



	Approved	Denied
Date Action Taken:	7/9/07	
Other:		
Verified by:	<i>W. Miller</i>	

WASILLA CITY COUNCIL ACTION MEMORANDUM

AM No. 07-39

TITLE: AWARD OF A ONE (1) YEAR CONTRACT TO ALASKA PUBLIC ENTITY INSURANCE, MT. HAWLEY INSURANCE COMPANY, AND ACE PROPERTY AND CASUALTY INSURANCE COMPANY THROUGH MARSH USA, INC., FOR INSURANCE SERVICES IN THE AMOUNT OF \$546,394 PER YEAR.

Agenda of: July 9, 2007

Date: June 29, 2007

Originator: William A. Miller, Purchasing Officer

Route to:	Department	Signature/Date
	Police Chief Youth Court, Dispatch, Code Compliance	
	Culture and Recreation Services Director Library, Museum, Sports Complex	
	Public Works & Recreation Facility Maintenance Director	
X	Finance, Risk Management & MIS Director Purchasing	<i>Dianne E. Colgan 6-29-07</i>
X	Deputy Administrator Planning, Economic Development, Human Resources	<i>Sandra Houly 6-29-07</i>
X	City Clerk	

REVIEWED BY MAYOR DIANNE M. KELLER:

Dianne M. Keller 6/29/07

FISCAL IMPACT: yes \$546,394 per year or no Funds Available yes no

Account name/number: Various

Attachments: Broker analysis

SUMMARY STATEMENT: The City awarded the renewal of the City of Wasilla's insurance coverage (property, liability, automobile, and workers compensation) to Alaska Public Entity Insurance (APEI), renewal of Difference in Conditions (earthquake and flood) insurance to Mt. Hawley Insurance Company, and renewal of aviation insurance to ACE Property & Casualty under WMC 5.08.150 (emergency procurement) on June 22, 2007. The City of Wasilla did not receive the final quotes from the Insurance Pools until June 21, 2007 at 3:00 p.m. which was too late to have the renewals placed on the June 25th Council agenda.

This will serve as the final renewal of this contract as the City will be issuing an RFP for insurance services for FY2009 in February 2008. The rates offered this year are lower

or level when compared to FY2007 which represents an overall \$11,000 premium increase. The increase is based on increased property values and payrolls.

The insurance products being renewed are as follows:

Marsh USA, Inc.

Insurance brokerage services

Alaska Public Entity Insurance

Property, liability, automobile and workers compensation

Mt. Hawley Insurance Company and Pacific Insurance Company

Difference in conditions (earthquake, flood and terrorism)

ACE Property & Casualty Insurance

Aviation (for the Wasilla Airport)

ACTION: Council is requested to authorize the award of a contract for renewal of insurance services to Alaska Public Entity Insurance, Mt. Hawley Insurance Company, and ACE Property & Casualty Insurance Company through Marsh USA, Inc. The City may terminate this Contract, and these firms waive any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the funding from City, State, and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

MARSH

Brandon Allen
Senior Vice President

Marsh USA Inc.
1031 West 4th Avenue, Suite 400
PO Box 107502
Anchorage, AK 99510
907 276 5617 Fax 907 276 6292
brandon.allen@marsh.com
www.marsh.com

June 19, 2007

Sandra Garley
Deputy Administrator
City of Wasilla
290 E. Herning
Wasilla, AK 99654

Subject:

Property Casualty Insurance Renewal

Dear Sandra,

Sandra, we are pleased to present our renewal proposal including quotes from APEI and AML/JIA for your property/casualty coverages, an excess DIC program for earthquake and flood and an aviation premises policy. Here are my observations and comments.

MARKET CONDITIONS

This is an interesting renewal for APEI and AML/JIA. Each of them is using the same reinsurance facility which causes both some consternation. AML/JIA has used the Newport Beach, California office of Driver Alliant for many years. A year ago, APEI's two account executives at AON moved to the recently opened Driver Alliant office in Seattle. One would assume that reinsurance rates would be similar so pricing differences should be based on pool performance and fiscal philosophy.

