



WASHINGTON STATE TRANSIT INSURANCE POOL | RISK MANAGEMENT IN MOTION

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# 2018 DRAFT BUDGET

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Overview, Narrative & Appendices

(November 30, 2017)

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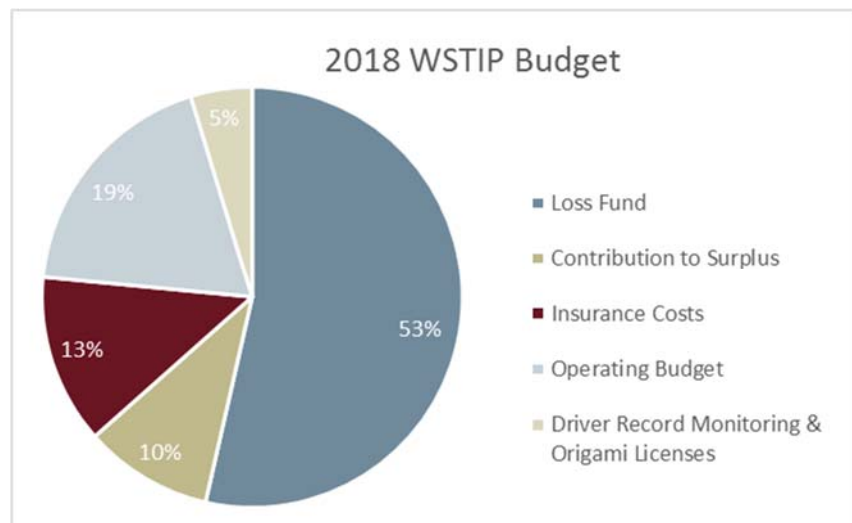
## Appendix

2018 Budget Summary  
2018 Operating Budget Worksheet  
UIM & Deductible Selection  
Liability Renewal Proposal  
Hallmark 5x20 Proposal  
Crime Renewal Proposal

## Budget Summary

### Exposures

WSTIP uses employee counts, property values, vehicle values, and even payroll. The most important one, however, is mileage which is used to determine the liability rate and correspondingly, a member's assessment. The estimated mileage for 2018 is just over 100 million miles. Here are the top three things you need to know about WSTIP's exposures for 2018:



Estimated mileage for 2018 is projected to increase only by 1%. Total miles are 101,912,482. Employee counts have increased by 4%. The 2018 estimate is 5,135 employees. Total property values (including vehicles) increased to \$496,540,233 mid-year when property renewed. This is a 1% increase over the prior period. However, it should be noted that the actuary increases the value of property by an additional 3% anticipating the renewal at mid-year 2018. Additionally, members receive deductible credits based on their deductible selections.

Basically, exposures have increased slightly.

### Loss Fund

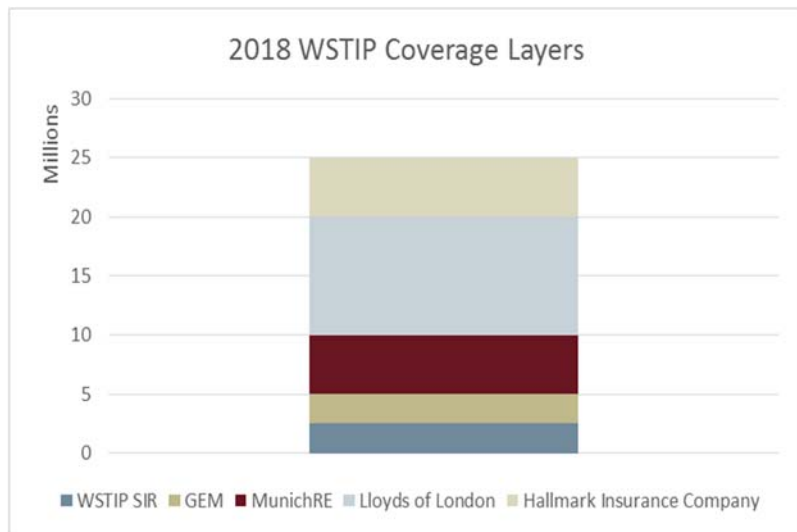
The 2018 loss fund, as determined by the actuary, is \$8,661,895. This budget also assumes a \$1.6 million contribution to surplus.

### An Overall Rate Increase of 7%

At the September quarterly Board meeting, the Board instructed staff to build the budget using rate increase of 7%. This rate increase allows a sizeable investment to the loss fund (called an "increased contribution to surplus"). The increased contribution to surplus is a voluntary amount and is in keeping with WSTIP's long-range strategic goal of an optional \$5 million self-insurance retention by 2023.

## Loss Fund, Self-Insurance Retention, Insurance, Reinsurance and Excess Insurance

The coverages WSTIP offers is combination of self-insurance, reinsurance (through a captive and from the market) and excess insurance. Here are the most important things to know about WSTIP's coverages and their costs.



|                        |                          |                    |
|------------------------|--------------------------|--------------------|
| <b>WSTIP Loss Fund</b> | <b>0 - \$2.5 million</b> | <b>\$8,661,895</b> |
|------------------------|--------------------------|--------------------|

Staff and Alliant Insurance Services are recommending renewing with the following carriers and pricing. It is important to note that budgeted amounts may be higher than these actual costs:

| Carrier – Liability          | Layer                                    | Cost      | Increase/Decrease |
|------------------------------|--|-----------|-------------------|
| Governmental Entities Mutual | \$2.5 million in excess of \$2.5 million | \$871,010 | 10% increase      |
| Munich Re                    | \$10 million in excess of \$5 million    | \$404,183 | 5% increase       |
| Lloyds of London             | \$5 million in excess of \$15 million    | \$130,000 | 4% decrease       |
| Hallmark Insurance Company   | \$5 million in excess of \$20 million    | \$80,078  | NEW COST          |

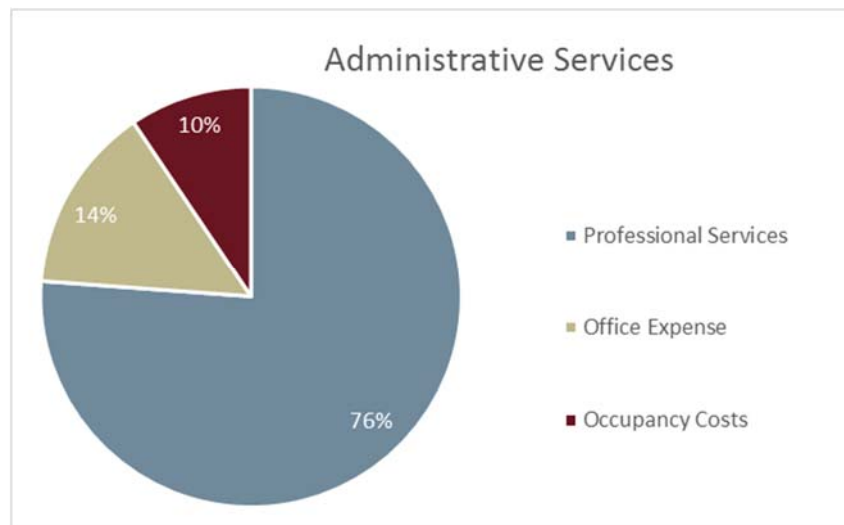
| Carrier – Crime                                       | Layer                              | Cost        | Increase/Decrease |
|---|------------------------------------|-------------|-------------------|
| National Union Fire (see Appendix for Crime Proposal) | \$1 million<br>\$10,000 deductible | \$16,940.50 | flat              |

| Carrier – Blanket Pollution         | Layer                               | Cost                        |
|-------------------------------------|-------------------------------------|-----------------------------|
| XL Insurance<br>(Three year policy) | \$1 million<br>\$100,000 deductible | \$45,001<br>(already bound) |

| Carrier – UST | Layer  | Cost                           |
|---------------|--|--------------------------------|
| Aspen         | \$1 million per storage tank incident limit<br>\$3 million aggregate limit<br>\$250,000 aggregate expense limit<br>Deductible varies by location | \$55,262.65<br>(already bound) |

