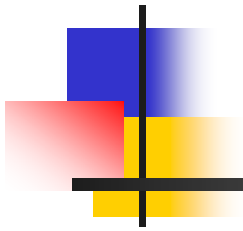


What You Need to Know About
Your Coverage
**Colorado Special Districts
Property and Liability Pool**
Since 1988



Presented by McGriff, Seibels & Williams

Pool Administration Team

Joe DePaepe

Joyce Howell

Jennifer Alvarado

Sandy Carter

Noel Paul

1-888-313-7322



About McGriff

- Hired in 1998 by CSD Board of Directors to reinvent the Pool
- Current staff of nine (9) overseeing all operations of the Pool
- Work closely with SDA to ensure the mission of the Pool is met, which is:
 - to provide Colorado special districts a viable and stable alternative at competitive rates and with exceptional customer service, claim handling and loss prevention assistance
- Responsible for administrative oversight of: coverage forms, underwriting, policy services, loss prevention, reinsurance placements, member advocacy, claims, financial, actuarial, etc.
- Donna Alengi of SDA is the Pool Liaison for day-to-day contact



What You Need to Know About Your Coverage

Does your district have the proper Workers' Compensation, Property, Liability, and Board Member/manager insurance coverage?

The Colorado Special Districts Property and Liability Pool Administrators will share our expertise on finding you the proper coverage balance for your insurance needs.



Overview

- Public Liability
- Employment Practices
- Public Officials Liability
- Employee Benefit Liability
- Auto Liability and Physical Damage
- Excess Liability
- Fiduciary Liability
- Pollution Liability
- Cyber Liability/Data Compromise
- Workers' Compensation & Employer's Liability
- Property
- Terrorism
- Equipment Breakdown
- Employee Dishonesty
- Crime
- Identity Theft Recovery
- Claims Adjusting
- Loss Prevention
- Support Services
- Rates and Rating
- Innovation
- Financial Stability
- One Stop Shopping
- Summary



Public Liability Coverage

- Liability coverage is for negligent acts and/or omissions that result in bodily injury or property damage to a third party
- Covers district directors, officers, employees, and volunteers while acting within the course and scope of duties for the district



Public Liability Coverage

- District exposures from members of the public:
 - Ownership, maintenance, or use of your district's premises
 - Members of the public who come on to your premises
 - Operations conducted or performed on or off your premise
 - Providing a recreation facility, maintaining a service line
 - Products or services provided, sold, or distributed
 - Delivery of water, collection of sewage, extinguishing fire
 - No-fault medical payments on the district's premises
 - Constituent falls on your premises, trips on a wet spot or ice
 - Damage to property rented to you
 - You are a tenant in a building and you cause a fire



Typical Exclusions in Most Coverage Forms

1. Intentional Acts
2. Contractual Obligations
3. Aircraft
4. War
5. Watercraft over 30'
6. Airports
7. Damages other than monetary
8. Dishonest Fraudulent Criminal behavior
9. ERISA
10. Date-Related Computer Failure
11. Nuclear Energy
12. Lead
13. Employee Benefit Plans
11. Relief under Rule 106 Civil Procedure
12. Penalties, Punitive Damages
13. Eminent Domain:
 - Condemnation
 - Inverse Condemnation



Terms and Conditions of Coverage

- District must comply with the various terms and conditions of coverage
 - You cannot admit it was your fault
 - You must notify the Pool as soon as practical
 - You cannot settle the claim
 - Must use Pool counsel
 - Cooperate with the Pool investigation
 - Preserve evidence
 - Many other terms and conditions may apply



Employment Practices Liability

- EPLI provides protection for your district as an employer against claims made by employees, former employees, or potential employees
- Pays for legal costs to defend employment-related allegations, and the actual legal liability for those acts
 - Discrimination (age, sex, race, disability, etc.)
 - Wrongful termination of employment
 - Sexual Harassment
 - Claim can result from an inappropriate environment
 - Management retaliation for prior act of an out-of-favor employee
 - Failure to hire, promote



