



**MINUTES OF THE
ACCEL UNDERWRITING COMMITTEE MEETING
FRIDAY, AUGUST 28, 2015
OFFICES OF ALLIANT INSURANCE SERVICES, INC.
100 PINE STREET, 11TH FLOOR
SAN FRANCISCO, CA 94111**

MEMBERS PRESENT

Dave Nunley, City of Anaheim
Ann Richey, City of Ontario
Sandra Blanch, City of Palo Alto
Deb Hossli, City of Santa Monica
Mark Howard, City of Santa Barbara
Rhonda Combs, City of Monterey

MEMBERS ABSENT

Betsy Dolan, City of Burbank

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Vadim Livshits, Alliant Insurance Services

A. CALL TO ORDER

Underwriting Committee Chair, Rhonda Combs, called the meeting to order at 10:02 a.m.

B. CONSENT CALENDAR

B1. Approval of Minutes from the May 27, 2014 Underwriting Committee Meeting

MOTION: Ann Richey **SECOND:** Dave Nunley **MOTION CARRIED**

| | Dave Nunley | Ann Richey | Sandra Blanch | Deb Hossli | Mark Howard | Rhonda Combs |
|---------|-------------|------------|---------------|------------|-------------|--------------|
| Aye | X | X | X | X | X | X |
| Nay | | | | | | |
| Abstain | | | | | | |



C. UNDERWRITING COMMITTEE

C.1 Super Bowl Coverage Issues

Sandra Blanch explained at a previous meeting that the City of Santa Clara is requesting that other Bay Area Cities enter into a contract with the City of Santa Clara to provide Police Services. The proposed contract is included in the Agenda Packet. Sandra explained that the AFC team will be practicing at Stanford for the week prior to the Super Bowl. Therefore, Palo Alto may not have resources available to support other Super Bowl activities unless mutual aid is requested.

Conor Boughey asked if any training is taking place before the event. Sandra said just one, an "Urban Shield."

Rhonda Combs would like the agreement presented to the City to be amended to elucidate operational details, and to ask for additional insured from the Super Bowl event policies.

Mark Howard believes there isn't really enough information provided to the Committee to give the City an answer to their request.

Dave Nunley asked if a special event policy can be amended to cover Palo Alto and Mountain View as additional insured.

Conor Boughey asked if the City of Palo Alto is willing to purchase a special event policy for this event. Sandra answered that they would.

Michael Simmons suggests checking with Santa Clara's broker to see if Palo Alto and Mountain View can be added as additional insured to Santa Clara's policy. If so, then an amendment would need to be added to the proposed contract.

Rhonda doesn't see a problem with picking up the exposures of ACCEL Member Agencies sending their Police Officers, but she wants to understand training, control, etc.

The Underwriting Committee cannot confirm that coverage exists with the agreement as currently presented, upon receipt of the below revisions, ACCEL will review, and would like to discuss further at ACCEL's October Board Meeting.

- Incident command
- Operational control
- Training
- Indemnification
- Revisions to section 9 of the Contract that encompass excessive force or acts other than negligence
- Workers' Compensation waiver of subrogation for all signatories.



Documents must be submitted to Administrators by September 30th.

C.2 City of Santa Monica – Railroad Coverage for Expo Line

Conor Boughey explained that there is no railroad exclusion in the ACCEL MOC, but there is a signal exclusion. Deb Hossli is bringing this issue to the Board because it is railroad related. Santa Monica is examining all contracts that are within 50 feet of the railroad to determine where railroad protective is needed.

Rhonda Combs commented that she doesn't see any issues. Ann Richey added that unless there is something unusual being done, there shouldn't be any issues.

The coverage Deb is inquiring about would only be for construction, not the operation of the Railroad. Ann says that there is definitely coverage if it is for construction, as construction is covered.

The Underwriting Committee confirms that all normal City activities, regardless of being on or near a light rail, would be covered as a part of coverage provided by ACCEL to the City for normal City operations.

