compensation, Crime/Employee Dishonesty, Privacy & Network Liability, Underground Tank and Flood Insurance

## ISSUE

Renewal of the Property, Boiler & Machinery, Excess Workers' Compensation, Crime/Employee Dishonesty, Privacy & Network Liability, Underground Storage Tank Pollution Liability and Flood for the period of July 1, 2018 through July 1, 2019.

## RECOMMENDED ACTION

Adopt Resolution No. 18-06-\_\_\_\_, Authorizing Renewal of the Property, Boiler & Machinery, Excess Workers' Compensation, Crime/Employee Dishonesty, Privacy & Network Liability, Underground Storage Tank Pollution Liability and Flood for the Period of July 1, 2018 through July 1, 2019

## FISCAL IMPACT

CC	Account	Description	FY 2019 Budget
47	660040	Crime	\$ 8,664
47	660041	Boiler & Machinery	10,632
47	660043	Excess WC	150,139
47	660049	Property Premium	564,721
47	660060	Pollution/UST Prem	4,798
47	660062	Flood Premium	14,735
47	660063	Privacy/Cyber Liab	23,690
<b>Total Operating Cost</b>			<b>\$ 777,379</b>

## DISCUSSION

Last year Alliant Insurance Services, Inc. became SacRT's new insurance broker. Alliant thoroughly re-examined SacRT's insurance and risk exposures and conducted extensive marketing of SacRT's insurance placements to a number of new insurers. In many cases, this resulted in more competitive options both from a coverage and pricing standpoint. This year, the goal has been to maintain pricing while enhancing coverage terms.

The Liability program, including Employment Practices Liability, was successfully renewed for FY 18/19 with no change in pricing or terms, as presented and approved at the Board's May 14, 2018 meeting.

Approved:

Presented:

Final 05/06/18

General Manager/CEO

Acting Risk Administrator

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**Property:** Travelers Insurance Company continues to provide competitive terms while maintaining stable rates. The rates remained relatively flat and Alliant was able to negotiate some coverage enhancements. Most notably, they are eliminating the 125% cap on replacement cost coverage and increasing the limits for data and media.

Total insured values have remained stable, with the total premium essentially unchanged at \$538,721. However, there has been a request to raise the values and lower the deductible on police service vehicles, which resulted in an additional premium of about \$26,000.

**Boiler & Machinery/Equipment Breakdown:** Travelers has been the insurer for Boiler & Machinery/Equipment Breakdown coverage for several years and consistently offers competitive terms and pricing. Last year, they lowered their premium (-13.5%) and this year initially requested a 3% increase. However, Alliant negotiated the same 0.5% increase in rate as the Property coverage, with all other terms and conditions the same. Total premium is \$10,632.

**Excess Workers' Compensation:** The Workers' Compensation rate offered by State National remains unchanged at \$0.2259 per \$100 payroll, with a rate guarantee for next year as well (in a marketplace where rate increases are the standard). The premium has decreased slightly based on reported estimated payroll, at \$150,139.

**Crime/Employee Dishonesty:** The Crime coverage was marketed to various insurers last year and SacRT was able to maintain the current \$1,000,000 limit, reduce the deductible from \$25,000 to \$2,500 per claim, add several coverage enhancements and reduce the premium by 20%. The policy was written for the period of July 1, 2017-2019, so it does not renew this year, however, the second annual installment of \$8,664 will be billed.

**Privacy & Network Liability (Cyber):** SacRT decided to increase the limits for this important coverage from \$2 million to \$5 million during the current policy term, resulting in an annualized increase in premium to \$21,672. The renewal quote is \$23,689.56, an increase of 9% and consistent with the overall market trend for this coverage. Alliant also obtained a quote through Beazley/Lloyds, which was slightly lower in premium, however, Alliant recommends that SacRT remain with the incumbent.

**Underground Storage Tanks Pollution Liability:** Coverage will renew with Liberty as options are limited due to the ages of the tanks. The premium has decreased 9%, but a tank removal exclusion is being added and the insurer is insisting on increasing the deductibles from \$5,000 to \$10,000 and to \$25,000 for the oldest tank. The total premium is \$4,798.

