



REMIF
REDWOOD
EMPIRE
MUNICIPAL
INSURANCE
FUND

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Members: Arcata Cloverdale Cotati Eureka Fort Bragg Fortuna Healdsburg Lakeport

Robnett Park St. Helena Sebastopol Sonoma Ukiah Willits Windsor

PROGRAM YEAR

2018-2019

MEMORANDUM OF COVERAGE

PROPERTY (SHORT FORM)

**REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
MEMORANDUM OF COVERAGE FOR PROPERTY PROGRAM (SHORT FORM)
PROGRAM YEAR: 2018 - 2019**

PROPERTY COVERAGE

Property coverage is provided when a city/town has property damage due to all perils except earthquake or flood. The property must be owned by the member agency or the member agency must have a lease-holder interest in the property and have that lease holder interest declared with the insurance company.

DEDUCTIBLES SELECTED AND COVERAGE AMOUNTS

REMIF	0	Lakeport	\$10,000
Arcata	\$10,000	Rohnert Park	\$ 5,000
Cloverdale	\$ 5,000	Sebastopol	\$10,000
Cotati	\$ 5,000	Sonoma	\$10,000
Eureka	\$10,000	St. Helena	\$10,000
Fort Bragg	\$10,000	Ukiah	\$10,000
Fortuna	\$10,000	Willits	\$10,000
Healdsburg	\$10,000	Windsor	\$10,000

REMIF SELF-INSURED FUND - Difference between entity selected deductible and excess coverage deductible.

EXCESS INSURANCE - Replacement value in excess of excess coverage deductible unless settlement is resolved by agreed upon stated values.

NEW PROJECT/PURCHASE NOTIFICATION

Any construction project, purchase of building or equipment exceeding \$1,000,000 must be reported to REMIF within thirty (30) days of the signing of the construction agreement or assumption of control of the new property or equipment.

CENTRAL POOL PROPERTY COVERAGE PROGRAM

COVERAGE AGREEMENT

Effective July 1 of each year unless otherwise indicated, coverage is provided against all risk of physical loss except those exclusions to the coverage that are stated in this agreement or in the excess policy that is in place at the time of the loss. The loss can occur to covered entity owned, leased, or rented real and personal property that is under the care, custody and control of the covered entity and may include such additional expenses as loss of revenue or rent, as long as these expenses are incurred as a result of the covered direct physical loss. In the case of rented or

leased property, the entity must submit to REMIF a request naming the property owner as a Loss Payee, as required by the leasing or renting contract, prior to any loss, before coverage can be extended to the property owner. Coverage is provided on a replacement cost basis as defined by the excess policy in effect at the time of the loss. In unusual circumstances, coverage may be on a stated value basis.

Generally, replacement cost means that reimbursement will be made by replacing the lost property or equipment with equivalent property or equipment or if replacement is not desired, payment of an amount agreed upon, based on the stated value of the property or equipment.

All reasonable costs incurred to adjust and resolve the covered loss shall be included in any settlement. This cost may include, but it is not necessarily limited to, outside adjusting company fees and expenses.

Except as otherwise indicated, terms and conditions appearing in the excess property insurance policy in effect at the time of the occurrence will apply to this coverage.

The protection afforded by the Authority is self insurance, and under no circumstances shall be construed as any form of insurance.

EXCLUSIONS

In general, the exclusions listed below result in no coverage being afforded. The specific exclusions, which include the ones stated below, are contained in the Coverage Agreement and/or in the excess property policy in effect at the time of the loss/occurrence. Exclusions not listed below, but contained in the excess policy also apply to the property coverage program.

I. Perils

Coverage is not provided against loss by:

- earthquake, landslide and other earth movement;
- flood, surface water, and tidal wave;
- wear and tear, deterioration, wet and dry rot, mechanical breakdown and contamination;
- mysterious disappearance, unexplained loss, or dishonest and fraudulent acts committed by the entity or its employees.

II. Property

Coverage is not provided for loss to:

- aircraft or water craft; or licensed motor vehicles that are not physically on the insured's premises;
- land and non-improved physical locations;
- money and securities.

C. MEMBERS COVERED

Coverage shall apply to those entities identified above under “Deductibles Selected and Coverage Amounts.