It is interesting to note that the standard market, Alaska National, remains unwilling to compete in this arena even though the City of Wasilla offers several hundred thousand dollars of premiums combined with an attractive loss history. There is considerable competition for municipal business in the lower 48. However, it is focused on public entities willing to assume a substantial casualty SIR, usually \$250k. That SIR is well above the City of Wasilla casualty premium so it does not make sense to pursue that approach.

MARSH

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June 19, 2007
Sandra Garley
City of Wasilla

RENEWAL DEVELOPMENTS

Last year APEI began to re-underwrite their entire book of business. This was intended to produce more consistent pricing among the members. As a result, this year we find them less willing to negotiate pricing. AML/JIA, who has been relentless in securing an opportunity to quote your account, was \$197k or 40% higher than APEI. Both quotes are attached for your review. Because APEI is the obvious choice, my pricing comments refer to their quote. Here are my comments by line of coverage.

Property

Property premiums are calculated at rate times Total Insured Value (TIV). Your TIV increased by \$1.9mm to \$50,878,551. This years renewal premium is \$99,315 or a rate of .195 which compares to the expiring premium of \$97,145 or .198 rate. This premium is in line with our budget estimates.

Difference in Conditions (quake & flood)

The DIC market continues to be difficult. Our innovative "excess of floating underlying" coverage structure continues to be the most cost effective approach. Recapping the structure, APEI offers a \$25mm shared program for quake and flood. This means that in a loss involving more than one member, they all share in the \$25mm limit. I negotiated a structure that places excess DIC for City of Wasilla over the shared limit. Because the amount of share cannot be determined pre-loss, the first excess layer attaches at the actual amount available after a loss. For pricing purposes, we agreed that \$5mm would be available although the DIC will drop down if less than \$5mm is only available.

Last year the City of Wasilla purchased \$10mm of coverage excess of the APEI shared primary. That excess limit was split 50/50 with Mt. Hawley and Pacific Indemnity. This year Pacific Indemnity has declined to offer a quote and Mt. Hawley has agreed to write the entire \$10mm.

MARSH

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June 19, 2007

Sandra Garley

City of Wasilla

Here is a chart showing expiring and renewal premiums by layer:

	EXPIRING	RENEWAL
APEI \$5mm shared aggregate	\$16,155	\$16,794
First layer excess \$10mm X of \$5mm	49,367	45,000
Total limits \$25mm	65,522	61,794

The premium savings of \$3,728 is a 5.7% reduction and well under your budgeted 15% increase.

Limit adequacy has had considerable discussion. Without an engineering study to estimate probable maximum loss (PML) from an earthquake, limits are selected by the City through combination of internal discussions and budget considerations.

Liability

This line of coverage includes General Liability, Garagekeepers Liability, Public Officials Liability, EMS Professional Liability, Employee Benefits Liability, Employment Practices Liability and Law Enforcement Liability. Premiums are based on payrolls, operating expenditures and loss history. Your payrolls are up this year about 6%. The total operating budget is up about \$1mm from \$12.1mm to \$13.1mm and the loss history is excellent.

Your expiring premium is \$155,384 and the renewal premium is \$148,441 for a decrease of \$6,943 or a reduction of 4.5% which is below your budgeted flat renewal.

Automobile

The APEI renewal premium is \$71,783 compared to the expiring \$77,567 for a reduction of \$5,784 or a reduction of 7.5% which is below your budgeted flat renewal.

Workers Compensation

Your renewal premium is \$155,671 compared to the expiring premium of \$148,611 for an increase of \$7,060 or 4.8%. This premium increase is primarily due to the 6% increase in your payrolls.

MARSH

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June 19, 2007
Sandra Garley
City of Wasilla

Aviation

This policy covers your exposures associated with the airport. The premium of \$9,390 is \$180 less than expiring.

CONCLUSION

Sandra, I view this as a successful renewal. Rates are lower or flat for every line of coverage. The \$11,000 overall premium increase is based on increased property values and payrolls.

I appreciate your confidence in Marsh and look forward to continuing as City's insurance broker and risk management advisor.