**Flood:** The Flood coverage was restructured in 2016 to reduce and combine all covered locations into one policy. The policy renewed 9/2/17 with no increase in the rate. SacRT's goal is to cancel midterm and change the effective date to 7/1/18 to align with other policies. There will be no rate change for the cancel/re-write effective 7/1/18. The total premium is \$14,735 including

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surplus lines, taxes and fees.

## Renewal Program Pricing History:

Policy Type	07/01/18 - 07/01/19 Renewal Program	07/01/17 - 07/01/18 Expiring Program	07/01/16 - 07/01/17	07/01/15 - 07/01/16
Property & Inland Marine	\$564,721	\$537,883	\$572,788	\$600,049
Boiler & Machinery/ Equipment Breakdown	\$10,632	\$10,158	\$11,749	\$12,680
Excess Workers' Compensation	\$150,139	\$150,902	\$139,508	\$138,459
Crime	\$8,664	\$8,664	\$10,875	\$8,787
Privacy & Network Liability (Cyber)	\$23,690	\$15,996	\$14,835	\$14,835
Underground Storage Tanks Pollution Liability	\$4,798	\$5,329	\$5,776	\$5,746
Flood	\$14,735	\$14,735	\$17,232	\$45,809
<b>Total</b>	<b>\$777,379</b>	<b>\$743,667</b>	<b>\$772,763</b>	<b>\$826,365</b>

Additional information on coverage is provided in Exhibit A attached to the Resolution.

RESOLUTION NO. 18-06-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 11, 2018

**AUTHORIZING RENEWAL OF THE PROPERTY, BOILER & MACHINERY, EXCESS WORKERS' COMPENSATION, CRIME/EMPLOYEE DISHONESTY, PRIVACY & NETWORK LIABILITY, UNDERGROUND STORAGE TANK POLLUTION LIABILITY AND FLOOD FOR THE PERIOD OF JULY 1, 2018 THROUGH JULY 1, 2019**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, insurance binders for Property Insurance; Boiler and Machinery Insurance; Excess Workers' Compensation Insurance; Crime/Employee Dishonesty Insurance; Privacy & Network Liability Insurance; Underground Storage Tank Pollution Liability and Flood for FY 2019 to be provided by the insurance companies for the insurance limits, with the coverage and premium amounts set out in the attached Exhibit A, are hereby approved.

THAT, the General Manager/CEO or his designee is hereby authorized and directed to take such actions as are necessary to bind SacRT to the coverage set out in Exhibit A, effective July 1, 2018.

\_\_\_\_\_  
PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

Insurance Renewal  
Exhibit A

Summary of Insurance Coverages  
7/1/18 – 7/1/19

**PROPERTY/INLAND MARINE – TRAVELERS DELUXE PROPERTY COVERAGE  
FORM**

**COVERAGES AND LIMITS OF INSURANCE - DESCRIBED PREMISES**

Insurance applies on a BLANKET basis only to a coverage or type of property for which a Limit of Insurance is shown below.

<b>Blanket Description of Coverage or Property</b>	<b>Limits of Insurance</b>
Buildings	\$82,608,760
Your Business Personal Property	\$39,444,955

**DELUXE BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM -  
DESCRIBED PREMISES**

<b>Premises Location No.</b>	<b>Building No.</b>	<b>Limits of Insurance</b>
ALL	ALL	\$8,718,461

90 % Coinsurance Applies. See Business Income – Coinsurance

**DEDUCTIBLES:**

**BY “FLOOD”:**

	<b>Occurrence</b>
01. At the premises location(s) of the following Building(s) numbered: 001-028	\$250,000
As respects Business Income Coverage a 72 hour deductible applies at all premises locations	

**TO UTILITY SERVICES:**

Direct Damage, in any one occurrence:	\$100,000
Time Element, in any one occurrence:	72 Hours

**BUSINESS INCOME:**

As respects Business Income Coverage, for which no other deductible is stated above or in the coverage description, a 72 hour deductible applies.