Employment Practices Liability

- Cases against employers are on the rise due to aggressive plaintiff attorneys. It is estimated that 3 out of 5 firms will be sued by an employee
- Even if a claim is groundless or fraudulent, the defense of a suit can be expensive, not only in terms of your time, but also financially

Subject to the Exclusions, Term and Conditions in the Pool coverage form



Public Officials Liability

- Provides defense cost and damage awards for the wrongful acts or Errors & Omissions of the district directors and officers, in the event that they are sued for something someone does not like, while acting within the course and scope of their duties



Public Officials Liability

- The leading causes for litigation today stem from:
 - Disagreements with constituents on the way you perform the operation of the district
 - Disagreements with constituents in decisions made by Board and management
 - Failure to do something
 - Action to stop doing something
 - Doing something different than what the Board/district previously planned

Subject to several Exclusions, as well as many other Term and Conditions in the coverage form



Employee Benefit Liability

- Protects you from many claims arising out of Errors & Omissions in the administration of benefit plans
- Addresses the requirements of employers to provide their employees with information on the benefits available to them
- Provides coverage for damages that result when an employer does not fulfill notification requirements and the employee is denied access to benefits he or she could have received



Employee Benefit Liability

- Failure to enroll an employee in the plan, or paperwork not handled in a timely fashion, and claim is denied:
 - Improper advice on district's benefit plans
- Plans administration would include:
 - Group life, accident or health insurance plans
 - Unemployment insurance
 - Social security, disability plans, or sick leave

Subject to several Exclusions, as well as many other Terms and Conditions in the coverage form



Auto Liability and Damage

- Liability is designed to cover district's responsibility for other people's bodily injury or death, caused by an accident where your district is at fault
 - Provides for legal defense if another party involved sues the district
 - Covers district owned vehicles, non-owned, or hired autos, for accidents arising out of the ownership, maintenance, or use of district vehicles; within the course and scope of duties for the district
 - Claims for bodily injury and property damage can include: medical bills, loss or pain and suffering, physical damage to other's property
- Auto Physical Damage
 - Covers your district's vehicle for various types of damage

Subject to several Exclusions, as well as many other Terms and Conditions in the coverage form



Excess Liability

- Purpose is to provide higher Liability limits above your primary limits; the Pool provides \$1,000,000 up to \$9,000,000
- When the district's primary \$1,000,000 limit is exhausted, and damages exceed \$1,000,000, the excess liability limits purchased will apply
- Not applicable to additional coverage limits in form:
 - Fiduciary Liability
 - Cyber Liability
 - Pollution
 - Several others



Excess Limits Claims Covered

Here are compelling reasons to purchase Excess Limits for claims coverage:

- Unlimited exposure to federal civil rights and discrimination laws
- Discrimination of any protected class, such as wrongful termination, emotional distress, denied job or promotion, disciplining, defamation/reputation
- Harassment of any protected class: age, race, gender, religion, unwelcome conduct (verbal, physical, or visual), and sexual orientation
- Retaliation is the newest and most aggressive legal action being successfully pursued by attorneys
- Courts continue to challenge and overturn tort cap limitations in other states



Fiduciary Liability \$200,000

- Fiduciary liability is the financial protection for trustees of employee benefit plans against legal liability arising out of their job responsibilities, including the cost of defending those claims
 - An employee is deemed a fiduciary if that person exercises any discretionary authority or control over pension plans, savings, profit-sharing, and employee benefit plans
 - Fiduciaries can also be held liable for the acts, errors, and omissions of outside entities that provide administrative and related services, such as: consulting and actuarial consulting firms, law firms, accounting firms, investment advisers, or management companies



Fiduciary Liability (Continued)

