



	Approved	Denied
Action taken	7/11/05	
Other:		
Verified by:	<i>[Signature]</i>	

**COUNCIL ACTION MEMORANDUM**

**AM No. 05-33**

**TITLE: Council Approval of the Award of City of Wasilla's Insurance (Property, Liability, Automobile, and Worker's Compensation) to the Alaska Public Entity Insurance and Difference in Conditions Insurance to Mt. Hawley Insurance Company through Marsh USA, Inc.**

Agenda of: July 11, 2005  
 Originator: Ted Leonard

Date: July 12, 2005

Route to:	Department	Signature/Date
	Police	
	Recreational and Cultural Services Library, Museum	
	Public Works Planning	
X	Finance *signature required	
X	Clerk	<i>[Signature]</i>

**REVIEWED BY MAYOR DIANNE M. KELLER:**

*[Signature: Dianne M. Keller]*

**FISCAL IMPACT:**  yes \$466,219.00 or  no  
 no

Funds Available  yes

Account name/number: Various  
 Attachments: Broker analysis.

**SUMMARY STATEMENT:** The City awarded the renewal of the City of Wasilla's insurance coverage to Alaska Public Entity Insurance (APEI) and renewal of Difference in Conditions (Earth Quake & Flood) Insurance to Mt Hawley Insurance Inc. under WMC 5.08.150 (Emergency Procurement) on June 28th. The City of Wasilla did not receive the final quotes from the Insurance Pools until June 28<sup>th</sup> at 10:00 a.m.. Based on an analysis of the quotes that the City of Wasilla received (see Insurance Broker's memorandum), Administration and the Finance Department determined that the rates and the insurance program offered by the APEI was the best insurance program for the City of Wasilla. The City of Wasilla has been with APEI for two years and has been satisfied with the service we have received from APEI. The total difference in rates between APEI & MT. Hawley combined and AML/JIA was \$48,350. Also, APEI has better coverage limits than AML/JIA.

**STAFF RECOMMENDED ACTION:** Council approve award of insurance contract for Property, Liability, Automobile and Worker's Compensation insurance to Alaska Public Entity Insurance and Difference in Conditions (Earth Quake & Flood) Insurance to Mt. Hawley Insurance Co through Marsh Usa, Inc..

Form 3

Authorization to Bind

Date: 6/24/2005

To: Ted Leonard

Office: Marsh Anchorage, Alaska

cc: Roseanne Leydon

Marsh Anchorage, Alaska

Named Insured and Address:

City of Wasilla  
 290 E. Herring Avenue  
 Wasilla, AK 99654

You are authorized to place insurance on our behalf as follows:


Policy Effective Date: 07/01/05  
 Policy Expiration Date: 07/01/06

Line Of Coverage	Insurance Co. / Issuing Paper	Limits / Layer	Premium *	-- Commission Rates --			CSA Fee Applies
				Retail Broker	Non-Wholesaler Intermediary**	Wholesale Broker	
Property	Alaska Public Entity, Inc.	\$46,102,452	\$73,496	0.000%	0.000%	0.000%	Yes
Liability	Alaska Public Entity, Inc.	\$15,000,000	\$204,350	0.000%	0.000%	0.000%	Yes
Difference in Conditions	Mt. Hawley	\$10,000,000	\$39,650	0.000%	0.000%	0.000%	Yes
Workers Compensation	Alaska Public Entity, Inc.	WC \$25,000/EL \$1,000,000	\$148,723	0.000%	0.000%	0.000%	Yes

\* Fees, taxes and surcharges are not included in these premium figures. If applicable, the premiums may also be subject to audit and retrospective rating.

\*\* Any non-wholesaler intermediary commission identified above will be in addition to and not credited against Marsh's fee.

Client Executive: Brandon Allen

 Director of Fin. & Admin. Services

Accepted By: Ted Leonard, Director of Finance & Admin. Services

Signature/Title  
 Name/Title  
 (Printed/Typed)

*Deanne M. Kella*  
 Mayor, City of Wasilla  
 6/28/05

Table of Contents

---

Table of Contents .....	0
Contact Information .....	1
Account Staff .....	1
Introduction .....	2
Glossary of Terms .....	3
Definition of AM Best Ratings .....	6
Definition of AM Best Financial Size Categories (FSC).....	7
Admitted / Non-Admitted / Guarantee Fund Data.....	8
Named Insureds - Master Listing.....	9
All Risk Property Including Crime & Fidelity .....	10
Liability.....	12
Workers Compensation.....	13
Difference in Conditions.....	14
Aviation.....	15
Premium/Rate Summary.....	16
Agreement to Remain In Program .....	17
Form 2.....	17
Form 2A .....	19
Form 2B .....	20
Form 3 .....	22

## Contact Information

---

### Marsh USA Inc.

1031 W 4th Avenue, Suite 400  
PO Box 107502  
Anchorage, Alaska 99510-7502

Phone: (907) 276-5617  
Fax: (907) 276-6292 / 6304

## Account Staff

---

Name:	Direct #	Email Address
Charlie Anderson, Managing Director	257-6338	<a href="mailto:charlie.anderson@marsh.com">charlie.anderson@marsh.com</a>
Brandon Allen, Sr. Vice President	257-6366	<a href="mailto:brandon.allen@marsh.com">brandon.allen@marsh.com</a>
Roseanne Leydon, Sr. Account Manager	257-6376	<a href="mailto:roseanne.leydon@marsh.com">roseanne.leydon@marsh.com</a>
Jami Franger, Account Processing Manager	257-6353	<a href="mailto:jami.franger@marsh.com">jami.franger@marsh.com</a>

## Introduction

---

The information contained herein is intended to serve only as a brief outline of your various insurance coverages. Only the insurance policies themselves determine actual coverage. To avoid misinterpretation as to the full scope of protection provided by each policy, we advise that you refer directly to the respective policies for complete details on coverage, limitations, deductibles, conditions and exclusions that apply.

