



City of Glendale, AZ

Excess Workers' Compensation Insurance Proposal 2016-2017

Presented on June 7, 2016 by:

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City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Line of Coverage

Excess Workers' Compensation Coverage

	PRESENT	PROPOSED
INSURANCE COMPANY:	Safety National Casualty Corporation	Safety National Casualty Corporation
A.M. BEST RATING:	A+ (Superior), Financial Size Category: XII (\$1.00 Billion to \$1.25 Billion)	A+ (Superior), Financial Size Category: XIV (\$1.5 Billion to \$2 Billion)
STANDARD & POOR'S RATING:	A, Strong Financial Security	A+ Strong Financial Security
ARIZONA STATUS:	Admitted	Admitted
COVERAGE TERM:	July 01, 2015 to July 01, 2016	July 01, 2016 to July 01, 2017
COVERAGE:	Excess Workers' Compensation	Excess Workers' Compensation
LIMITS:	Workers' Compensation: Statutory Employer's Liability: \$2,000,000 per Occurrence	Workers' Compensation: Statutory Employer's Liability: \$2,000,000 per Occurrence
SELF-INSURED RETENTION:	\$800,000 Per Occurrence	\$800,000 Per Occurrence
ESTIMATED ANNUAL PAYROLL:	\$116,273,826	\$122,215,233
RATE PER \$100 OF PAYROLL:	0.18483	0.188

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Line of Coverage

Excess Workers' Compensation Coverage – Continued

	PRESENT	PROPOSED
ENDORSEMENT & EXCLUSIONS: (INCLUDING BUT NOT LIMITED TO)	<ul style="list-style-type: none"> • Arizona Cancellation Endorsement • Waiver of Subrogation – Negligence Excluded • Broad Form All States For Employee Travel • Voluntary Compensation Endorsement – Premium Delineation • Foreign Voluntary Workers' Compensation and Employers' Liability • Same Communicable Disease-Specific Excess • Policyholder Disclosure Notice of Terrorism Insurance Coverage 	<p>Same as present except:</p> <ul style="list-style-type: none"> • The quote includes 28.5 hours of risk control services at a rate of \$175 per hour, up to a threshold of \$5,000. Risk control services may include general risk control consulting services, training materials, online training, live training, industrial hygiene and ergonomics analysis.
DEPOSIT PREMIUM:	\$214,909	\$229,765
MINIMUM PREMIUM:	\$204,164	\$218,277
PAY PLAN:	Annual Payment	Annual Payment
TERRORISM:	The portion of the Employer's annual premium attributable to coverage for losses caused by a certified act of terrorism is 0.5%	The portion of the Employer's annual premium attributable to coverage for losses caused by a certified act of terrorism is 0.5%

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Line of Coverage

Excess Workers' Compensation Coverage – Continued

	PRESENT	PROPOSED
OPTIONAL QUOTE:	No longer available	<p><u>Optional Quote:</u> 2 year policy period July 1, 2016 to July 1, 2018</p> <ul style="list-style-type: none"> • \$800,000 Self Insured Retention • Limits: Statutory • Estimated Payroll: \$122,215,233 • Rate per \$100 of Payroll: 0.188 • \$229,765 Deposit Premium • \$436,554 Minimum Premium • Pay Plan: Annual Payment • Audit: Yes <p>If the below conditions are all met, Safety National agrees that there will be no change in the premium rate per exposure for the 2017 Policy Period over the rates that have been applied to the 2016 Policy Period:</p> <ol style="list-style-type: none"> 1. The SIR and Limits will remain as expiring per the 2016-2017 policy period. 2. No certified "acts of terrorism" occurs during the 2016 Policy Period. 3. No significant change in exposure, with "significant" being understood to mean a 15% change in exposure.