- Fiduciary Claims

- Two employees approaching retirement age discover they have never enrolled in the company's voluntary retirement plan. The employees sue the company and allege that the plan administrators failed to properly advise them of how to enroll, as enrollment was not automatic
- Plan participants allege that the fiduciaries of a voluntary plan failed to divest the plan of an investment option that was not keeping pace with the performance of the comparable index and resulted in poor returns



Pollution Liability \$1,000,000

Pollution liability protects districts for sudden and accidental Newly Discovered Events:

- Your district's onsite clean-up costs for bodily injury, property damage, and remediation costs from pollution at, on, under, or migrating from your property
- Losses resulting from pollution originating from someone else's property
- Third Party clean-up costs for bodily injury, property damage, and remediation costs
- Coverage is available for aboveground and underground storage tanks but must be scheduled or have a separate application

Subject to separate Pollution policy's Terms, Conditions and Exclusions



Pollution Liability (Continued)

Policy covers cost to clean up pollutants when:

- Chemicals from a specific accident leak from your storage area and pollute the ground and water supply
- Off-site clean-up caused by your district's transportation of chemicals in a district vehicle, which caused pollution on other party's property
- Unknown party dumps hazardous materials on your land or an easement



Cyber Liability/Data Compromise \$200,000

- Expenses to mitigate theft of personal data:
 - Federal Red Flag laws require notification of a security breach to affected individuals
- Pay for wrongful acts associated with content posted to district's website:
 - Such as actual or alleged errors, misstatements, misleading statements, defamation, or violation of a person's right of privacy
- Cyber Extortion Threats
 - Reimbursement of extortion threat expenses and ransom payments
- Replacement or restoration of electronic data:
 - Cost to re-create or restore electronic data to pre-loss conditions
 - Due to a computer virus, malicious code or denial of service



Cyber Liability/Data Compromise (Continued)

- Network Security Breach Liability:
 - Wrongful acts associated with actual or alleged neglect, breach of duty, or omission in maintaining the security of your computer system
- Cyber Liability Claims Covered:
 - Website failure to prevent unauthorized access to computer system; results in sensitive data stolen (name, address, SS#, or banking information)
 - Sending an email crashes another party's network
 - BI – lost income from a computer attack

Subject to several Exclusions, as well as many other Terms and Conditions in the coverage form



Workers' Compensation Act

- The Workers' Compensation (WC) and occupational disease law is referred to as "Exclusive Remedy"
- Serves as a mutual agreement between the employer and employee barring injured workers from filing liability lawsuit against their employer or a negligent co-employee for on-the-job injuries
- Reasoning: WC is a no-fault system, and in return for receiving the automatic (but limited) no-fault benefits under the Act, one forfeits the right to sue one's employer or co-workers regardless of whether employer or employee is to blame for the injury
- Act provides Part 1 and Part 2 coverage



Part I: Workers' Compensation

WC law provides for both medical and partial wage replacement benefits, for bodily injury by accident or disease – including death – as a result of employment.

The purpose of WC:

- Promote injured employee's return to pre-injury condition
- Prompt/reasonable payment of benefits for injured workers (TTD at 66 2/3 Avg. Wk Wage; Med Expenses; Lump Sums)
- Provide a single remedy in place of suits, if necessary
- Avoid litigation, attorney fees, lengthy trials
- Encourage employer interest in safety and risk management
- Promote analysis of losses to avoid future injury and human suffering



Part I: WC Claims Covered

It is important to note that all WC claims are evaluated on their own merits; what may apply to one employee, may be denied for another, but could include the following:

- Auto accident: as driver or occupant when employee is in the course or scope of employment and/or assigned job duties
- Occupational injuries: muscular, slip/trip/fall, struck by objects, hearing loss, etc.
- Disease as a result of asbestos, silicosis, and certain other toxic chemicals
- Fatality when in course and scope of duty, subject to employer's policies and procedures, as well as individual circumstance of specific incident