Also included in this report, you will find policy numbers, dates of inception and expiration, and other pertinent information for quick reference. If additional assistance is needed regarding the materials presented herein, please contact one of your account staff for further assistance.

### YOUR ATTENTION REQUIRED - PLEASE READ CAREFULLY

We ask that you **IMMEDIATELY NOTIFY** us of any of the following types of changes:

- **ORGANIZATIONAL STRUCTURE** - Mergers, acquisitions, partnerships, new subsidiaries, joint ventures and/or other material changes to the legal status of your organization.
- **BUSINESS OPERATION** - Any change in products sold, services rendered, territories represented, operating procedures, and/or advertising distribution.
- **FORECAST AND PROJECTIONS** - Significant fluctuations in estimated sales, payroll and/or revenue.
- **ACQUISITION, SALE, LEASE, RENTAL, USE** - Pertaining to real estate, equipment, vehicles, aircraft, watercraft, and mobile equipment.
- **MAJOR FLUCTUATIONS** - Relative to inventory, accounts receivable, cash, values of transportation or cargo.
- **AGREEMENTS - ORAL OR WRITTEN** - During the normal course of operating you may sign leases, contracts or other agreements which may transfer serious financial obligation to your organization.

We will rely exclusively upon you to inform us of changes such as these, when they occur in your organization, or, if possible, before they occur. Many insurance policies do not contain fully automatic coverages for new acquisitions, increased exposures, material changes in business operations or properties. There may be limitations and exclusions that apply. Once informed of the changes, we will assist in obtaining the extension of coverage that provides your organization with the full, adequate protection necessary for your changing operations.

## Glossary of Terms

---

The following terms are reprinted from the Glossary of Insurance and Risk Management Terms, published by the International Risk Management Institute, Inc, Fifth Edition, 0000.

---

*Please note that all individual policies contain a section with definitions that are specifically applicable to that particular coverage. This glossary is not meant to replace or amplify those definitions, and is merely intended to be a basic reference for the reader.*

---

**Aggregate** - A limit in an insurance policy stipulating the most it will pay for all covered losses sustained during a specified period of time, usually one year.

*Example: A General Liability policy with a \$1,000,000 limit and a \$2,000,000 aggregate means that the coverage will pay \$1,000,000 for each loss with the total losses no more than \$2,000,000.*

**Best's Rating** - The rating system developed and published annually by A.M. Best Company that indicates the financial condition of insurance companies.

*Example: A++XV means that the carrier is better than "A" rated. The letter rate indicates the organizational structure, while the numerical rate indicates the financial strength and soundness.*

**Claims Made** - A term describing an insurance policy that covers claims made (reported or filed) during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a "claims made" contract. This form of coverage is in contrast to the occurrence policy, which covers an incident occurring while the policy is in force *regardless of when* the claim arising out of that incident is filed - *one or more years later*.

**Certificate (or Evidence) of Insurance** - A document providing evidence that certain general types of insurance coverage and limits have been purchased by the party required to furnish the certificate.

**Co-Insurance** - A property insurance provision that penalizes the insured for not purchasing a limit of insurance at least equal to a specified percentage (commonly 00-00 percent) of the replacement value of the insured property. Affects loss recovery only in the event of a partial loss. The formula is:

$$\frac{\text{Amount of insurance purchased}}{\text{Amount of insurance required}} \times \text{Loss} - \text{Deductible} = \text{Amount Paid}$$

- a. *Example: You have insured a building for \$100,000 and sustained an \$40,000 loss. To replace the building will cost \$125,000. A policy with a \$5,000 deductible and a 90% co-insurance clause would pay you a total of:*
- b. *\$125,000 x 90% = \$112,500 Amount of Insurance Required*
- c.  $\frac{\$100,000}{\$112,500} (= .88) \times \$40,000 - \$5,000 = \$30,200$

**Deductible** - An amount specified in an insurance policy that is subtracted from a loss in determining the amount of an insurance recovery. In property insurance, the entire policy limit typically applies once the deductible is met. In liability insurance, the deductible amount typically reduces the policy limit.

**Exclusion** - A provision of an insurance policy or bond referring to hazards, circumstances, or property not covered by the policy.

*Example: In a property policy there may be an exclusion for property damage caused by rot. Consequently, any resulting claim where rot is the cause of the damage will not be covered. Exclusions should be read carefully.*

**Experience Rating** - As respects workers' compensation, the method in which the actual loss experience of the insured is compared to the loss experience that is normally expected by other risks in the insured's rating class. The resulting experience modification factor is the applied to the premium of the insured.

**Exposure** - The state of being subject to loss because of some hazard or contingency. Also used as a measure of the rating units of the premium base of a risk.