C.3 Coverage for Employment Practices Claims – Wages

Michael Simmons explained that the theory behind excluding past wages. Basically, money is already due by an employer to an employee, and the Pool shouldn't be responsible because the remedy is just to pay wages that should have already been paid.

ACCEL currently excludes all wages, but does ACCEL want to cover any future wages? Conor clarified that Employment Practices are currently covered, but wages are not. If forward wages are not covered, Michael believes they should be specifically excluded in the MOC.

Ann Richey added that once the MOC is modified, it can be taken back to the Member Cities to allow their officials to know about the changes.

Conor Boughey explained that the Administrators reviewed the MOCs of other similar Pools and found that ERMA does not cover wages at all. CSU is silent on wages. CJPRMA covers but only forward wages.

Recommendation to the board that page 9 of 17 of the MOC be revised before the word salary to read "liability arising out of past and future, salary, wage, benefits and retirement proceeds." and to make a recommendation to administrators to work with the claims committee to create a policy and form letter for TPA to provide to Member Agencies that have reported Employment Practices issues to the TPA.



A draft endorsement will be included at the October BOD that if accepted, will be effective as of that date.

C.4 IRS Guidelines Regarding Reporting Settlement of Claims

Rhonda Combs is concerned about when to report claims settlements to the IRS. She would like to know who is reporting taxable amounts on behalf of ACCEL. Conor Boughey explained that ACCEL makes payments, which sometimes go directly to Member Cities and sometimes to law firms. Dave Nunley believes it would be prudent to have ACCEL issue payments to Member Agencies exclusively.

Rhonda asked how ACCEL is meeting its tax reporting obligations? She would like to make sure that when ACCEL issues checks, they are properly reported. Conor explained that the full amount of check is reported. Checks go to trust accounts and so does the 1099. Rhonda does not believe that this meets the requirement. She added that the IRS requirements dictate that you cannot call settlements “Global Settlements,” they need to be apportioned.

Conor asked if payments to law firms also have to be reported in addition to the plaintiff. Rhonda said yes.

Rhonda asked if we should just make all payments to Members and not third parties.

Direction to assign to Claims Committee revision to claims handling procedure regarding reimbursement. Reimbursements should go to Member Agencies instead of 3rd parties to allow Members to satisfy tax and accounting requirements.

C.5 Cyber Liability Coverage and the ACCEL MOC

Conor explained that the MOC is silent on cyber liability, but there is an exclusion in the MOC regarding other insurance.

Michael Simmons explained that APIP-Beazley differentiating product is privacy notification and credit monitoring. Neither of which would be covered by ACCEL. He explained that even though both of these services have gotten significantly cheaper, spread over many employees they can still cost millions. Mike doesn't think that any ACCEL Members will exceed the APIP limits and there is no significant exposure, but that lost records are not covered and that is why Members should consider a CEO.

Direction to take no action and revisit again in one year to hear updated information.

Add item to service calendar for October meeting every year to give the date of the last time meetings have been visited?

C.6 ACCEL's Declarations Page – Endorsing Exposures



Conor Boughey explained that this item arises out of discussion at the June Board Meeting, when instruction was given to revise the Declarations Page.

The Committee requested that “SCHEDULED UNDERLYING COVERAGE” be changed to “SPECIFICALLY SCHEDULED UNDERLYING COVERAGE”

Members noted that Bakersfield’s Dec page should be changed to say “All coverage provided by this underlying Policy is excluded from ACCEL for the policy they purchased to cover their highway construction project.

Members requested that the following changes be made to the MOC:

- At the end of the first paragraph on B page 2. Add: however these underlying insurance policies do no need to be scheduled.
- New item 8 on page 3: If a member covered party desires to substitute ACCEL’s coverage and attach directly to excess it should schedule underlying coverage.

It was noted that any underlying insurance purchased by a Member Agency is not required to be schedule on the endorsements unless the limits greater than \$1,000,000.

D. PUBLIC COMMENTS

There were no public comments.

E. ADJOURNMENT

Rhonda Combs Adjourned the meeting at 1:37 p.m.