

JPA PROGRAM EVALUATION SUMMARY

Property Insurance

All of the property policies provided are fairly comparable on an all-risk basis. Most of the sub-limits do not present problems as far as general property coverage goes. The EIA program includes scheduled heavy equipment (i.e., fire trucks and heavy road equipment), which other programs do not include. As a point of information, the City does not currently have coverage for heavy equipment, any loss would be a direct impact to the General Fund.

The City currently purchases a separate Difference In Conditions (DIC) policy that provides dedicated earthquake limits for the public safety building at full replacement value. It is anticipated a DIC policy will continue to be the instrument used to protect the safety operations building from earthquake exposures. The EIA has a program that would permit such coverage to continue. It is estimated that CJPRMA and CJPIA would be able to facilitate access such specific coverage as well.

The ICRMA program includes earthquake coverage up to \$175,000,000. It is important to note that this is a combined limit for all members. Due to the geographic contiguity of the members, a significant seismic event could quickly erode these limits. The policy also has a \$25,000,000 sub-limit, so this would be the most that any one member could recover. Earthquake is not included in any of the other three base property program offerings. The EIA and CJPIA provided information that allow estimation of costs for optional earthquake coverage up to \$50,000,000 limits. Both costing results added to their basic property premium are well within current costs for the current ICRMA program. The key benefit to the separate purchase of earthquake coverage is that the limits would be dedicated and not applicable to losses of other program members.

Coverage for flood exposures is limited to \$75,000,000 in the ICRMA program. The EIA program has a coverage limit of \$550,000,000. CJPRMA did not specify what, if any, flood coverage was included in their property program. There is no flood coverage included in the base property program from CJPIA and it is only available as part of the optional earthquake coverage.

With the superior limits on all risk and flood coverages, the ability to access affordable and dedicated limits for earthquake coverage, and the added coverage for heavy equipment, the EIA program would appear to be the most advantageous program to the City.

Boiler and Machinery/Equipment Breakdown Program

The ICRMA program has the highest limits, but there are significant sub-limits that are lower than the other offerings. The sub-limits are what an insured is more likely to exhaust. This coverage is included as part of the base property program offerings for ICRMA, the EIA, and CJPRMA and are included in cost comparison in Attachment 1. Many of the sub-limit restrictions in the ICRMA offering are included in the EIA total policy limits, which means there would be less of a likelihood that coverage would be exhausted. CJPIA's program is a separate offering and carries a separate small premium. Based on the information available, the EIA's program appears to be the most beneficial.

General Liability Program

The excess coverage limits provided by each of the programs being considered are adequate. The highest limits are \$40,000,000 per claim, offered by CJPRMA and CJPIA. ICRMA provides \$30,000,000 in coverage per claim. The lowest limits are the \$25,000,000 per claim, offered by the EIA. While higher limits are always a benefit, the \$25,000,000 limits offered by the EIA are more than adequate. If the EIA is chosen as the JPA of choice, then higher limits can be purchased separately if desired. The CJPIA excess program was launched as of July 1, 2016 so it is not clear how it has been capitalized and may need more vetting if CJPIA is considered a viable option.

CJPIA also offers a legacy first-dollar program. From a pure coverage and claims perspective, an excess program is preferable as claims decisions are often driven by entity program needs making it desirable for the entity to retain control over decisions within a reasonable SIR. Therefore, it is recommended that an excess program be maintained.

Workers' Compensation Program

The coverage provided by any of the three offerings from CJPRMA, the EIA, and CJPIA for workers compensation provide appropriate statutory coverage. The critical decision is whether or not to maintain an excess coverage program that provides claims control and funding flexibility or to move to a pooled first dollar program where claims decisions are removed from the City's control. From a pure coverage and claims perspective, an excess program is preferable as claims decisions are often driven by entity program needs making it desirable for the entity to retain control over decisions within a reasonable SIR. First-dollar coverage would have a primary focus on pool stability. As discussed with the general liability options discussed above, it is recommended that an excess program be maintained.

Crime Bond Program

ICRMA offers a crime bond that has a \$2,000,000 coverage limit with a \$10,000 deductible per claim. The policy has a 60 day notice of cancellation provision. The EIA offers a crime bond with \$15,000,000 in limits and a \$2,500 deductible. The policy has a 120 day notice of cancellation provision. CJPRMA offers a crime bond, but a detailed documentation of coverage was not available. CJPIA offers a crime bond with \$15,000,000 in limits and a \$2,500 deductible. The policy has a 90 day notice of cancellation provision.

The coverages and associated limits and deductibles provided in the EIA and CJPIA offerings are the best options presented.

Cyber Liability

ICRMA provides a fully insured, group purchase cyber liability program. Aggregate shared limits are \$5,000,000, while specific member limits are \$1,000,000. The EIA provides a stand-alone cyber liability program. Aggregate shared limits are \$20,000,000, while specific member limits are \$2,000,000. CJPRMA provides a stand-alone cyber liability program. Aggregate shared limits are \$25,000,000, while specific member limits are \$2,000,000. CJPIA provides cyber

liability coverage as part of their general liability program. Aggregate shared limits are \$10,000,000, while specific member limits are \$1,000,000.

In assessing the limits provided and coverage, the EIA and CJPRMA programs would provide the best coverage.

Other Services

All pools being considered provide a varied offering of services. Some are included in the administrative costs and integrated into program protocols and processes. Some are third-party options that have leveraged pricing available as a suite of services that a member may optionally access. These offerings include such things as loss control consultation, safety training, pull notice program access, Department of Transportation (DOT) drug and alcohol consortium random testing, medical provider network (MPN) services, and nurse triage access for workers' compensation claims management. The offerings of ICRMA, the EIA, and CJPIA appear to be the most robust and comprehensive in terms of variance of services and delivery methods. The best practice document offerings and volume of on-staff expertise of the EIA and CJPIA stand out. As larger organizations they have the resources, infrastructure, and market leverage to provide access to more robust programs and services.