**Hazard** - Conditions that increase the probability of loss.



**Hold Harmless Agreement** - A provision in a contract that requires one contracting party to respond to certain legal liabilities of the other party. There are a number of hold harmless clauses, differentiated by the extent of the liabilities they transfer.

*Limited form: Where Party A holds Party B harmless for suits arising out of Party A's sole negligence. Party B is protected when it is held vicariously responsible for the actions of Party A.*

**Indemnification** - The agreement of one party to assume financial responsibility for the liability of another party. Hold harmless agreements are typically used to impose this transfer of risk.

**Limit of Liability** - Also called "Coverage Limit" or "Policy Limits", this is the total amount of coverage available to the policyholder or named insured, or the maximum amount that an insurance company agrees to pay in the event of a loss.

*Example: If your policy limits on general liability state \$1,000,000 per occurrence, then the entity insured has available \$1,000,000 to pay for that one loss. Since the coverage also states "per occurrence" the limits are fully restored and available for any future loss within that coverage period.*

**Peril** - The cause of loss, e.g., fire, windstorm, collision.

**Occurrence** - An accident, including continuous or repeated exposure to substantially the same general harmful conditions. General liability policies insure liability for bodily injury or property damage that is caused by an occurrence.

**Policy Period** - The term or duration of the policy. The policy period encompasses the time between the exact hour and date of policy inception and the hour and date of expiration.

## Definition of AM Best Ratings

---

**A++ and A+ (Superior)** - Assigned to companies which have, on balance, superior balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have a very strong ability to meet their ongoing obligations to policyholders.

**A and A- (Excellent)** - Assigned to companies which have, on balance, excellent balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have a strong ability to meet their ongoing obligations to policyholders.

**B++ and B+ (Very Good)** - Assigned to companies which have, on balance, very good balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have a good ability to meet their ongoing obligations to policyholders.

**B and B- (Fair)** - Assigned to companies which have, on balance, fair balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have an ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions.

**C++ and C+ (Marginal)** - Assigned to companies which have, on balance, marginal balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have an ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions.

**C and C- (Weak)** - Assigned to companies which have, on balance, weak balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have an ability to meet their current obligations to policyholders, but their financial strength is very vulnerable to adverse changes in underwriting and economic conditions.

**D (Poor)** - Assigned to companies which have, on balance, poor balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, may not have an ability to meet their current obligations to policyholders and their financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.

## Definition of AM Best Financial Size Categories (FSC)

---

Assigned to all companies and reflects their size based on their capital, surplus and conditional reserve funds in millions of U.S. dollars, using the scale below.

To enhance the usefulness of our ratings, A.M. Best assigns each company a Financial Size Category (FSC). The FSC is designed to provide the subscriber with a convenient indicator of the size of a company in terms of its statutory surplus and related accounts. Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

FSC I	less than	1
FSC II	1 to	2
FSC III	2 to	5
FSC IV	5 to	10
FSC V	10 to	25
FSC VI	25 to	50
FSC VII	50 to	100
FSC VIII	100 to	250
FSC IX	250 to	500
FSC X	500 to	750
FSC XI	750 to	1,000
FSC XII	1,000 to	1,250
FSC XIII	1,250 to	1,500
FSC XIV	1,500 to	2,000
FSC XV	greater than	2,000

## Admitted / Non-Admitted / Guarantee Fund Data

The term "Admitted Carrier" refers to an insurer which has been approved by the State of Alaska's Division of Insurance to authorized to write business within Alaska. An admitted carrier is protected by the State of Alaska Guarantee Fund. Should an insolvency (bankruptcy) occur, this Fund provides for payment of claims submitted to the Fund in accordance with State insurance laws.

A "Non-Admitted Carrier" refers to a carrier whose claimants are not protected by the Guarantee Fund in the event of the insurer's insolvency.

It is important to recognize that the admitted or non-admitted status of an insurer, as well as the applicability of the guarantee fund, are significant only if, and when, an insurer is declared insolvent.