## Department Budgets

### Administrative Services

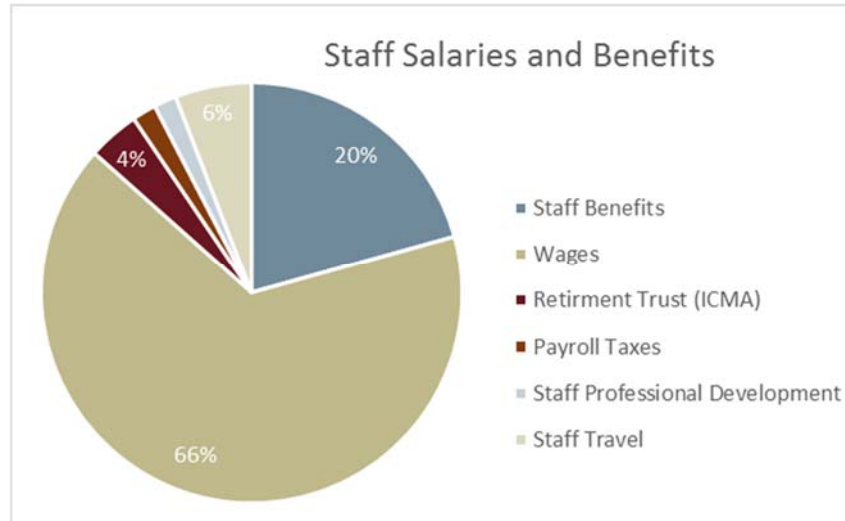


Administrative Services (Professional Services, Office Expenses, and Occupancy Costs) is \$572,500. This is a 45% increase from 2017. This increase is due to our new contracted general legal counsel (previously an employee), increased costs expected for the actuarial services (capital funding study year), and the salary survey for staff (every three years). We have also been experiencing higher accountant costs due to determining accurate pension liability amounts. Budget highlights include:

- **Professional Services (\$436,000)** – Represents 76% of the Administrative Services budget. Contract services includes accountant, actuarial services, audits, broker fees, general legal counsel and other administrative contracts such as occasional administrative help.
- **Office Expenses (\$82,500)** – Represents 14% of the Administrative Services budget and includes expenses associated office supplies, furniture, postage, dues and subscriptions, printing and graphic services and bank fees.
- **Occupancy Costs (\$54,000)** – Representing 10% of the Administrative Services budget, there is an expectation that building maintenance, utilities, communication and office equipment leases will be in line with prior years.

*Assumes an expense budget, without insurance costs, of \$3,032,609.*

## Staff Salaries and Benefits

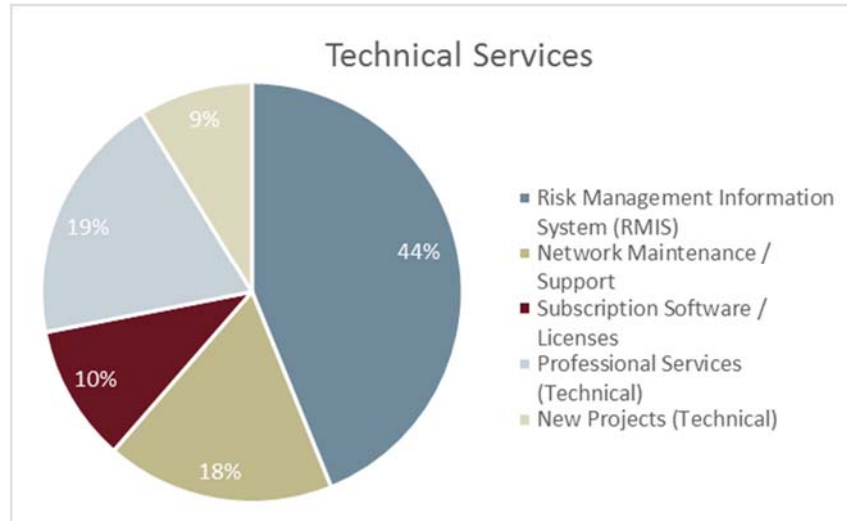


Staff Salaries and Benefits are projected to be a total of \$1,444,409. This is an 8% decrease from the 2017 budget. Here are the highlights:

- **Wages (\$952,380)** – Representing 67% of the Staff Salaries and Benefits Budget, wages include a 3% general wage increase for all staff (excluding the Executive Director). Wages for staff, with the exception of the Executive Director, are set by a salary survey conducted every three years. The general wage increase is tied to the same increase proposed by Intercity Transit for the non-represented employees. The new Executive Director's wages and benefits are established by contract which was approved in September 2017. This also includes three months of retiring Executive Director using the wages and benefits previously approved in his contract. Further, Staff Salaries and Benefits include one new position in the claims department. This claims associate position will utilize the existing salary scale of the claims and technology assistant.
- **Staff Benefits (\$298,671)** – Representing 21% of the total amount, staff receive medical, dental, life insurance, and PERS retirement. WSTIP offers a Health Benefit Option that pays employees that opt out of the health benefit plan 50% of the Uniform Medical Plan cost.
- **Staff Travel (\$85,000)** – Costs associated with WSTIP travel.
- **Retirement Trust ICMA (\$57,188)** – WSTIP does not pay into social security. Instead WSTIP provides a 457-plan administered by ICMA.
- **Staff Professional Development (\$25,000)** – Staff development includes attendance at training events, conferences and other educational materials.

*Assumes an expense budget, without insurance costs, of \$3,032,609.*

## Technical Services

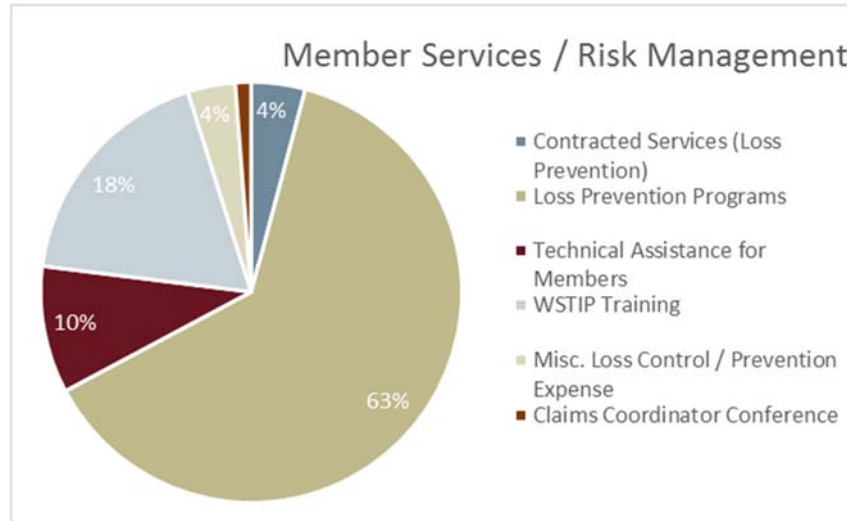


The Technical Services budget is \$285,000, which is a 4% increase from 2017. Highlights of the Technical Services budget are:

- **Origami (\$125,000)** – Origami, our Risk Management Information System (RMIS), accounts for 44% of the Technical Services Budget.
- **Professional Services (\$55,000)** – Provides contracted desktop support for WSTIP and WSTA staff and network administration. These contracted services are 19% of the technical services budget.
- **Network Maintenance/Support (\$50,000)** – This category, representing 18% of the Technical Services budget, covers both network hardware and user access devices (desktop PCs and Surface tablets) as well as miscellaneous purchases to maintain the WSTIP technology infrastructure.
- **Subscription Software / Licenses (\$30,000)** – Software subscriptions are increasing as we continue to move towards cloud hosted applications. These subscriptions include the Microsoft Office 365 desktop suite and hosted Exchange services, OS licensing, web services, ShoreTel support and various administrative applications (Timesheet, QuickBooks, DocuSign, etc.)
- **2018 Project Work (\$25,000)** – In order to improve internal records management, Staff is evaluating enterprise content management systems (ECM) to replace network file shares, integrate with Origami, and enable retention and disposition schedules.