Part II: Employer's Liability

- Tort Liability Coverage against an employer for accidents to employees, as distinguished from liability imposed by a WC law
- The three causes of action listed on the next page only apply if they are the direct consequence of the bodily injury to an injured employee while in the course and scope of employment
- Generally permitted by law, are sums the insured must legally pay toward potential employee suits against the immediate employer



Part II: EL Suits Covered

Employer's Liability covers suits against an employer:

- Third-Party Over suits, where the insured is liable to a third party for claims against that third party by an injured employee of the insured (suit against other at-fault party, not the employer or co-worker)
- Consortium suits are consequential bodily injury to certain immediate family members of the injured employee - also known as, Care and Loss of Services (husband and wife)
- Dual Capacity suit, when an employer is responsible for an employee's injury – not as the immediate employer – but in a separate capacity, such as the manufacturer of a product that caused the employee's injury (manufacturer defect)



Property Coverage

Risk of Direct Physical Loss or Damage to property
subject to exclusions:

- Fire
- Tornado
- Windstorm
- Hail
- Lightning
- Vandalism
- Theft
- Weight of Ice or Snow
- Limited Earthquake (only on Pool coverages)
- Limited Flood (only on Pool coverages)



Property Coverage (Continued)

A host of exclusions to consider, a few being:

- Land, land improvements, water
- Growing crops, lawns, standing timber
- Watercraft, aircraft
- Fraudulent or dishonest acts committed by member district, officers, or employees
- Wear & tear, inherent vice, latent defect
- Nuclear reaction, nuclear radiation, or radioactive contamination
- Hostile or warlike action
- Water under the ground surface
- Electrical injury or disturbance to electrical appliances
- Unexplained or mysterious disappearance, or shortage of property



Property (Continued)

Various terms and conditions state what you must do and what you cannot do:

- Must declare property to be insured
- 100% of Replacement Cost Values
- Timely report of acquisitions (90 days)
- Timely notice of claim
- Preservation of property to mitigate loss



Property (Continued)

- Various sublimits (minimal limits) for ancillary coverage provided at no cost to members
- We do this for people who do not think they have an exposure so do not schedule coverage; without a sublimit, they would have no coverage.

Some examples:

- Demolition and Increased Cost of Construction
 - Coverage to demolish a portion of building not directly damaged by insured peril, or the increased cost to rebuild to bring up to current building codes



Property (Continued)

- Underground Pipes within 1,000' of scheduled structure – *covered for loss by fire or explosion*
- Software Computer Virus
 - Pays for cost to restore or replace electronic data and media destroyed or corrupted by a computer virus
- Newly Acquired Property
 - Automatic coverage for newly acquired property, for up to 90 days
- Errors & Omissions in reporting
 - Provides coverage for an error or omission in reporting and scheduling an item to the insurance policy



Property (Continued)

- Off-Premises Services Interruption
 - Pays for loss of or damage to covered property, caused by an interruption of utility service to the premises
- Refrigeration unit – food spoilage
- Loss of income
- Fire Department Service Charges:
 - Pays for cost of FD Service Charge and other extinguishing expenses



Terrorism Coverage

- Certified Act of Terrorism and Other Act of Terrorism
 - Certificated act of terrorism is an act that is certificated by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States
 - An example of 'Other Act of Terrorism' is the Oklahoma City bombing; US Citizen committed the act on US soil, without foreign influence
- Terrorism is covered under the Property form, which applies automatically at each renewal
 - \$20,000,000 sublimit per member district
 - No cost to members



Terrorism Coverage (Continued)

- The Pool's Terrorism coverage form does not require that an Act of Terrorism be certificated to respond to a terrorist act
- The Pool's Terrorism coverage does not have the a trigger requirement to become eligible for payment under the Terrorism Risk Insurance Program Reauthorization Act (TRIPA)



Equipment Breakdown

- Picks up coverage specifically excluded on the Property form
- Provides coverage for property that generates, transmits, or utilizes energy, including electronic communication and data processing equipment, which under normal use operates under vacuum or pressure, other than the weight of its contents