Named Insureds - Master Listing

**Named Insured:**

City of Wasilla  
290 E. Herning Ave  
Wasilla, AK 99654

**All Risk Property Including Crime & Fidelity**

Carrier:	Alaska Public Entity Insurance Company of the West	Alaska Public Entity Insurance Company of the West
Carrier:	Alaska Public Entity Insurance Company of the West	Alaska Public Entity Insurance Company of the West
Best's Rating:	Not Rated	Not Rated
Effective Date:	<input type="checkbox"/> 07/01/04-07/01/05	<input type="checkbox"/> 07/01/05-07/01/06
Policy Number:	<input type="checkbox"/> CHO 1871784 02 248-05	<input type="checkbox"/> TBD
Coverage:	<u>All Risk Property</u>	<u>All Risk Property</u>
	<input type="checkbox"/> Buildings	<input type="checkbox"/> Buildings
	<input type="checkbox"/> Contents	<input type="checkbox"/> Contents
	<input type="checkbox"/> EDP	<input type="checkbox"/> EDP
	<input type="checkbox"/> Mobile Equipment	<input type="checkbox"/> Mobile Equipment
	<input type="checkbox"/> Fine Arts	<input type="checkbox"/> Fine Arts
	<input type="checkbox"/> Crime	<input type="checkbox"/> Crime
Limit:	<u>Property Limit: Blanket</u>	<u>Property Limit: Blanket</u>
	<input type="checkbox"/> \$45,582,452 – Total Insured Value	<input type="checkbox"/> \$45,102,452 – Total Insured Value
	<input type="checkbox"/> \$36,620,445 – Building Value	<input type="checkbox"/> \$36,560,445 – Building Value
	<input type="checkbox"/> \$ 8,161,550 – Contents/EDP	<input type="checkbox"/> \$ 8,121,550 – Contents/EDP
	<input type="checkbox"/> \$ 800,457 – Mobile Equipment	<input type="checkbox"/> \$ 820,457 – Mobile Equipment
	<input type="checkbox"/> \$ 145,720 – Fine Arts (Non-Scheduled)	<input type="checkbox"/> \$ 100,000 – Fine Arts (Non-Scheduled)
	<input type="checkbox"/> Actual Cash Value – Fine Arts (Scheduled)	<input type="checkbox"/> \$50,000,000 – Boiler & Machinery
	<input type="checkbox"/> \$50,000,000 – Boiler & Machinery	
Deductible:	<u>Deductibles</u>	<u>Deductibles</u>
	<input type="checkbox"/> \$ 25,000 – Total Insured Value	<input type="checkbox"/> \$ 25,000 – Property
	<input type="checkbox"/> \$ 25,000 – Building Value	<input type="checkbox"/> \$ 5,000 – Contents/EDP
	<input type="checkbox"/> \$ 5,000 – Contents/EDP	<input type="checkbox"/> \$ 5,000 – Mobile Equipment
	<input type="checkbox"/> \$ 5,000 – Mobile Equipment	<input type="checkbox"/> \$ 500 – Fine Arts (Non-Scheduled)
	<input type="checkbox"/> 10% - Fine Arts (Non-Scheduled)	<input type="checkbox"/> \$ 10,000 – Boiler Machinery
	<input type="checkbox"/> 10%/5,000 Maximum – Fine Arts (Scheduled)	
	<input type="checkbox"/> \$ 10,000 – Boiler & Machinery	
Crime & Fidelity	<u>Limits:</u>	<u>Limits:</u>
	<input type="checkbox"/> \$ 100,000 – Employee Dishonesty	<input type="checkbox"/> \$ 100,000 – Employee Dishonesty
	<input type="checkbox"/> \$ 100,000 – Faithful Performance	<input type="checkbox"/> \$ 100,000 – Faithful Performance
	<input type="checkbox"/> \$ 100,000 – Forgery or Alteration	<input type="checkbox"/> \$ 100,000 – Forgery or Alteration
	<input type="checkbox"/> \$ 25,000 – Theft, Disappearance And Destruction	<input type="checkbox"/> \$ 25,000 – Money & Securities
	<input type="checkbox"/> \$ 25,000 – Money & Securities	<input type="checkbox"/> \$ 25,000 – Money Orders & Counterfeit Paper
	<input type="checkbox"/> \$ 25,000 – Money Orders & Counterfeit Paper	<input type="checkbox"/> \$ 25,000 – Computer Fraud
	<u>Deductibles:</u>	<u>Deductibles:</u>
	<input type="checkbox"/> \$ -0- Employee Dishonesty	<input type="checkbox"/> \$ -0- Employee Dishonesty
		<input type="checkbox"/> \$ -0- Faithful Performance

*City of Wasilla*  
*Risk Solutions Proposal*  
*July 1, 2005 to July 1 2006*

<input type="checkbox"/>	\$	-0- Faithful Performance	<input type="checkbox"/>	\$	-0- Forgery or Alteration
<input type="checkbox"/>	\$	-0- Forgery or Alteration	<input type="checkbox"/>	\$	500 Money & Securities
<input type="checkbox"/>	\$	500 – Theft, Disappearance And Destruction	<input type="checkbox"/>	\$	-0- Money Orders & Counterfeit
<input type="checkbox"/>	\$	-0- Money & Securities	<input type="checkbox"/>	\$	-0- Computer Fraud
<input type="checkbox"/>	\$	-0- Money Orders & Counterfeit			
Premium:		<b>\$78,598 Includes Primary &amp; Excess</b>			<b>\$73,496 – Includes Primary &amp; Excess</b>

For Discussion:

- APEI – Premium with a 3% discount for a 3 year commitment = \$72,461
- AML - \$97,484