*Assumes an expense budget, without insurance costs, of \$3,032,609.*

## Member Services / Risk Management Services



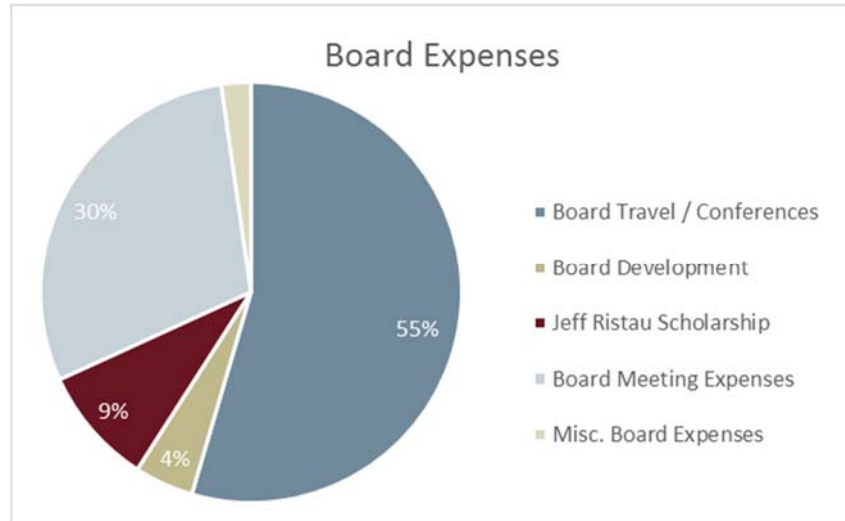
The Member Services / Risk Management Services budget is \$410,200. This is a decrease of 19% from 2017. This decrease is due to the moving the \$100,000 committed to Pierce Transit's Collision Avoidance Grant to non-operating revenue (see What isn't in the Budget on page 8). Highlights of the Member Services / Risk Management Services budget include:

- **Loss Prevention Programs (\$258,700)** – Represents 63% of the total program and includes the pre-litigation fund, vanpool driver online refresher training program, risk management grants, driver award programs, the Above and Beyond program, conference sponsorships, the guest rider program, and the network security program.
- **WSTIP Training (\$74,000)** – Represents 18% of the total program. WSTIP holds a contract with the WSDOT to perform training. A new contract was signed July 1, 2017, and it runs through June 30, 2019; and is in the amount of \$149,000.
- **Technical Assistance for Members (\$40,000)** – Represents 10% of the total Member Services / Risk Management budget and funds assistance to members.
- **Loss Prevention Contracted Services (\$17,000)** – Represents 4% of the total program. Includes items such as funding for MRSC and MSDS Online.
- **Miscellaneous Loss Control / Prevention Expense (\$15,000)** – Represents 4% of the budget, the Emerging Risks and Opportunities Committee has identified several loss and risk items they recommend further research or activity. These items will be forwarded to the Executive Committee for review and possible inclusion on the work plan. Examples of such activity include: simulators; legal research on fitness for duty; pre-employment fitness, CDL health issues and insurability; public record training; operational training and policy and procedure issues; risks assumed under contracts or Interlocal Agreements; personal recording devices; and drones.

*Assumes an expense budget, without insurance costs, of \$3,032,609.*



## Board Expenses



The Board Expenses budget pays for travel-related expenses of the Board members to attend quarterly Board meetings, the Executive Committee members to attend their monthly meetings, training events for Board members and the JSR Scholarship program. This total budget section is \$220,000 which is a 13% increase from 2017.

Highlights of this area include:

- **Conferences/travel for the Board meetings (\$120,000)** – This pays for the expenses of Board members and guests to attend the quarterly Board meetings, and Executive Committee members to attend their monthly meetings and accounts for 55% of this budget category. Electronic device grants and reimbursement for devices is included in this budget.
- **Board meeting expenses (\$65,000)** – Hotel costs for quarterly Board meetings are 30% of the budget category.
- **Jeffrey S. Ristau Scholarship (\$20,000)** – 2018 will be the fourth year for the Jeffrey S. Ristau Scholarship program. Funding is established at \$20,000. This is 9% of the budget category.

*Assumes an expense budget, without insurance costs, of \$3,032,609.*

## What isn't in the Budget?

### Driver Record Monitoring

Driver record monitoring costs are accounted for as a secondary business. The WSTIP Board approved driver record monitoring rates increases on an annual basis to recoup the DDS costs. Additional money will also be collected to fund a review of the vendor for contract compliance. This is the first year of collecting funds, however, it was the Board's direction that once a positive balance was realized, the funds should be kept in a separate reserve account. The member costs for driver record monitoring follows on the pages 9 and 10.

### Risk Pool Staff Leadership Development Program

WSTIP entered into a memorandum of understanding with other risk pools in Washington to fund and manage a Risk Pool Staff Leadership Development Program. WSTIP volunteered to manage the finances of the development program. Upon conferring with the state auditor, staff were told to keep these funds separated from the rest of the pool's finances.

### Pierce Transit Collision Avoidance Matching Grant Funds

WSTIP is participating in Pierce Transit's Collision Avoidance grant and has agreed \$100,000 for Pierce to use as matching grants for the project. These funds are in the non-operating part of the budget. We do expect pay out these funds in 2018.

### Capital Building Fund

\$15,000 is set aside each year for capital improvements of the West Olympia office. In 2018 a portion of these funds will be used to update the conference room and other staff offices.

### Vacation Buy-Back

At his retirement, the Executive Director will be selling back remaining leave. This expense is funded and carried as a liability, and is not part of the operating budget.

## Driver Record Monitoring

### 2017 Adjustments (actual vs estimate)

|   | 2017 Adjustments                       |                  |  |                                 |
|---|--|------------------|--|---------------------------------|
| Member  | Actual Records                         | 2017 Actual Cost | 2017 Cost Estimate                     | 2017 Adjustment for 2018 Budget |
| Asotin  | 323                                    | \$391.50         | \$468.48                               | (\$76.98)                       |
| Ben Franklin  | 15,502                                 | \$18,810.12      | \$18,461.04                            | \$349.08                        |
| C-Tran  | 7,723                                  | \$9,371.74       | \$9,281.76                             | \$89.98                         |
| Pullman   | 325                                    | \$394.34         | \$292.80                               | \$101.54                        |
| Clallam   | 3,075                                  | \$3,731.90       | \$3,586.80                             | \$145.10                        |
| Columbia  | 345                                    | \$418.42         | \$409.92                               | \$8.50                          |
| Community   | 21,736                                 | \$81,982.56      | \$81,636.60                            | \$345.96                        |
| Everett   | 1,820                                  | \$2,208.08       | \$2,269.20                             | (\$61.12)                       |
| Grant   | 930                                    | \$1,128.52       | \$1,098.00                             | \$30.52                         |
| Grays Harbor  | 989                                    | \$1,199.62       | \$1,273.68                             | (\$74.06)                       |
| Intercity   | 12,659                                 | \$15,358.34      | \$15,606.24                            | (\$247.90)                      |
| Island Transit  | 3,712                                  | \$4,504.04       | \$4,596.96                             | (\$92.92)                       |
| Jefferson   | 697                                    | \$2,041.21       | \$2,144.40                             | (\$103.19)                      |
| Kitsap  | 8,158                                  | \$9,898.40       | \$10,218.72                            | (\$320.32)                      |
| Link  | 1,530                                  | \$1,856.68       | \$1,888.56                             | (\$31.88)                       |
| Mason Transit   | 1,582                                  | \$1,918.68       | \$2,078.88                             | (\$160.20)                      |
| Pacific   | 220                                    | \$266.96         | \$278.16                               | (\$11.20)                       |
| Pierce  | 23,909                                 | \$90,173.35      | \$65,761.56                            | \$24,411.79                     |
| RiverCities   | 493                                    | \$1,860.22       | \$1,637.28                             | \$222.94                        |
| Skagit  | 4,968                                  | \$6,028.92       | \$5,812.08                             | \$216.84                        |
| Spokane   | 10,062                                 | \$12,209.52      | \$12,019.44                            | \$190.08                        |
| Twin  | 330                                    | \$400.44         | \$395.28                               | \$5.16                          |
| Valley  | 706                                    | \$856.84         | \$863.76                               | (\$6.92)                        |
| Whatcom   | 4,420                                  | \$5,363.08       | \$6,880.80                             | (\$1,517.72)                    |
| Yakima  | 2,338                                  | \$2,836.88       | \$2,796.24                             | \$40.64                         |
| Grand Total   | 128,552                                | \$275,210.36     | \$251,756.64                           | \$23,453.72                     |
|   |  |                  |  |                                 |
| Rates January 2017:   |  |                  | Basic: \$1.22 / per driver / per month |                                 |
|   | Premium: \$3.79 per driver / per month |                  |  |                                 |
| * Actual Record Count / Costs November 2016 - November 2017 |  |                  |  |                                 |
| Rates January 2016 - December 2016:                         |  |                  | Basic: \$1.18/per driver/per month     |                                 |
|   |  |                  | Premium: \$3.68/per driver/per month   |                                 |