Equipment Breakdown (Continued)

- A few examples of an Equipment Breakdown covered claim are:
 - Electrical arc causes a motor to burn up
 - Power surge causes failure to a compressor
 - Underground feeder cable arches and burns out, causing damage to electrical equipment
 - Water pump malfunctions, causing steam boiler to explode



Employee Dishonesty, Including Faithful Performance

- \$5,000 each, up to \$1,000,000, as Board determines
- ERISA Bond Compliance
 - Provides required bond coverage for administrators of 401K Plan
- Faithful Performance of Duty:
 - Protects the District against losses caused by conflict of interest
- Employee Theft:
 - Covers loss caused by the dishonest acts of district employees



Employee Dishonesty (Continued)

- Forgery or Alteration:
 - Covers loss caused by forgery of checks and drafts issued by the district
- Monies & Securities – Inside the Premises
 - Theft of money and securities at any district location, or at your bank premises, is covered whether loss is by destruction, theft, or other unidentified “mysterious disappearance”
- Monies & Securities – Outside the Premises
 - Loss of Money or Securities – Outside the Premises
 - While in the care, custody, or control of messenger or armored motor vehicle, resulting directly from theft, disappearance, destruction, or act
 - Loss of other property covered, if lost or damaged, while in the CCC of Messenger or armored motor vehicle



Crime

- Electronic Funds Transfer
 - Protects district for the loss of money and securities as a result of a fraudulent instruction that causes your bank to remove funds from your account
- Computer Fraud
 - Protects district for the loss of money and securities as a result of a fraudulent transfer from inside your premises or bank to a person outside your premises or bank



ID Recovery Claims Covered

- Personal laptop does not have encrypted security, is stolen or hacked via email; it contains all of your personal financial information, which is now at risk
- Theft of lost/stolen wallet causes you to take time off work to reconstruct important identity related documents (drivers license, credit cards, etc.)
- Employee's credit rating is damaged and employee requires Mental Health Counseling due to stressful situation

See Coverage Form for more Specific Coverage Terms and Conditions



ID Recovery Reimbursement

- Automatic employee benefit for all permanent employees and Board Members who purchase Crime coverage with the Pool:
 - \$25,000 Reimbursement for defined expenses associated with your personal ID Recovery
 - Case Management Services Expenses – does not reduce the limit available for expense reimbursement
 - \$5,000 Lost Wages and Elder/Childcare at \$250/day
 - \$1,000 Mental Health Counseling
 - Recovery Assistance (Toll Free: 1-800-945-4617)
 - Does not cover funds lost (financial institution responsibility)



Claims Review Team

- Claims handled by CTSI, a local government claims expert, committed to working and communicating directly with members and brokers for the best possible claims outcome
- Claim issues are reviewed by a focused peer group of special district members and not by a committee of insurance company accountants or lawyers
- Claim reserves are analyzed annually for appropriateness, and prior to the formulation of experience modifications, which affect contributions
- Claim reviews based on member need or desire



Loss Prevention Services

- Loss Prevention is handled by County Technical Services, Inc. (CTSI), a Denver based local government specialist
- Loss Prevention services are provided at no additional cost to member districts
- Free unlimited access to the CTSI Training Library, including video, and written material for checkout
- Web-based online training available 24/7
- 10 Regional Educational Workshops throughout Colorado
- On-site loss prevention/safety evaluations for purposes of sharing best practices developed by members



Competitive Rates

- Rates based on CO district performance of peer groups – no other states or national trending used
- Economies of scale leveraged to our member's benefit with below average cost of administration
- Individual district contribution modifiers are equitable and reward best performers based on past experience
- Management credits given for achieving best practices going forward
- Equitable pricing methodology encourages all members toward defined Best Practices
- Stable and consistent year to year pricing for members while continuing to expand coverage and services for member districts
- Multi Program Discount provides an additional credit when members participate in both the Property & Liability (8%) and Workers' Compensation (1%) programs