Liability

	0911-Subsequent Coverage	0911-Original Coverage
Carrier:	<b>Alaska Public Entity Insurance Insurance Company of the State of Pennsylvania</b>	<b>Alaska Public Entity Insurance Insurance Company of the State of Pennsylvania</b>
Best's Rating:	<b>Not Rated</b>	<b>Not Rated</b>
Effective Date:	07/01/04-07/01/05	07/01/05-07/01/06
Policy Number:	43041722 248-05	TBD
Coverage:	<input type="checkbox"/> General Liability <input type="checkbox"/> Automobile Liability <input type="checkbox"/> Garagekeepers Liability <input type="checkbox"/> Public Officials Liability <input type="checkbox"/> EMS Professional Liability <input type="checkbox"/> Employee Benefits Liability <input type="checkbox"/> Law Enforcement Liability	<input type="checkbox"/> General Liability <input type="checkbox"/> Automobile Liability <input type="checkbox"/> Garagekeepers Liability <input type="checkbox"/> Public Officials Liability <input type="checkbox"/> EMS Professional Liability <input type="checkbox"/> Employee Benefits Liability <input type="checkbox"/> Law Enforcement Liability
Limit:	<input type="checkbox"/> \$15,250,000 – Per Occurrence for each Coverage Above	<input type="checkbox"/> \$15,000,000 – Per Occurrence for each Coverage Above
Deductible:	<input type="checkbox"/> \$ 5,000 – General Liability <input type="checkbox"/> \$15,000 – Sewer Backup <input type="checkbox"/> \$ 2,500 – Products/Completed Operations <input type="checkbox"/> \$ 1,000 – Garagekeepers Liability <input type="checkbox"/> \$10,000 – Public Officials Liability <input type="checkbox"/> \$ 5,000 – EMS Professional Liability <input type="checkbox"/> \$ 2,500 – Employee Benefits <input type="checkbox"/> \$10,000 – Employment Practices <input type="checkbox"/> \$ 5,000 – Law Enforcement Liability <input type="checkbox"/> \$ 2,500 – Automobile Liability <input type="checkbox"/> \$ 2,500 – Physical Damage	<input type="checkbox"/> \$5,000 – General Liability <input type="checkbox"/> \$15,000 – Sewer Backup <input type="checkbox"/> \$ 2,500 – Products/Completed Operations <input type="checkbox"/> \$ 1,000 – Garagekeepers Liability <input type="checkbox"/> \$10,000 – Public Officials Liability <input type="checkbox"/> \$ 5,000 – EMS Professional Liability <input type="checkbox"/> \$ 2,500 – Employee Benefits <input type="checkbox"/> \$10,000 – Employment Practices <input type="checkbox"/> \$ 5,000 – Law Enforcement Liability <input type="checkbox"/> \$ 2,500 – Automobile Liability <input type="checkbox"/> \$ 2,500 – Physical Damage
Premium:	\$72,393 – Automobile Premium \$157,780 – Liability Premium <b>\$230,173 – Total Est. Premium</b>	\$77,013 – Automobile Premium \$127,337 – Liability Premium <b>\$204,350 – Total Est. Premium</b>

For Discussion:

- APEI – Premium with a 3% discount for a 3 year commitment = \$ 74,703 – Automobile Premium  
\$124,201 – Liability Premium  
**\$198,904 – Total Est. Premium**
- AML - \$ 46,285 – Automobile Premium  
\$212,130 – Liability Premium  
**\$258,415 – Total Est. Premium**



**Workers Compensation**

	<b>APEI - Existing Coverage</b>	<b>AML Proposal Coverage</b>
Carrier:	<b>Alaska Public Entity</b>	<b>Alaska Public Entity</b>
Best's Rating:	<b>Not Rated</b>	<b>Not Rated</b>
Effective Date:	07/01/04-07/01/05	07/01/05-07/01/06
Policy Number:	WCPC651005248	TBD
Coverage:	<u>Workers Compensation</u> <u>Employers Liability</u>	<u>Workers Compensation</u> <u>Employers Liability</u>
Limit:	<u>Workers Compensation</u> <input type="checkbox"/> Statutory <u>Employers Liability</u> <input type="checkbox"/> \$1,000,000	<u>Workers Compensation</u> <input type="checkbox"/> \$25,000,000 <u>Employers Liability</u> <input type="checkbox"/> \$ 1,000,000
Premium Basis:	<input type="checkbox"/> \$4,331,237 – Total Payroll	<input type="checkbox"/> \$5,323,024 – Total Payroll
Audit/Reporting Provisions:	<input type="checkbox"/> Annual	<input type="checkbox"/> Annual
Premium:	<b>\$138,988 – Total Est. Premium</b>	<b>\$148,723 – Total Est. Premium</b>

For Discussion:

- APEI – Premium with a 3% discount for a 3 year commitment = \$145,336
- AML - \$158,678
- Alaska National – \$188,737 Unmodified Premium