Sincerely,

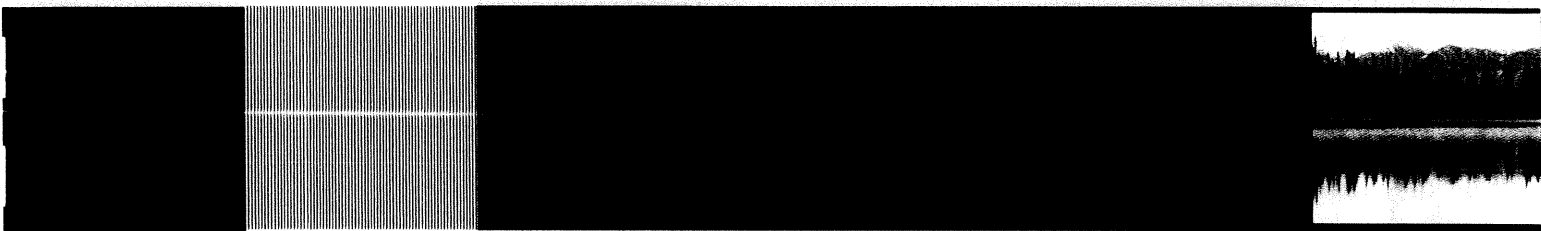


Brandon Allen
Senior Vice President

City of Wasilla

Risk Solutions Proposal

July 1, 2007 to July 1, 2008



MARSH

Presented by:

Brandon Allen, Senior Vice President

Roseanne Leydon, Assistant Vice President

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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

Jim Brady, Sr. Vice President/Head of Office	257-6342	jim.brady@marsh.com
Brandon Allen, Sr. Vice President	257-6366	brandon.allen@marsh.com
Roseanne Leydon, Assistant Vice President	257-6376	roseanne.leydon@marsh.com
Jenny K. Dean, Client Representative	257-6351	jenny.dean@marsh.com

Marsh is part of the family of MMC companies, including Kroll, Guy Carpenter, Putnam Investments, Mercer Human Resource Consulting (including Mercer Health & Benefits, Mercer HR Services, Mercer Investment Consulting, and Mercer Global Investments), and Mercer specialty consulting businesses (including Mercer Management Consulting, Mercer Oliver Wyman, Mercer Delta Organizational Consulting, NERA Economic Consulting, and Lippincott Mercer).

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.

Named Insureds - Master Listing

Named Insured:

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

All Risk Property Including Crime, Fidelity & DIC

2006-2007 Current Coverage	2007-2008 Proposed Coverage
Carrier: Alaska Public Entity Insurance Not Rated Insurance Company of the West A- XI Admitted Carriers	Alaska Public Entity Insurance Not Rated Allied World Assurance Company A XIV Lexington Insurance Company (DIC) A+ XV Non Admitted Carriers
Effective Date: <input type="checkbox"/> 07/01/06-07/01/07	<input type="checkbox"/> 07/01/07-07/01/08
Policy Number: <input type="checkbox"/> CHO18717840424807	<input type="checkbox"/> TBD
Coverage: <u>All Risk Property</u> <input type="checkbox"/> Buildings <input type="checkbox"/> Contents <input type="checkbox"/> EDP <input type="checkbox"/> Mobile Equipment <input type="checkbox"/> Fine Arts <input type="checkbox"/> Crime <input type="checkbox"/> Boiler & Machinery <input type="checkbox"/> Earthquake & Flood	<u>All Risk Property</u> <input type="checkbox"/> Buildings <input type="checkbox"/> Contents <input type="checkbox"/> EDP <input type="checkbox"/> Mobile Equipment <input type="checkbox"/> Fine Arts <input type="checkbox"/> Crime <input type="checkbox"/> Boiler & Machinery <input type="checkbox"/> Earthquake & Flood
Limit: <u>Property Limits</u> <input type="checkbox"/> \$48,960,617 – Total Insured Value <input type="checkbox"/> \$39,161,245 – Building Value <input type="checkbox"/> \$ 8,671,550 – Contents/EDP <input type="checkbox"/> \$ 886,957 – Mobile Equipment <input type="checkbox"/> \$ 240,865 – Fine Arts (Including Endorsements) <input type="checkbox"/> \$50,000,000 – Boiler & Machinery	<u>Property Limits</u> <input type="checkbox"/> \$50,878,551 – Total Insured Value <input type="checkbox"/> \$49,775,395 – Building Value/Contents/EDP <input type="checkbox"/> \$ 933,156 – Mobile Equipment <input type="checkbox"/> \$ 170,000 – Fine Arts (Non-Scheduled) <input type="checkbox"/> \$50,000,000 – Boiler & Machinery
Deductible: <u>Deductibles</u> <input type="checkbox"/> \$ 25,000 – Property <input type="checkbox"/> \$ 5,000 – Contents/EDP <input type="checkbox"/> \$ 5,000 – Mobile Equipment <input type="checkbox"/> \$ 500 – Fine Arts (Non-Scheduled) <input type="checkbox"/> \$ 10,000 – Boiler Machinery	<u>Deductibles</u> <input type="checkbox"/> \$ 25,000 – Property <input type="checkbox"/> \$ 5,000 – Contents/EDP <input type="checkbox"/> \$ 5,000 – Mobile Equipment <input type="checkbox"/> \$ 500 – Fine Arts (Non-Scheduled) <input type="checkbox"/> \$ 10,000 – Boiler Machinery