Support Services

- 10 Regional Supervisor Training Workshops
- On-demand employee training workshops
- 7 Free Online University courses available to all members 24/7
- 270 Online University courses available at greatly reduced prices
- Knowledgeable, professional loss prevention team
- Seasoned administrative support team provides prompt and reliable member and broker support services
- 3% average annual Safety and Loss Prevention (S&LP) Grant Program applies after one year of Pool membership. This provides a 50% reimbursement for products or services districts acquire to prevent losses
- Cyber Liability web resource in eRisk Hub™, developed to walk members through a crisis and to provide them with the tools necessary to identify issues preemptively
- HR Made Simple, a free human resources web portal available to Pool members 24/7



Innovation

Information available on the Pool's website at
www.csdpool.com:

- Pool Overview available
- 35 scholarships for workshops and SDA Conference
- \$600,000 Safety and Loss Prevention Grant Program funds allocated to members after one year of Pool membership
- Pool Member Coverage Handbook and Reference Manual
- Details and online registration for upcoming workshops and seminars, free monthly courses
- Links to other helpful websites, including SDA, other special districts, and companies that provide services to our Pool members
- Access to the Pool's 24/7 Online University offering a wide range of training topics and solutions for Health, Safety, Driver Education, Human Capital Management, Employment Practices, Discrimination, Office Productivity, and many more titles



Innovation (Continued)

Information available on the Pool's website at www.csdpool.com:

- Quarterly newsletter published by the Pool; topics vary seasonally (i.e. tornadoes, winter driving, flood information, working outside in hot weather, etc.)
- Coverage added at no additional cost to plug potential budget holes for issues like Pollution, Cyber Liability, and Fiduciary Liability
- Sanitation Maintenance Warranty Deductible Program saves participating sanitation districts 27.5% off their Liability contributions
- Free Pre-Loss Legal Services
- Bond coverage for district's negligence in issuance of bonds
- Auto deductible reimbursement (\$2,500) for employee use of personal auto within the course and scope of duties



Financially Sound

- The Pool has been in operation since 1988, consistently demonstrating financial stability and fiscally conservative growth
- Annual Financial Audits published in August
- Actuarial Report performed annually to ensure that the Pool's funding maintains fiscally responsible levels
- Audits and Actuarial Reports provided annually to the Colorado Department of Insurance (DOI)
- Financial ratios for the Pool are available, along with an Insurance Industry Comparison exhibit
- Annual Pool audits ensure compliance with Colorado DOI statutory accounting requirements



One-Stop Shopping

- Members have fewer coverage contacts for all lines of typical coverage
- One renewal date for all lines of coverage
- The same Claims Administrator handles claims for all coverage lines
- All Pool Master Coverage Documents, Claims, Contact Information, Educational Updates, News, and Risk Management publications are available in one convenient place at www.csdpool.com



Summary

- We are an extension of the Special District Association (SDA), partnering to bring special districts a host of insurance and educational opportunities
- This is YOUR Pool, and we're here to work with special districts either directly or with brokers
- We have tremendous coverage forms that are broad and inclusive of everything our members have asked for
- We extend many other risk management services to Pool members
- Financials are sound
- Knowledgeable, attentive staff who are excited to serve you

The logo for CSD POOL features a stylized graphic on the left consisting of overlapping colored squares (yellow, red, blue) and a black crosshair. To the right of this graphic, the text "CSD POOL" is written in a blue, sans-serif font.

CSD POOL

THANK YOU!

**Please come visit us at our booth
across from the SDA Registration table.**

This presentation is a good faith effort on behalf of McGriff to educate Pool members and prospects on our understanding of coverage and services offered on behalf of the CSD Pool. This is not an offer or explanation of the actual coverage afforded as critical terms, conditions and exclusions have been omitted due to time constraints needed to cover the subjects in full. Please consult the Pool Master Coverage Documents for actual coverage terms.