**Difference in Conditions**

	(05-01-05) Mt. Hawley Insurance Company	(05-01-06) Mt. Hawley Insurance Company
Carrier:	Mt. Hawley Insurance Company	Mt. Hawley Insurance Company
Best's Rating:	A+ X	A+ X
Effective Date:	07/01/04-07/01/05	07/01/05-07/01/06
Policy Number:	MDC0301566	TBD
Coverage:	<u>Earthquake &amp; Flood</u>	<u>Earthquake &amp; Flood</u>
Limit:	<u>Limit:</u> <input type="checkbox"/> \$10,000,000 – Per Occurrence for all coverage's combined subject to an annual aggregate for the Peril(s) of Earthquake & Flood applies separately	<u>Limit:</u> <input type="checkbox"/> \$10,000,000 – Per Occurrence for all coverage's combined subject to an annual aggregate for the Peril(s) of Earthquake & Flood applies separately
Deductible:	<input type="checkbox"/> 5% of the total value at risk per building at time of loss subject to a minimum of \$100,000 for Flood & Earthquake, \$25,000 per occurrence for All Other Perils	<input type="checkbox"/> 5% of the total value at risk per building at time of loss subject to a minimum of \$100,000 for Flood & Earthquake, \$25,000 per occurrence for All Other Perils-
Locations:	<input type="checkbox"/> As per Scheduled on file with Company, AK	<input type="checkbox"/> As per Scheduled on file with Company, AK
Premium Basis:	<input type="checkbox"/> \$44,081,995 Total Insured Value	<input type="checkbox"/> \$45,131,995 Total Insured Value
Endorsements/Exclusions:	<input type="checkbox"/> Difference in Conditions Policy <input type="checkbox"/> Minimum Premium Endorsement – Percent of Premium <input type="checkbox"/> Replacement Cost Endorsement <input type="checkbox"/> Underlying Policy Endorsement <input type="checkbox"/> Exclusion of Certain Computer Related Losses – A <input type="checkbox"/> Flood Zone Exclusion Endorsement <input type="checkbox"/> Per Building Deductible <input type="checkbox"/> Service of Suite Endorsement <input type="checkbox"/> Change Endorsement	<input type="checkbox"/> Difference in Conditions Policy <input type="checkbox"/> Minimum Premium Endorsement – Percent of Premium <input type="checkbox"/> Replacement Cost Endorsement <input type="checkbox"/> Underlying Policy Endorsement <input type="checkbox"/> Exclusion of Certain Computer Related Losses – A <input type="checkbox"/> Flood Zone Exclusion Endorsement <input type="checkbox"/> Per Building Deductible <input type="checkbox"/> Service of Suite Endorsement <input type="checkbox"/> Change Endorsement
Premium	<u>\$38,000 – Premium</u> <u>\$500 – Broker Fee</u> <u>\$150 – Alaska Filing Fee</u> <u>\$38,650 – Total Est. Premium</u>	<u>\$39,000 – Premium</u> <u>\$500 – Broker Fee</u> <u>\$150 – Alaska Filing Fee</u> <u>\$39,650 – Total Est. Premium</u>

Aviation

	05-05-05 Property Coverage	05-06-06 Property Coverage
Carrier:	<b>ACE Property &amp; Casualty</b>	<b>ACE Property &amp; Casualty</b>
Best's Rating:	<b>A XV</b>	<b>A XV</b>
Effective Date:	07/01/04-07/01/05	07/01/05-07/01/06
Policy Number:	AAP N00984577 001	TBD
Coverage:	<input type="checkbox"/> <u>Airport Owners &amp; Operators General Liability</u>	<input type="checkbox"/> <u>Airport Owners &amp; Operators General Liability</u>
Limit:	<input type="checkbox"/> \$10,000,000 – Products-Completed Operations Aggregate <input type="checkbox"/> \$10,000,000 – Personal Injury and Advertising Injury Aggregate <input type="checkbox"/> \$10,000,000 – Malpractice Aggregate <input type="checkbox"/> \$10,000,000 – Each Occurrence <input type="checkbox"/> \$ 100,000 – Fire Damage (Any One Fire) <input type="checkbox"/> \$ 5,000 – Medical Expense (Any One Person) <input type="checkbox"/> \$10,000,000 – Hangarkeepers (Any One Occurrence) <input type="checkbox"/> \$10,000,000 – Hangarkeepers (Any One Aircraft) <input type="checkbox"/> \$10,000,000 – Non-Owned Aircraft Liability (Any One Occurrence)	<input type="checkbox"/>
Endorsements/Exclusions:	<input type="checkbox"/> Important Notice to Our Alaska Policyholders <input type="checkbox"/> Amendment of Noise and Pollution and Other Perils Exclusions <input type="checkbox"/> Immunity Waiver Endorsement <input type="checkbox"/> Nuclear Risks Exclusion Clause <input type="checkbox"/> Personal Injury Limitation Endorsement <input type="checkbox"/> Volunteers Endorsement <input type="checkbox"/> Date Recognition Exclusion Endorsement <input type="checkbox"/> Alaska Changes – Cancellation and Non-Renewal <input type="checkbox"/> Alaska Changes – Attorney Fee	<input type="checkbox"/>
Premium:	<b>\$9,115 – Total Est. Premium</b>	<b>\$– Total Est. Premium</b>

Premium/Rate Summary

Coverage/Line	2005 Proposal	2006 Proposal	2006 Proposal - Value
Property	\$ 78,598	\$ 73,496	\$ 72,461*
Liability	\$ 230,173	\$204,350	\$198,904*
Workers Compensation	\$ 138,988	\$148,723	\$145,336*
Earthquake & Flood	\$ 38,650	\$ 39,650	\$ 39,650
Aviation	\$ 9,115	\$	\$
<b>TOTAL:</b>	<b>\$ 495,524</b>	<b>\$466,219</b>	<b>\$456,351*</b>

Agreement to Remain In Program

Alaska Public Entity Insurance ('APEI'), and the undersigned member of APEI ('Member'), for mutual consideration, hereby agree as follows:

1. Member agrees to remain a member of APEI for at least three years, through the conclusion of the 2007-2008 policy year that will end on June 30, 2008. Consistent with this paragraph, Member agrees not to give notice of intent to withdraw from the program during the three year period, and further agrees not to seek quotes during that time from other potential insurers for coverage's provided under the APEI program.
2. APEI agrees to provide Member with a discount on Member's annual contributions for the provision of insurance coverage under the program, in an amount to be determined by the APEI Administrator. For the 2005-2006 policy year, the discount shall be 3% of the net premium received by APEI, after payment for excess insurance and broker commissions. For future years, it is the intention of the Administrator that the discount provided will be at least the same as that provided for 2005-2006.
3. If Member gives written notice to the Administrator of intent to withdraw from the program prior to the conclusion of this three year agreement, or otherwise acts inconsistent with the terms of this agreement, Member will forfeit all credits received pursuant to this agreement and will be required to repay all such credits to APEI, with interest, plus all contributions reasonably due for the remainder of the unexpired three-year term, as determined by the Administrator.