**ANY OTHER COVERED LOSS:**

In any one occurrence:  
\$100,000

**IM PAK SCHEDULED PROPERTY COVERAGE - VEHICLES**

<b>Coverage</b>	<b>Limits of Insurance &amp; Deductibles</b>
Scheduled property: non-revenue vehicles, revenue vehicles, short term leased or rented vehicles that are not Included on the vehicle schedule, light rail specialty vehicles and miscellaneous scheduled property No coverage is provided for light rail trains.	\$250,000,000
Flood Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Flood Annual Aggregate Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Earth Movement Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Earth Movement Annual Aggregate Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Basic Deductible	
- Basic Deductible, except as noted	\$100,000
- Specialty Vehicles	\$25,000
- Police Vehicles	\$10,000
Flood Deductible	\$500,000
Earth Movement Deductible	\$500,000
Windstorm Deductible	\$500,000
Coinsurance	N/A
Valuation	Replacement Cost

## RAILROAD ROLLING STOCK

Coverage	Limits of Insurance & Deductibles
Covered Property: light rail trains.	\$250,000,000
Flood Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Flood Annual Aggregate Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Earth Movement Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Earth Movement Annual Aggregate Limit of Insurance (Included in inland marine coverage part limit)	\$10,000,000
Basic Deductible	
- Basic Deductible, except as noted	\$250,000
- Collision	\$500,000
Flood Deductible	\$500,000
Earth Movement Deductible	\$500,000
Windstorm Deductible	\$500,000
Coinsurance	N/A
Valuation	Replacement Cost

**Premium: \$564,721**

### **Boiler & Machinery - Travelers**

- Exposure Basis: Statement of Values
- Comprehensive
- Admitted Carrier
- Deductible: \$25,000

Limits:

**\$10,000,000** Total breakdown limit  
**\$ 250,000** Utility interruption  
**\$ 250,000** Hazardous substance  
**\$ 500,000** Ordinance or Law  
**\$ 250,000** Water Damage

**Premium: \$10,632**

### **Excess Workers' Compensation – State National:**

- Exposure Basis: Payroll (per \$100)
- Coverage as Required by Law
- Admitted Carrier
- Self-Insured Retention: \$2,000,000

**Limit:** **\$25,000,000** Each Accident/Employee for Disease

Estimated Payroll \$66,462,454

Rate: \$0.2259

**Premium: \$150,139**

### **Crime/Employee Dishonesty – National Union (AIG):**

Government Crime Policy on Discovery form including the following coverages:

- Employee Theft – Per Loss Coverage
- Forgery or Alteration
- Inside the Premises – Theft of Money and Securities
- Inside the Premises – Robbery & Safe Burglary of Other Property
- Outside the Premises (Money, Securities and Other Property)
- Computer Fraud
- Funds Transfer Fraud
- Money Orders & Counterfeit Money

**CARRIER:** Admitted

**LIMITS:** \$1,000,000

**DEDUCTIBLE:** \$2,500

**PREMIUM:** **\$8,664 annually**

### **Privacy & Network Liability (Cyber) – Ascent/Loyds:**

- Exposure Basis: Revenues
- Non-Admitted Carrier
- Deductible: \$50,000 Each Claim & 12 hours for business interruption

#### **Limits:**

**\$5,000,000** Privacy Liability  
**\$5,000,000** Data Breach Fund  
**\$5,000,000** Network Security Liability  
**\$5,000,000** Internet Media Liability  
**\$5,000,000** Network Extortion Liability  
**\$5,000,000** Regulatory Proceeding

Premium: **\$23,690** including surplus lines taxes and fees



**Underground Storage Tank Pollution Liability – Liberty Surplus Ins, Corp:**

- Exposure Basis: Number of tanks (7), capacity, contents and monitoring system
- Non-Admitted Carrier
- Deductible: \$10,000 or \$25,000 Each Claim

Limit: \$1,000,000 Each Claim/Aggregate

Premium: **\$4,798** including surplus lines taxes and fees

**Primary Flood – Takio Marine Specialty Ins. Co:**

- Exposure Basis: Statement of values for buildings and business personal property.
- Non Admitted Carrier
- Deductible: \$50,000

Limit: Varies (buildings \$0 - \$500,000, business personal property \$100,000 - \$500,000)

Premium: **\$14,735** including surplus lines taxes and fees