## Driver Record Monitoring

### 2018 Budget (with 2017 Adjustments)

|  | 2018 Estimates       |                     |                    |                     |
|--|----------------------|---------------------|--------------------|---------------------|
| Member   | 2018 Estimated Count | 2018 Estimated Cost | 2017 Adjustment    | Net for 2018 Budget |
| Asotin   | 312                  | \$393.12            | (\$76.98)          | \$316.14            |
| Ben Franklin   | 15,216               | \$19,172.16         | \$349.08           | \$19,521.24         |
| C-Tran   | 7,788                | \$9,812.88          | \$89.98            | \$9,902.86          |
| Pullman  | 336                  | \$423.36            | \$101.54           | \$524.90            |
| Clallam  | 3,024                | \$3,810.24          | \$145.10           | \$3,955.34          |
| Columbia   | 324                  | \$408.24            | \$8.50             | \$416.74            |
| Community  | 22,152               | \$86,392.80         | \$345.96           | \$86,738.76         |
| Everett  | 1,812                | \$2,283.12          | (\$61.12)          | \$2,222.00          |
| Grant  | 972                  | \$1,224.72          | \$30.52            | \$1,255.24          |
| Grays Harbor   | 936                  | \$1,179.36          | (\$74.06)          | \$1,105.30          |
| Intercity  | 12,456               | \$15,694.56         | (\$247.90)         | \$15,446.66         |
| Island Transit   | 3,852                | \$4,853.52          | (\$92.92)          | \$4,760.60          |
| Jefferson  | 672                  | \$2,399.04          | (\$103.19)         | \$2,295.85          |
| Kitsap   | 8,556                | \$10,780.56         | (\$320.32)         | \$10,460.24         |
| Link   | 1,584                | \$1,995.84          | (\$31.88)          | \$1,963.96          |
| Mason Transit  | 1,428                | \$1,799.28          | (\$160.20)         | \$1,639.08          |
| Pacific  | 228                  | \$287.28            | (\$11.20)          | \$276.08            |
| Pierce   | 23,424               | \$91,353.60         | \$24,411.79        | \$115,765.39        |
| RiverCities  | 468                  | \$1,825.20          | \$222.94           | \$2,048.14          |
| Skagit   | 5,064                | \$6,380.64          | \$216.84           | \$6,597.48          |
| Spokane  | 10,260               | \$12,927.60         | \$190.08           | \$13,117.68         |
| Twin   | 348                  | \$438.48            | \$5.16             | \$443.64            |
| Valley   | 732                  | \$922.32            | (\$6.92)           | \$915.40            |
| Whatcom  | 4,524                | \$5,700.24          | (\$1,517.72)       | \$4,182.52          |
| Yakima   | 2,328                | \$2,933.28          | \$40.64            | \$2,973.92          |
| <b>Grand Total</b>   | <b>128,796</b>       | <b>\$285,391.44</b> | <b>\$23,453.72</b> | <b>\$308,845.16</b> |
| <div> <div>2018 Rates :</div> <div> Basic: \$1.26 / per driver / per month<br/> Premium: \$3.90 per driver / per month </div> </div> |                      |                     |                    |                     |
| * Records Estimate Based on October 2017 Record Counts   |                      |                     |                    |                     |

## Adoption of Budget

When the Board adopts the budget, staff believe the following decisions have been made:

Approval of an overall budget number.

Approval of a per mile rate increase of 7%.

Approval of a contribution of surplus.

Permission to bind all coverages including the expansion of liability limits to \$25 million.

Approval of a new employee in the claims department (replacement position).

Approval of a general wage increase to staff of 3%.

Funding for the Jeffrey S. Ristau Scholarship Program (\$20,000).

## Strategic Plan and Rate Review

The WSTIP Strategic Plan established a goal of no greater than a 5% rate increase over the previous year for liability. However, at the September quarterly Board meeting, the Board directed staff to propose a 7% rate increase which will not only fund the loss fund but continue efforts to build equity in accordance with their long-range strategic goal of an option of a \$5 million self-insurance retention.

The 2017 auto liability rate was \$.1076 (per mile). The proposed auto liability rate is \$.1154 (per mile). This is an increase of 7.2%.

The 2017 general liability rate was \$267.22 (per employee). The proposed general liability rate is \$291.98 (per employee). This is an increase of 9.3%.

The 2017 property rate (not including vehicles) was .1699 (per \$100 in value). The proposed property rate (not including vehicles) is .1686 which is a -.7% decrease.

The 2017 property vehicle value rate was .3377 per \$100 in value. The proposed rate is .2960 (per \$100 of value). This is a 12.3% decrease.

The under/uninsured motorist coverage rate (non-vanpool) in 2017 was .0060. The proposed rate for 2018 is .0006. There is no increase or decrease. The under/uninsured motorist coverage rate (vanpool) rate in 2017 was .0075. The proposed rate is .0075.

(Source: Exhibit 8-1 of PwC Actuarial Report for Rates 2017 11 20)

| 2018 Draft Budget Summary   |   |              |            |  |
|---|---|--------------|------------|--|
|   |   | INCOME       | EXPENSES   |  |
|   |   |              |            |  |
| Member Assessments  |   | \$15,412,464 |            |  |
|   |   |              |            |  |
| Loss Fund @ Expected (net of deductible)                                  |   |              | 8,661,895  | * net of deductibles (see Exhibit 8-4) |
| Equity Contribution   |   |              | 1,600,000  |  |
|   |   |              |            |  |
| Insurance Costs   |   |              |            |  |
|   | Liability Excess 2.5m sx 2.5m                 |              | 871,010    |  |
|   | Liability Excess 10m sx 5m                    |              | 404,183    |  |
|   | Liability Excess 5m sx 15m                    |              | 130,000    |  |
|   | Liability Excess 5M sx 20m                    |              | 80,078     |  |
|   | Property Excess                               |              | 820,797    |  |
|   |   |              |            |  |
| Operating Budget  |   |              | 3,032,609  | without insurance costs                |
|   |   |              |            |  |
| Interest Income   |   |              | 400,000    |  |
|   |   |              |            |  |
| Other Admin Costs (includes other insurance costs, DRM, Origami licenses) |   |              | 765,147    |  |
|   |   |              |            |  |
|   | UIM (back-out as it is included in loss fund) |              | 324,025    |  |
|   |   |              |            |  |
| Prior Year Adjustments (Debits/Credits for Mileage)                       |   |              | 228,375    |  |
|   |   | \$15,412,464 | 15,413,319 |  |
|   |   |              |            |  |
|   | Off balance amount due to rounding            |              | \$855      |  |
|   |   |              |            |  |