IN WITNESS WHEREOF, the parties hereto, acting through properly authorized officials, hereby execute this Agreement.

Member: \_\_\_\_\_ Alaska Public Entity Insurance

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

*City of Wasilla  
Risk Solutions Proposal  
July 1, 2005 to July 1 2006*

**Form 2**

**MMC Transparency Disclosure Form 2**

**Date:** 06/24/05  
**City of:** Wasilla  
**To:** Ted Leonard  
**Location:** Wasilla, Alaska  
**From:** Roseanne Leydon  
**Location:** Anchorage, Alaska  
**Client:** Phone No.: 907-373-9080  
**Phone No.:** 907-373-9080  
**Location:** Phone No.: 907-276-5617  
**Phone No.:** 907-276-5617  
**Fax No.:** 907-373-9085  
**Fax No.:** 907-276-6292

**Eff. Date:** 07/01/05  
**Exp. Date:** 07/01/06

**A. Authorization / Quotes Received (Detailed recommendations, terms and conditions are included in proposal and/or available upon request)**

Item	Line Of Coverage	Limits / Layers	Insurance Co. Issuing Paper (If Known)	MMC Binding Other Mgmt Auth. (Yes/No)	Quote Included (Yes/No)	Quotation Authorization Indication	Retail Commission		Non-Wholesaler Intermediary Commission		Fees & Third Party Compensation	
							Percent	\$ Amount	Percent	\$ Amount	Percent	\$ Amount
1	Property	\$46,102,452	Alaska Public Entity, Inc.	No	No	Quotation	0%	\$0	0%	\$0		
2	Liability	\$15,000,000	Alaska Public Entity, Inc.	No	No	Quotation	0%	\$0	0%	\$0		
3	Difference in Conditions	\$10,000,000 WC	Mt. Hawley	No	No	Quotation	0%	\$0	0%	\$0		
4	Workers Compensation	\$25,000/EL \$1,000,000	Alaska Public Entity	No	No	Quotation	0%	\$0	0%	\$0		
5	Aviation	\$10,000,000	ACE USA	No	No	Quotation	0%	\$0	0%	\$0		

**B. Wholesaler Broker Information**

This Risk Solutions Proposal Summary is provided to you as a summary of Marsh USA Inc., marketing efforts for renewal. It is intended as a working document for your easy reference, decision-making and selection of renewal options. It is not intended to amend, limit or broaden the terms of any existing policy or proposal.

*City of Wasilla  
Risk Solutions Proposal  
July 1, 2005 to July 1 2006*

Item	Line Of Coverage	Wholesale Brokerage Firm	Location	MMC Contractual Agreement with Wholesale Broker (Yes/No)	MMC Ownership Interest (Yes/No)	Premium	Wholesale Comm. Percent	Wholesale Commission \$ Amount	Alternatives to Using This Wholesale Broker
2									

**C. Declinations / Non-Responses**

Item	Line Of Coverage	Insurance Co. / Issuing Paper	Declination (Yes/No)	No Response (Yes/No)	Explanation Concerning Declination

**D. Comments**  
(For explanations of Sections A, B & C above. No premiums, commissions or fees should be indicated here)

Section Number	Item Number	Comments / Explanations

**Notes:**

Fees, taxes and surcharges are not included in these premium figures. If applicable, the premiums may also be subject to audit and retrospective rating.  
 Any non-wholesaler intermediary commission identified above will be in addition to and not credited against Marsh's fee.  
 Complete quotation documents are available upon request.  
 Detailed recommendations, terms and conditions are outlined in our proposal.  
 See Form 2A - MMC and Subsidiaries Direct & Indirect Investments in Insurance and Reinsurance Companies  
 See Form 2B - Disclosures of Contractual Agreements with Insurers and Wholesale Brokers

Form 2A

Equity Interests in Insurers

Through its subsidiaries and affiliates, MMC owns shares or other equity interests, directly and indirectly, in a number of insurers and reinsurers which are identified in the following chart which is current as noted in the footnotes.

MMC and Subsidiaries		Form 2A
Direct & Indirect Investments in Insurance and Reinsurance Companies		
Company/Reinsurer/Structure	Percent of Ownership	
Ace Limited (NYSE: ACE)	0.30%	
Allied World Assurance Holdings, Ltd (Privately held)	0.06%	
AXIS Capital Holdings Limited (NYSE: AXS) *	7.47%	
B.H. Acquisition (Privately held) *	5.50%	
Castlewood Holdings Limited (Privately held) *	8.33%	
Catlin Westgen Group Limited (LSE: CGL) *	0.30%	
CWI Holdings Inc (Privately held) *	22.41%	
Endurance Specialty Insurance Ltd (NYSE: ENH)	0.25%	
Excess Reinsurance (Privately held)	9.50%	
FGIC (Privately held) *	0.10%	
First Mercury Financial (Privately held) *	0.04%	
HI Holdings (Privately held owner of Zephyr Insurance Company Inc)	17.50%	
International Financial Group (Privately held)	1.10%	
James River Group Inc (Privately held) *	6.00%	
NipponKoa Insurance (TSE: 8754/ PNK: NPPKF.PK)	0.06%	
Reaseguradora Patria (Mexico)	1.00%	
Reinsurance Group of America (NYSE: RGA)	0.80%	
Russian Reinsurance Company (Privately held)	15.00%	
Signal Holdings LLC (Privately held owner of TelecomRe) *	12.75%	
Wellington Underwriting Plc (LSE: WUN) *	< 0.1%	
Wilton Re Holdings Limited (Privately Held) *	10.46%	
XL Capital Ltd. (NYSE: XL)	0.80%	
Debt Holdings	Carrying Value	
Chandler Insurance Holdings	\$2.771 million in registered debt	