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Line of Coverage

Excess Workers' Compensation Coverage – Continued

	PRESENT	PROPOSED
OPTIONAL QUOTE CONTINUED:	No Longer Applicable	<p>4. No significant change in underwriting exposure of non-core business with a change that is in excess of 5%.</p> <p>*Safety National does not consider any change in aircraft to be considered significant.</p> <p>5. No material adverse change in financial condition of the Insured.</p> <p>6a. No new incurred loss to exceed 50% of that Policy's applicable SIR/Retention amount with such losses to be valued as of 04/01/2017 or within 90 days prior to 07/01/2017.</p> <p>6b. No development of existing claims (DOI prior to 07/01/2016) to exceed 50% applicable SIR/Retention amount with such losses to be valued as of 04/01/2017 within 90 days prior to 07/01/2017.</p> <p>The parties understand and agree that, if all of the above stated conditions are not met, the Premium Rate per payroll/exposure for the 2017 Policy Period shall not be subject to any limitation nor guarantee with respect to rate increases.</p>

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Line of Coverage

Excess Workers' Compensation Coverage – Continued

	PRESENT	PROPOSED
OPTIONAL QUOTE CONTINUED:	No Longer Applicable	<p>The second year payroll period they will require only the following underwriting information:</p> <ul style="list-style-type: none"> • updated payroll by class code • updated loss information as outlined above • updated aircraft information (must have each year for reinsurance purposes) • updated Employee Concentration (EC) information • insured's agreement to work with Safety National to complete the premium audit (whether voluntary or physical) in a timely manner. They do a premium audit at the end of each 12 month policy period. <p>The quote includes 28.5 hours of risk control at a rate of \$175 per hour, up to a threshold of \$5,000. Risk control services may include general risk control consulting services, training materials, online training, live training, industrial hygiene and ergonomics analysis.</p>

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Line of Coverage

Excess Workers' Compensation Coverage – Continued

	PRESENT	PROPOSED
CONTINGENCIES:	No Longer Applicable	This Agreement will include coverage for Workers' Compensation loss caused by acts of terrorism as defined in the Agreement. Coverage for such losses will still be subject to all terms, definitions, exclusions, and conditions in the Agreement, & any applicable federal and/or state laws, rules, or regulations. Be advised that, under the Terrorism Risk Insurance Act of 2002 as amended, terrorism losses would be partially reimbursed by the U.S. Government under a formula established by the Act. Under this formula, the U.S. Government would generally reimburse 85% of covered terrorism losses exceeding a deductible paid by us. The Act contains \$100 billion cap that limits the reimbursement from the U.S. Government as well as from all insurers. If aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of the EMPLOYER's annual premium attributable to coverage for losses caused by a certified act of terrorism is: 0.5%.
SUBJECTIVITIES:	No Longer Applicable	Written Request to Bind Coverage

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

COMMENTS:

No Longer Applicable

1. Endorsements mandated by the coverage state(s) will automatically be added to your policy regardless of whether they are shown in the above schedule. In addition, a change in an endorsement form number may occur as a result of state filing requirements/updates arising subsequent to this quote.
2. Included in the quote are MAP Client Services. Those resources consist of both risk control and claims services including: Safety Essentials On-line; Workers' Comp Kit: Safety Training Source; and Best Doctors Catcare and Ask Best Doctors program – which provide in-depth case review by world renowned doctors

QUOTE VALID UNTIL:

No Longer Applicable

July 1, 2016

DATE PREPARED:

No Longer Applicable

June 2, 2016

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

BROKER:

ALLIANT INSURANCE SERVICES, INC.

Newport Beach, CA 92660

Chris Tobin, Senior Vice President

Pamela Dominguez, Vice President

Banesa Laird, Account Executive

Patricia Guisler, Account Manager

IMPORTANT NOTICE

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service.

Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations.

Contact your Alliant Service Team with any questions.

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

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. 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. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

Disclosures - Continued

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY REGULATION 194 DISCLOSURE

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.

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

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.

City of Glendale, AZ

2016-2017 Excess Workers' Compensation Insurance Proposal

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.
- 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.

Please keep your Alliant representative(s) informed so they can assist you in making the right decisions regarding your insurance needs.

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2016-2017 Excess Workers' Compensation Insurance Proposal

Request to Bind Coverage

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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	Effective Date
Excess Workers' Compensation	07/01/2016
Option 1: \$229,765 One year 2016-2017 <input type="checkbox"/>	
Option 2: \$436,554 Two Year 2016-2018 <input type="checkbox"/>	

Signature of Authorized Insurance Representative

Date

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