D. LIMITS

The Authority shall pay all covered losses up to excess deductible amounts per occurrence that are in excess of each participating entity’s deductible or retention. Losses in excess of the deductible will be paid by the excess insurance policy up to the replacement value on all covered property, except where specific limits are stated in the excess policy in effect at the time of the occurrence. The total that will be paid on any occurrence is \$400,000,000 on a CJPRMA wide basis. Above \$400,000,000, the entity is responsible for payment of those losses. Business interruption and extra expense coverage is part of the policy. Coverage for employee’s personal property is included if the entity has a policy statement that allows it to pay for the employee’s personal losses.

E. COURSE OF CONSTRUCTION

If a building project requires the entity to provide course of construction insurance, the Authority must be notified of such prior to the beginning of the contract so the proper endorsement can be obtained to ensure that coverage is in place. It is recommended that the contractor be required to provide the course of construction coverage to protect the city.

F. POLICY

A copy of the excess general property insurance policy is kept at the REMIF office. One will be furnished any participating entity upon written request.

LOSS AND CLAIMS REPORTING

PROPERTY LOSSES

Property losses which exceed the entity’s deductible will require loss adjusting services to be provided by REMIF or by the excess carrier’s designated adjustment company. If the loss does not exceed REMIF’s retention level, REMIF will choose the adjuster and/or law firm in the matter. If the lawsuit exceeds REMIF’s retention level, the excess carrier must be notified immediately and has the right to assign an adjusting firm and/or law firm of their choice. All property losses in excess of the member entity’s deductible should be reported immediately to REMIF’s General Manager. If the loss is a significant one (i.e., property loss in excess of \$25,000) REMIF and the third party liability claims administrator should be notified immediately to come out and take pictures, statements or to preserve the site for the excess carrier’s adjusting firm. It is imperative that specific details of the loss, including lists and values of contents or

description of equipment and/or building loss, be sent to the General Manager within seven (7) working days of the loss. In order to protect any coverage offered by the excess insurance carrier, the risk manager must report these losses to the broker and carrier immediately. If the loss occurs during off hours or on weekends, and exceeds the \$25,000 threshold, the third party liability claims administrator should be immediately contacted. This should be followed with a telephone call or an e-mail to the REMIF office with a message being left for the General Manager or with staff that might be at the office.

As a reminder, it is imperative that major losses be reported as soon as possible so that coverage by REMIF's excess carrier will not be jeopardized and the adjusting of the loss can begin immediately to help expedite a return to normal at the loss site.

VALUE REPORTING

Each entity should designate a staff person who can work with the REMIF staff in keeping REMIF notified of property value changes, additions, and deletions. REMIF needs to be notified within ten (10) days of any acquisition or disposal of any properties and/or equipment that are in excess of \$1,000,000. In turn, REMIF must report within a thirty (30) day period of time to the excess carrier those changes in excess of \$1,000,000. All other changes should be reported, to REMIF, within thirty (30) days if they exceed \$100,000.

The property coverage obtained by REMIF is based on a stated replacement value. Therefore, to assure proper coverage and reimbursement in case of a loss, current property valuation is important to the success of the property coverage program for the following reasons:

- to assess loss potentials and achieve limits of coverage adequate for the largest possible loss;
- to use as a factor of the property coverage rate to calculate each participating entity's contribution for the property coverage;
- to use as a basis by the excess carrier for a loss adjustment;
- to avoid disputes with the excess carrier due to undervalue reporting.

For the reasons stated above, it is important that the values be reported to the Authority staff and that this be done on a consistent yearly basis so that there is consistency among all participating entities.

Once a year, REMIF will submit to the entity's designee, a property list. This list should be reviewed and revised to reflect new properties, equipment and accurate values for current properties and equipment, in order to be sure that adequate coverage will be available in case of a loss. The list should also be reduced to reflect property that no longer belongs to the city or that the city does not want to insure. Rental and leased properties and equipment should also be on the property list, whether they are leased, rented by the entity or owned by the entity and leased/rented to a third party. The value of the property/equipment that is rented or leased by the entity will only be covered if the contractor requires the entity to provide property coverage.

[Attachments: Property MOC with CJPRMA; Alliant declaration page, incorporated herein by reference]