| 2018 Operating Budget                     |           | 2017 Budget | % Change    |   |
|---|-----------|-------------|-------------|---|
| Staff Wages, Taxes & Benefits             |           | \$1,444,909 | \$1,578,889 | -8%   |
| Staff Benefits                            | \$298,617 |             |             |   |
| Wages                                     | \$952,380 |             |             |   |
| Retirement (ICMA)                         | \$57,188  |             |             |   |
| Payroll Taxes                             | \$26,724  |             |             |   |
| Staff Professional Development            | \$25,000  |             |             |   |
| Staff Travel                              | \$85,000  |             |             |   |
| Board Expenses                            |           | \$220,000   | \$195,109   | 13%   |
| Board Travel / Conferences                | \$120,000 |             |             |   |
| Board Development                         | \$10,000  |             |             |   |
| Jeff Ristau Scholarship                   | \$20,000  |             |             |   |
| Board Meeting Expenses                    | \$65,000  |             |             |   |
| Misc. Board Expenses                      | \$5,000   |             |             |   |
| Member Services                           |           | \$410,200   | \$508,700   | -19%  |
| Contracted Services (Loss Prevention)     |           |             |             |   |
| MSDS Online                               | \$7,000   |             |             |   |
| MRSC / WSTA                               | \$10,000  |             |             |   |
| Loss Prevention Programs                  |           |             |             |   |
| Pre-Litigation Fund                       | \$55,000  |             |             |   |
| Vanpool Driver Online Refresher           | \$5,200   |             |             |   |
| Risk Management Grant                     | \$66,000  |             |             |   |
| Driver Award Program                      | \$22,500  |             |             |   |
| Sponsorships                              | \$15,000  |             |             |   |
| Guest Rider Program                       | \$15,000  |             |             |   |
| Collision Avoidance Project               | \$20,000  |             |             | * 100k Grant to Pierce Moved to Non-Operational |
| Network Security Project                  | \$60,000  |             |             |   |
| Technical Assistance for Members          | \$40,000  |             |             |   |
| WSTIP Training                            | \$74,500  |             |             |   |
| Misc. Loss Control / Prevention Expense   | \$15,000  |             |             |   |
| Claims Coordinator Conference             | \$5,000   |             |             | * New   |
| Administrative Services                   |           |             |             |   |
| Technical Services                        |           | \$285,000   | \$273,750   | 4%  |
| Risk Management Information System (RMIS) | \$125,000 |             |             |   |
| Network Maintenance / Support             | \$50,000  |             |             |   |
| Subscription Software / Licenses          | \$30,000  |             |             |   |
| Professional Services (Technical)         | \$55,000  |             |             |   |
| New Projects (Technical)                  | \$25,000  |             |             |   |
| Professional Services                     |           | \$436,000   | \$300,301   | 45%   |
| Insurance Broker                          | \$110,000 |             |             |   |
| Actuary                                   | \$80,000  |             |             |   |
| Financial & Accountability Audits         | \$12,000  |             |             |   |
| State Risk Manager Audit                  | \$17,000  |             |             |   |
| Claims / Property / AGRIP Audits          | \$15,000  |             |             |   |
| Accountant                                | \$20,000  |             |             |   |
| Contracted Services (Admin)               | \$60,000  |             |             |   |
| General Legal Counsel                     | \$70,000  |             |             | * New   |
| Capital Funding Study                     | \$40,000  |             |             |   |
| Salary Survey                             | \$12,000  |             |             |   |
| Office Expense                            |           | \$82,500    | \$59,969    | 38%   |
| Office Furniture                          | \$15,000  |             |             |   |
| Dues & Subscriptions                      | \$15,000  |             |             |   |
| Office Supplies                           | \$25,000  |             |             |   |
| Postage                                   | \$3,500   |             |             |   |
| Printing & Graphic Services               | \$12,000  |             |             |   |
| Bank Fees                                 | \$12,000  |             |             |   |
| Occupancy Costs                           |           | \$54,000    | \$53,525    | 1%  |
| Building Maintenance / Repairs            | \$12,000  |             |             |   |
| Utilities                                 | \$16,000  |             |             |   |
| Communication                             | \$20,000  |             |             |   |
| Office Equipment Leases                   | \$6,000   |             |             |   |
| TOTAL                                     |           | \$2,932,609 | \$2,970,243 | -1%   |

### Non Operational Expenses

Collision Avoidance Project (Pierce) \$100,000 \* Previously in Member Services Operations Budget

**2018 Total Budget** \$3,032,609 \* without insurance costs 2%



## UIM Coverage & Deductible Selection

Estimated in 2017 for 2018 Budget

Filter

Period Start is equal to 01/01/2018

| Member                            | Fixed<br>Route UIM<br>Coverage | Demand<br>Response UIM<br>Coverage | Non-Revenue<br>UIM Coverage | Vanpool UIM<br>Coverage | APD Deductible |
|-----------------------------------|--------------------------------|------------------------------------|-----------------------------|-------------------------|----------------|
| Asotin County PTBA                | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Ben Franklin Transit              | No                             | No                                 | No                          | UIM Mandatory           | \$5,000        |
| C-Tran                            | No                             | No                                 | No                          | UIM Mandatory           | \$10,000       |
| City of Pullman - Pullman Transit | Yes                            | Yes                                | Yes                         | No Vanpool              | \$0            |
| Clallam Transit                   | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Columbia County Public Transit    | No                             | Yes                                | No                          | UIM Mandatory           | \$5,000        |
| Community Transit                 | No                             | No                                 | No                          | UIM Mandatory           | \$5,000        |
| Everett Transit                   | No                             | No                                 | Yes                         | No Vanpool              | \$0            |
| Grant Transit Authority           | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Grays Harbor Transit              | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Intercity Transit                 | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Island Transit                    | No                             | No                                 | No                          | UIM Mandatory           | \$5,000        |
| Jefferson Transit                 | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Kitsap Transit                    | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Link Transit                      | Yes                            | Yes                                | Yes                         | No Vanpool              | \$5,000        |
| Mason Transit Authority           | No                             | No                                 | No                          | UIM Mandatory           | \$5,000        |
| Pacific Transit System            | No                             | No                                 | No                          | No Vanpool              | \$5,000        |
| Pierce Transit                    | No                             | No                                 | No                          | UIM Mandatory           | \$25,000       |
| RiverCities Transit               | Yes                            | Yes                                | Yes                         | No Vanpool              | \$5,000        |
| Skagit Transit                    | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Spokane Transit Authority         | No                             | No                                 | No                          | UIM Mandatory           | \$25,000       |
| Twin Transit                      | Yes                            | Yes                                | Yes                         | No Vanpool              | \$5,000        |
| Valley Transit                    | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Whatcom Transportation Authority  | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |
| Yakima Transit                    | Yes                            | Yes                                | Yes                         | UIM Mandatory           | \$5,000        |

Source: Origami 2017 11 09

Members were asked to verify numbers after original submittal.



# Washington State Transit Insurance Pool

## Liability Insurance Proposal 2018 – 2019

Revised on November 20, 2017 by:

Brian White  
First Vice President

Lilian Vanvieldt  
Senior Vice President

Joyce Roberts  
Assistant Account Manager

Alliant Insurance Services, Inc.  
1420 Fifth Avenue, Suite 1500  
Seattle, WA 98101  
O 206 204 9140  
F 206 204 9205

CA License No. 0C36861

[www.alliant.com](http://www.alliant.com)

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## Your Service Team

**Brian White**

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First Vice President, Claims Manager

[rfrey@alliant.com](mailto:rfrey@alliant.com)

Claims Consultant

Phone: 415-403-1445

Cell: 415-518-8490

## Liability Renewal - Reinsurance Layer 1 - \$2,500,000 Excess of \$2,500,000

|                                | Present Coverage  | Proposed Coverage   |
|--------------------------------|---|---|
| <b>INSURANCE COMPANY:</b>      | Government Entities Mutual Inc.   | Government Entities Mutual Inc.   |
| <b>A.M. BEST RATING:</b>       | Not Rated   | Not Rated   |
| <b>COVERAGE TERM:</b>          | January 1, 2017 to January 1, 2018  | January 1, 2018 to January 1, 2019  |
| <b>REINSURANCE COVERAGE:</b>   | General Liability, Automobile Liability, Public Officials Liability, and Employment Practices Liability Coverage  | General Liability, Automobile Liability, Public Officials Liability, and Employment Practices Liability Coverage  |
| <b>MILEAGE:</b>                | 101,347,675   | 106,785,465   |
| <b>EMPLOYEES:</b>              | 5,032   | 5,195   |
| <b>SELF-INSURED RETENTION:</b> | \$2,500,000   | \$2,500,000   |
| <b>GEM POLICY LIMIT:</b>       | \$2,500,000   | \$2,500,000   |
| <b>PREMIUM:</b>                | \$ 21,535 GEM Liability Premium – Rate: \$4.28 per # of Employees<br><u>\$773,759</u> GEM Auto Liability Premium – Rate: \$763.47 per 100,000 miles<br><b>\$795,294 Total GEM Premium</b> | \$ 24,696 GEM Liability Premium – Rate: \$4.81 per # of Employees<br><u>\$747,162</u> GEM Auto Liability Premium – Rate: \$733.14 per 100,000 miles<br><b>\$771,858 Total GEM Premium</b> |
| <b>OPTIONS:</b>                | Quoted \$2,000,000 X \$3,000,000 SIR: \$561,046   | N/A   |
| <b>BINDING CONDITIONS:</b>     | No Longer Applicable  | Written Request to Bind   |