**Footnotes:**

- 1 This list does not include investments in companies in which MMC and its subsidiaries own less than \$100,000 worth of the company's shares.
- 2 From time to time MMC and its subsidiaries may also hold commercial paper issued by insurance companies, their parent companies or affiliates.
- 3 Other than Castlewood, this list shows active insurance companies or their holding company parents only. It does not list any other insurance companies in run-off or liquidation. Castlewood manages and acquires (re)insurance companies that are generally in run-off.
- 4 This list does not include MMC's own captive insurance companies or investments in client captives.
- 5 This list does not reflect any holdings directly or indirectly held by any of MMC's defined benefit plans.
- 6 The percentages indicated for some investments are as of different dates. However, we do not believe this results in material differences in the aggregated percentages shown.
- 7 The term "Privately Held" refers to companies that are not traded on public stock exchanges.
- 8 An asterisk (\*) indicates that some or all of the investment is held indirectly through an investment fund. If MMC owns X% of a Fund that owns Y% of an insurance company, MMC would own X% times Y% of the insurance company. MMC and its subsidiaries have direct and indirect investments in selected funds, as follows:
  - MMC Capital has approximately a 25% investment in Trident II
  - MMC Capital has approximately a 27% investment in Trident III
  - MMC Capital has approximately a 2% to 2.5% investment in JP Morgan Corsair II
  - MMC Capital has approximately a 12% investment in Century Capital Partners
  - Marsh has a 0.25% commitment to Glencoe Capital Partners III LP
- 9 Some of the ownership percentages have been rounded.
- 10 Current as of March 31, 2005.



### **Contractual Agreements with Insurers and Wholesale Brokers**

In order to place insurance with insurers, Marsh typically enters into agreements commonly called "agency agreements" which authorize Marsh to solicit the sale of the insurers' products and sets forth the terms of trade between Marsh and the insurers. Your Marsh broker will advise you in writing of the actual commission or rate to be earned by Marsh upon the placement of your insurance policy with a prospective insurer. Your Marsh broker will also advise you in writing if Marsh is authorized to bind coverage on behalf of the prospective insurer, or if Marsh manages the prospective insurer. Marsh does not usually enter into agency or similar terms of trade agreements with wholesale brokers. Your Marsh broker will advise you in writing if it will be necessary or advisable to use the services of a wholesale broker to access a particular insurance market, and will advise you in writing whether the wholesale broker is affiliated with Marsh, and the rate of any commissions or fees to be earned by Marsh if it uses the services of the wholesale broker.

Aside from the agency agreements, which are usually necessary to complete placements on your behalf, Marsh and its affiliates have a significant number of contractual relationships with insurance companies of the following types, which, except as specifically identified to you, do not directly bear upon Marsh's compensation in its placement activities on your behalf.

Marsh Inc. and its affiliates provide many insurers and reinsurers with: insurance brokerage services for the carrier's own insurance; claims management software through Marsh STARS; claims administration services; management of single parent and group captive insurance companies, risk retention groups and pools; administration of affinity group insurance programs (including enrollment, billing, payment and customer service); managing general agency services; administration of internet based insurance placing facilities; mergers and acquisitions due diligence and consulting services; and through Guy Carpenter & Co. Inc. reinsurance brokerage services.

Mercer Inc. and its affiliates provide many insurers and reinsurers with: management and actuarial consulting services; rate review and loss reserving analysis; litigation support services including expert witnesses, economic modeling and economic consulting; business valuation services; investment advising; employee benefit consulting; pension plan administration; claims administration; insurance brokerage services primarily for life, health, medical, benefits, disability and other personal lines of insurance; compensation plan consulting; and corporate identity consulting.

Putnam Investments and its affiliates provide many insurers and reinsurers with: investment management and advisory services; marketing support and administrative services; distribution support and pension and 401k services.

Kroll Inc. and its affiliates provide many insurers and reinsurers with: Business Intelligence & Investigations (BI&I), Corporate Internal Investigations, Litigation Support, Asset Searches, Business Intelligence, and Due Diligence.

Marsh and its affiliates may provide similar services to wholesale brokers and will specifically advise you if any of those services directly bear upon Marsh's compensation in its placement activities on your behalf.

The list of insurers and wholesale brokers with which MMC or one or more of its affiliates have some form of contractual arrangement covering the types of services described above is lengthy and changes on a regular basis as new engagements are undertaken and in process projects are completed. In some cases, contractual relationships may be of significant value to one or more of Marsh's affiliates. However, except as specifically identified to you, those relationships do not bear upon Marsh's compensation in its placement activities on your behalf.