**See Disclaimer Page for Important Notices and Acknowledgment**

## Liability Renewal - Reinsurance Layer 2 - \$10,000,000 Excess of \$5,000,000

|                              | Present Coverage   | Proposed Coverage  |
|------------------------------|--|--|
| <b>INSURANCE COMPANY:</b>    | Munich Reinsurance America, Inc.   | Munich Reinsurance America, Inc.   |
| <b>A.M. BEST RATING:</b>     | A+ (Superior) XV (\$2 Billion or greater) as of 10/22/15   | A+ (Superior) XV (\$2 Billion or greater) as of 10/19/16   |
| <b>ADMITTED STATUS:</b>      | Admitted   | Admitted   |
| <b>COVERAGE TERM:</b>        | January 1, 2017 to January 1, 2018   | January 1, 2018 to January 1, 2019   |
| <b>REINSURANCE COVERAGE:</b> | General Liability, Automobile Liability, Public Officials Liability (incl. Employment Practices Liability) | General Liability, Automobile Liability, Public Officials Liability (incl. Employment Practices Liability) |
| <b>UNDERWRITING</b>          | WSTIP has been agreed to as the Underwriting Administrator for Covered Business                            | WSTIP has been agreed to as the Underwriting Administrator for Covered Business                            |
| <b>CLAIMS</b>                | WSTIP has been agreed to as the Claims Administrator for Covered Business                                  | WSTIP has been agreed to as the Claims Administrator for Covered Business                                  |
| <b>LIMITS:</b>               | \$10,000,000   | \$10,000,000   |
| <b>EXCESS OF:</b>            | \$ 5,000,000   | \$ 5,000,000   |
| <b>PREMIUM:</b>              | <b>\$383,601</b>   | <b>\$385,739</b>   |
| <b>BINDING CONDITIONS:</b>   | No Longer Applicable   | Written Request to Bind  |

**See Disclaimer Page for Important Notices and Acknowledgment**

## Liability Renewal – Excess Insurance Layer 3 - \$5,000,000 Excess of \$15,000,000

|   | Present Coverage   | Proposed Coverage<br>(Renew as Expiring Option)  | Proposed Coverage<br>(Move Coverage to Lloyds Option)  |
|---|--|--|--|
| <b>INSURANCE COMPANY:</b>   | Arch Insurance Company   | Arch Insurance Company   | Lloyds of London   |
| <b>A.M. BEST RATING:</b>  | A+ (Superior) XV (\$2 Billion or greater)<br>as of 8/17/16   | A+ (Superior) XV (\$2 Billion or greater)<br>as of 8/30/17   | A+ (Superior) XV (\$2 Billion or greater)<br>as of 2/10/17   |
| <b>ADMITTED STATUS:</b>   | Admitted   | Admitted   | Admitted   |
| <b>COVERAGE:</b>  | Third Party Excess Liability   | Third Party Excess Liability   | Third Party Excess Liability   |
| <b>COVERAGE TERM:</b>   | January 1, 2017 to January 1, 2018   | January 1, 2018 to January 1, 2019   | January 1, 2018 to January 1, 2019   |
| <b>LIMITS:</b>  | \$ 5,000,000   | \$ 5,000,000   | \$ 5,000,000   |
| <b>EXCESS OF:</b>   | \$15,000,000   | \$15,000,000   | \$15,000,000   |
| <b>Endorsements &amp; Exclusions:<br/>(including but not limited to):</b> | <ul style="list-style-type: none"> <li>Excess Third Party Liability Declarations</li> <li>Excess Third Party Liability Policy Schedule of Underlying Insurance</li> <li>Claims Handling Procedures</li> <li>U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")</li> <li>Signature Page</li> <li>Exclusion – Access or Disclosure of Confidential Information and Data-Related Liability</li> <li>Lead Hazard Exclusion</li> <li>Silica Exclusion</li> <li>Fungi and Bacteria Hazard Exclusion</li> <li>Excess/Umbrella Policy Underlying Insurance Notice</li> <li>Amendment of Limits of Insurance</li> <li>Cancellation – Amendment of Notice (90 days)</li> </ul> | <ul style="list-style-type: none"> <li>Excess Third Party Liability Declarations</li> <li>Excess Third Party Liability Policy Schedule of Underlying Insurance</li> <li>Claims Handling Procedures</li> <li>U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")</li> <li>Signature Page</li> <li>Exclusion – Access or Disclosure of Confidential Information and Data-Related Liability</li> <li>Lead Hazard Exclusion</li> <li>Silica Exclusion</li> <li>Fungi and Bacteria Hazard Exclusion</li> <li>Excess/Umbrella Policy Underlying Insurance Notice</li> <li>Amendment of Limits of Insurance</li> <li>Cancellation – Amendment of Notice (90 days)</li> </ul> | <ul style="list-style-type: none"> <li>Excess Third Party Liability Declarations</li> <li>Excess Third Party Liability Policy Schedule of Underlying Insurance</li> <li>Cancellation Clause (Change of Control)</li> <li>Assistance and Cooperation Amendment Endorsement</li> <li>Service of Suit Clause (U.S.A.)</li> <li>TRIA clause</li> <li>Sanction Limitation and Exclusion Clause</li> </ul> |

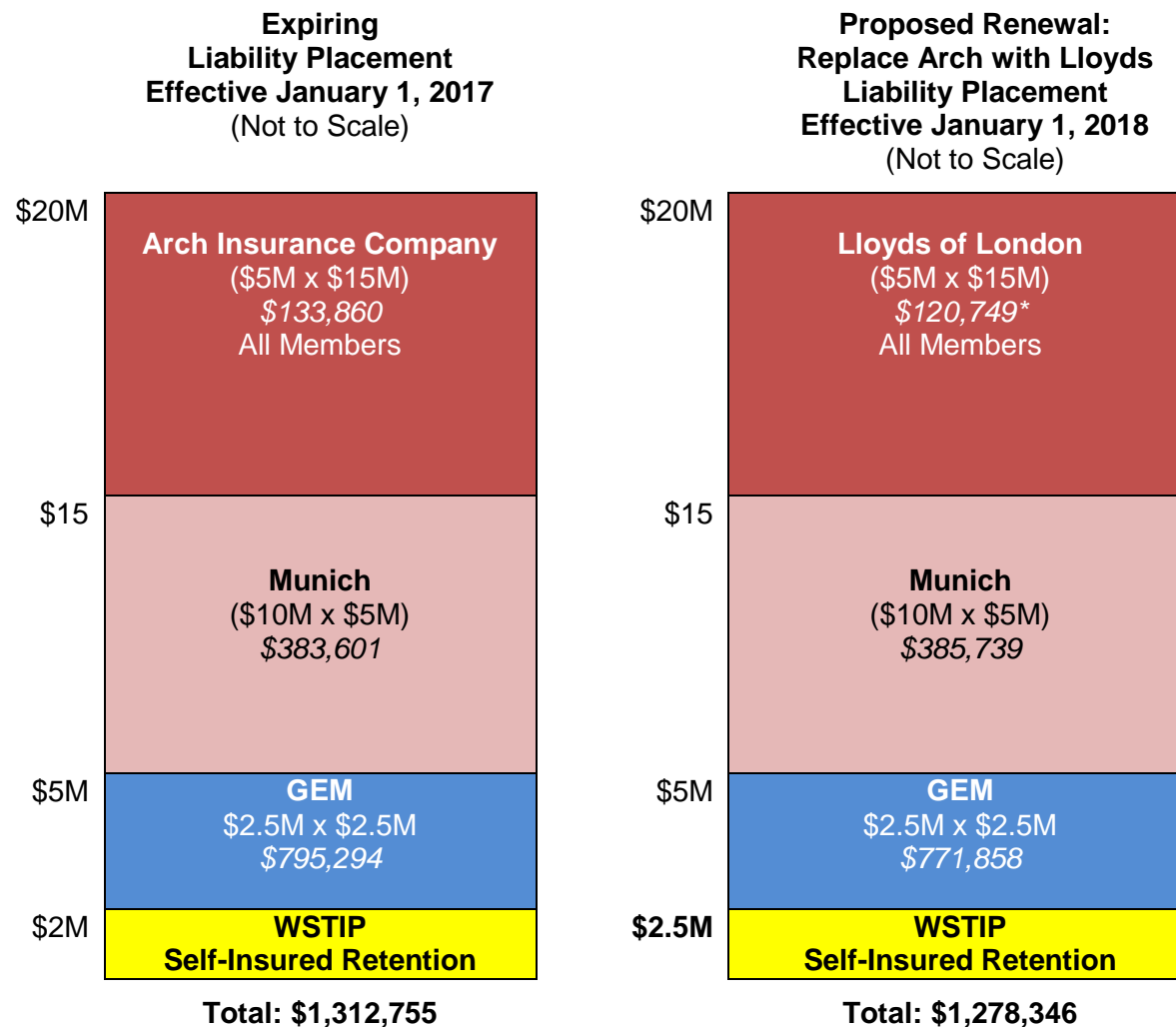
## Liability Renewal - Reinsurance Layer 3 - \$5,000,000 Excess of \$15,000,000 – Continued

|   | Present Coverage   | Proposed Coverage  | Proposed Coverage - OPTION   |
|---|--|--|--|
| <b>Endorsements &amp; Exclusion (Cont'd):</b> | <ul style="list-style-type: none"> <li>Pollution Follow Form Endorsement</li> <li>Washington Amendatory</li> <li>Terrorism Coverage Disclosure Notice</li> </ul>   | <ul style="list-style-type: none"> <li>Pollution Follow Form Endorsement</li> <li>Washington Amendatory</li> <li>Terrorism Coverage Disclosure Notice</li> </ul>   |  |
| <b>PREMIUM:</b>                               | \$133,860  | \$157,047  | <b>\$118,265.50</b> Net Premium<br>(Excluding TRIA)<br><del>\$ 2,483.58</del> Surplus Lines Taxes & Fees<br><b>\$120,749.08</b>  |
| <b>OPTIONAL TRIA PREMIUM:</b>                 | \$4,016 – Optional, not included in premium above  | \$4,100 – Optional, not included in premium above  | \$1,257 – See premium above  |
| <b>BINDING CONDITIONS:</b>                    | <ul style="list-style-type: none"> <li>Concurrent policy term with the CGL policy (if applicable)</li> <li>In the event the Insured rejects coverage under US TRIA, they must sign and return the TRIA coverage Disclosure Notice</li> <li>All underlying binders are required for Arch to release their Binder</li> </ul> | <ul style="list-style-type: none"> <li>Concurrent policy term with the CGL policy (if applicable)</li> <li>In the event the Insured rejects coverage under US TRIA, they must sign and return the TRIA coverage Disclosure Notice</li> <li>All underlying binders are required for Arch to release their Binder</li> </ul> | <ul style="list-style-type: none"> <li>Concurrent policy term with the CGL policy (if applicable)</li> <li>In the event the Insured rejects coverage under US TRIA, they must sign and return the TRIA coverage Disclosure Notice</li> </ul> |

**See Disclaimer Page for Important Notices and Acknowledgment**



## Placement Exhibit – Expiring Compared to Proposed Renewal, and Optional Excess Coverage



\*Includes Surplus Lines Taxes and Fees

## Year-Over-Year Comparison

JANUARY 1, 2018 – JANUARY 1, 2019

| Coverage                                 | Expiring<br>XS - Arch | Renewal Option 1<br>XS - Arch | Renewal Option 1<br>XS - Lloyds |
|--|-----------------------|-------------------------------|---------------------------------|
| Excess Liability – Layer 1 (\$3M X \$2M) | \$795,294             | \$771,858                     | \$771,858                       |
| Excess Liability – Layer 2 (\$10M X \$5) | \$383,601             | \$385,739                     | \$385,739                       |
| Excess Liability – Layer 3 (\$5 X \$10)  | \$133,860             | \$157,047                     | \$120,749*                      |
| Total Annual Premium                     | \$1,312,755           | \$1,314,644                   | \$1,278,346                     |

\*Includes Surplus Lines Taxes & Fees – Excludes TRIA

## Disclosures

**This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.**

**This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

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## NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

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## Other Disclosures / Disclaimers

### Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

### Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.

## Other Disclosures / Disclaimers - Continued

- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

## Certificates / Evidence of Insurance

A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

***See Request to Bind Coverage page for acknowledgement of all disclaimers and disclosures.***

## Request to Bind Coverage

Washington State Transit Insurance Pool

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

| Coverage Line                              | Bind Coverage for:       |
|--|--------------------------|
| Excess Liability – Layer 1 (\$3M x \$2M)   | <input type="checkbox"/> |
| Excess Liability – Layer 2 (\$10M x \$15M) | <input type="checkbox"/> |
| Excess Liability – Layer 3 (\$5M x \$15M)  | <input type="checkbox"/> |

*This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.*

\_\_\_\_\_  
Signature of Authorized Insurance Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed / Typed Name

**This proposal does not constitute a binder of insurance. Binding is subject to the final carrier approval. The actual terms and conditions of the policy will prevail.**

October 19, 2017

Tracey Christianson, Deputy Director  
Washington State Transit Insurance Pool  
2629 12<sup>th</sup> Court SW  
Olympia, WA 98502

**Optional Excess Liability Coverage: \$5M XS \$20M**  
**Hallmark Insurance Company: Effective January 1, 2018**

Dear Tracey:

We are pleased to enclose a proposal for WSTIP's consideration reflecting an option for the pool to purchase a higher liability limit effective January 1, 2018.

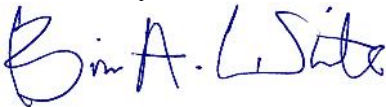
By way of background, WSTIP currently purchases a total per occurrence limit of \$20M. The cost of the \$20M level is \$1,332,755, for the 2018/19 coverage year. This new optional coverage level would raise WSTIP's limit by an additional \$5M, for a total limit of \$25M per occurrence, for an additional cost of \$80,078.05.

Within the cost of this optional coverage is 5% commission to Alliant, reflective of our cost to market, negotiate, and service this additional policy on an ongoing basis.

Also enclosed, for WSTIP's reference, is information pertaining to the liability limits of insurance purchased by other self-insured pools in the State of Washington.

We look forward to answering any questions WSTIP may have about this new optional coverage.

Sincerely,



Brian A. White  
First Vice President  
(206) 204-9126

cc: Lilian Vanvieldt, Alliant Insurance Services, Inc.  
Gordon DesCombes, Alliant Insurance Services, Inc.

## Liability Renewal – Optional \$5,000,000 Excess of \$20,000,000 Coverage

|   | Proposed Coverage  |
|---|--|
| <b>INSURANCE COMPANY:</b>   | Hallmark Specialty Insurance Company   |
| <b>A.M. BEST RATING:</b>  | A- (Excellent) VIII (\$100 Million to \$250 Million) as of 8/2/17  |
| <b>ADMITTED STATUS:</b>   | Non-Admitted   |
| <b>COVERAGE:</b>  | Third Party Excess Liability   |
| <b>COVERAGE TERM:</b>   | January 1, 2018 to January 1, 2019   |
| <b>LIMITS:</b>  | \$ 5,000,000 Any One Occurrence – Member Specific Limit<br>\$ 5,000,000 Aggregate, where applicable  |
| <b>EXCESS OF:</b>   | \$20,000,000   |
| <b>Endorsements &amp; Exclusions:<br/>(including but not limited to):</b> | <ul style="list-style-type: none"> <li>) Excess Public Liability Declarations</li> <li>) Schedule of Forms and Endorsements</li> <li>) Schedule of Underlying Insurance</li> <li>) Exclusion – Access or Disclosure of Confidential or Personal Information and Data-Related Liability</li> <li>) Asbestos Exclusion</li> <li>) Earlier Notice of Cancellation – 90 days</li> <li>) Excess Public Entity Liability Coverage – Claims Made Inception Date for the Public Officials / Employment Practices Liability Coverage</li> <li>) Fungi or Bacteria Exclusion</li> <li>) Lead Exclusion</li> <li>) Service of Suit</li> <li>) U.S. Treasury Dept. (“OFAC”)</li> <li>) Terrorism Coverage Disclosure Notice</li> </ul> |
| <b>PREMIUM:</b>   | <b>\$78,431.00 Premium</b><br><b>\$ 1,647.05 Surplus Lines Taxes</b><br><b>\$80,078.05</b>   |
| <b>COMMISSION:</b>  | Includes 5% to Alliant   |
| <b>OPTIONAL TRIA PREMIUM:</b>   | \$1,569 – Subject to taxes and fees  |
| <b>BINDING CONDITIONS:</b>  | Completed and Signed TRIA Acceptance or Rejection Form   |



Liability Limits by Pool - State of Washington  
October, 2017

| <u>Entity</u>                               | <u>Liability Insurance Limit</u> |
|---|----------------------------------|
| Cities Insurance Association of Washington  | \$ 10,000,000                    |
| Enduris                                     | \$ 20,000,000                    |
| Schools Insurance Association of Washington | \$ 25,000,000                    |
| United Schools Insurance Program            | \$ 15,000,000                    |
| Washington Cities Insurance Authority       | \$ 25,000,000                    |
| Washington Counties Risk Pool               | \$ 25,000,000                    |
| Washington Rural Counties Insurance Program | \$ 15,000,000                    |
| Washington Schools Risk Management Pool     | \$ 40,000,000                    |
| Washington State Transit Insurance Pool     | \$ 20,000,000                    |



# Washington State Transit Insurance Pool

## Government Crime Insurance Proposal 2017 – 2018

Presented on November 21, 2017 by:

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## Government Crime Coverage

|   | Present Coverage  | Proposed Coverage  |
|---|---|--|
| <b>INSURANCE COMPANY:</b>   | National Union Fire Ins. Co. of Pittsburgh, PA  | National Union Fire Ins. Co. of Pittsburgh, PA   |
| <b>A.M. BEST RATING:</b>  | A (Excellent), Financial Size Category: XV (\$2 Billion or greater) as of June 2, 2016  | A (Excellent), Financial Size Category: XV (\$2 Billion or greater) as of May 23, 2017   |
| <b>STANDARD &amp; POOR'S RATING:</b>                                    | A+ (Strong) as of May 06, 2013  | A+ (Strong) as of May 06, 2013   |
| <b>POLICY TERM:</b>   | January 1, 2017 to January 1, 2018  | January 1, 2018 to January 1, 2019   |
| <b>COVERAGE FORM:</b>   | Discovery Form – CR 00 26 05 06   | Discovery Form – CR 00 26 05 06  |
| <b>LIMITS:</b>  | \$1,000,000 Employee Theft – Per Loss Coverage  | \$1,000,000 Employee Theft – Per Loss Coverage   |
|   | Not Covered Employee Theft – Per Employee Coverage  | Not Covered Employee Theft – Per Employee Coverage   |
|   | \$1,000,000 Forgery or Alteration   | \$1,000,000 Forgery or Alteration  |
|   | \$1,000,000 Inside the Premises – Theft of Money and Securities   | \$1,000,000 Inside the Premises – Theft of Money and Securities  |
|   | \$1,000,000 Inside the Premises – Robbery or Safe Burglary of Other Property  | \$1,000,000 Inside the Premises – Robbery or Safe Burglary of Other Property   |
|   | \$1,000,000 Outside the Premises  | \$1,000,000 Outside the Premises   |
|   | \$1,000,000 Computer Fraud  | \$1,000,000 Computer Fraud   |
|   | \$1,000,000 Funds Transfer Fraud  | \$1,000,000 Funds Transfer Fraud   |
|   | \$1,000,000 Money Orders and Counterfeit Money  | \$1,000,000 Money Orders and Counterfeit Money   |
| <b>DEDUCTIBLE:</b>  | \$ 10,000 Per Occurrence  | \$ 10,000 Per Occurrence   |
| <b>ENDORSEMENT &amp; EXCLUSIONS:<br/>(INCLUDING BUT NOT LIMITED TO)</b> | <ul style="list-style-type: none"> <li>Washington Changes</li> <li>Additional Named Insured – Per submission</li> <li>Add Faithful Performance of Duty Coverage for Government Employees – \$1,000,000/Per Loss</li> <li>Protected Information Exclusion</li> </ul> | <ul style="list-style-type: none"> <li>Washington Changes</li> <li>Additional Named Insured – Per submission</li> <li>Add Faithful Performance of Duty Coverage for Government Employees</li> <li>Protected Information Exclusion</li> </ul> |

|   | Present Coverage   | Proposed Coverage  |
|---|--|--|
| <b>ENDORSEMENTS &amp; EXCLUSIONS (continued):</b> | <ul style="list-style-type: none"> <li>• Include Designated Person Required to Have Knowledge of Loss (Discovery Form) – <i>Risk Management Department or other department designated to handle insurance matters for the named insured</i></li> <li>• Indirect or Consequential Loss Exclusion</li> <li>• Prior Theft or Dishonesty – \$10,000</li> <li>• Economic Sanctions Endorsement</li> <li>• Cancellation of Policy Amended – 90 days</li> <li>• Bonded Employees Exclusion Deleted</li> <li>• Add Credit, Debit or Charge Card Forgery - \$1,000,000/Includes</li> <li>• Include Volunteer Workers as Employees</li> <li>• Include Specified Non-Compensated Officers as Employees – All</li> <li>• Include Chairperson and Members of Specified Committees as Employees – All</li> <li>• Include Designated Persons or Classes of Persons as Employees – <i>Any directors or trustees of any of those named as insured</i></li> <li>• Include Treasurers or Tax Collectors as Employees – All</li> <li>• Include Expenses Incurred to Establish Amount of Covered Loss - \$75,000/100%</li> <li>• Employee Post Termination Coverage</li> <li>• Impersonation Fraud Coverage -\$100,000 Limit / \$25,000 Deductible</li> </ul> | <ul style="list-style-type: none"> <li>• Include Designated Person Required to Have Knowledge of Loss (Discovery Form) – <i>Risk Management Department or other department designated to handle insurance matters for the named insured</i></li> <li>• Indirect or Consequential Loss Exclusion</li> <li>• Prior Theft or Dishonesty – \$10,000</li> <li>• Economic Sanctions Endorsement</li> <li>• Cancellation of Policy Amended – 90 days</li> <li>• Bonded Employees Exclusion Deleted</li> <li>• Add Credit, Debit or Charge Card Forgery - \$1,000,000/Includes</li> <li>• Include Volunteer Workers as Employees</li> <li>• Include Specified Non-Compensated Officers as Employees – All</li> <li>• Include Chairperson and Members of Specified Committees as Employees – All</li> <li>• Include Designated Persons or Classes of Persons as Employees – <i>Any directors or trustees of any of those named as insured</i></li> <li>• Include Treasurers or Tax Collectors as Employees – All</li> <li>• Include Expenses Incurred to Establish Amount of Covered Loss - \$75,000/100%</li> <li>• Employee Post Termination Coverage</li> <li>• Impersonation Fraud Coverage -\$100,000 Limit / \$25,000 Deductible</li> </ul> |
| <b>PREMIUM:</b>                                   | \$17,582.00 Annual Premium<br>(\$ 2,637.30) Commission Credit<br>\$14,944.70 Net Annual Cost   | \$19,930.00 Annual Premium<br>(\$ 2,989.50) Commission Credit<br>\$16,940.50 Net Annual Cost   |
| <b>QUOTE VALID UNTIL:</b>                         | N/A  | January 1, 2018  |
| <b>BINDING CONDITIONS:</b>                        | N/A  | Written Request to Bind  |

**See Disclaimer Page for Important Notices and Acknowledgment**

## Disclosures

**This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.**

**Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.**

**This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.**

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

## NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

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## Other Disclosures / Disclaimers

### Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

### Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another states, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances which may require an increased liability insurance limit.

## Other Disclosures / Disclaimers - Continued

- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

## Certificates / Evidence of Insurance

A certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

***See Request to Bind Coverage page for acknowledgement of all disclaimers and disclosures.***

## Request to Bind Coverage

Washington State Transit Insurance Pool

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

| Coverage Line    | Bind Coverage for:       |
|------------------|--------------------------|
| Government Crime | <input type="checkbox"/> |

*This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.*

\_\_\_\_\_  
Signature of Authorized Insurance Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed / Typed Name

**This proposal does not constitute a binder of insurance. Binding is subject to the final carrier approval. The actual terms and conditions of the policy will prevail.**