Crime & Fidelity Limits

- \$ 100,000 – Employee Dishonesty
- \$ 100,000 – Faithful Performance
- \$ 100,000 – Forgery or Alteration
- \$ 25,000 – Money & Securities
- \$ 25,000 – Money Orders & Counterfeit Paper
- \$ 25,000 – Computer Fraud

Deductibles

- \$ -0- Employee Dishonesty
- \$ -0- Faithful Performance
- \$ -0- Forgery or Alteration
- \$ 500 Money & Securities
- \$ -0- Money Orders & Counterfeit
- \$ -0- Computer Fraud

Earthquake & Limits:

- Flood
- \$ 25,000,000 Earthquake
 - \$ 25,000,000 Flood

Deductibles

- 2% of the total value at risk per building at time of loss subject to a minimum of \$100,000 for Flood and Earthquake

Locations

- As per schedule on file with Company

Endorsements / Refer to the policy
Exclusions:

Premium: **\$ 97,145**

Limits

- \$ 100,000 – Employee Dishonesty
- \$ 100,000 – Faithful Performance
- \$ 100,000 – Forgery or Alteration
- \$ 25,000 – Money & Securities
- \$ 25,000 – Money Orders & Counterfeit Paper
- \$1,000,000 – Computer Fraud

Deductibles

- \$ -0- Employee Dishonesty
- \$ -0- Faithful Performance
- \$ -0- Forgery or Alteration
- \$ 500 Money & Securities
- \$ -0- Money Orders & Counterfeit
- \$ -0- Computer Fraud

Limits:

- \$ 25,000,000 Earthquake
- \$ 25,000,000 Flood

Deductibles

- 2% of the total value at risk per building at time of loss subject to a minimum of \$100,000 for Flood and Earthquake

Locations

- As per schedule on file with Company

Refer to the policy

\$ 99,315

Liability

	2006-2007 Current Coverage	2007-2008 Proposed Coverage
Carrier:	Alaska Public Entity Insurance Not Rated Insurance Co. of the State of Pennsylvania A+ XV Admitted Carriers	Alaska Public Entity Insurance Not Rated AIG Life Insurance Company A++ XV Admitted Carriers
Effective Date:	07/01/06-07/01/07	07/01/07-07/01/08
Policy Number:	876674324807	TBD
Coverage:	<input type="checkbox"/> General Liability <input type="checkbox"/> Sewer Backup <input type="checkbox"/> Products/Completed Operations <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"/> Employment Practices Liability <input type="checkbox"/> Law Enforcement Liability <input type="checkbox"/> Excess Liability	<input type="checkbox"/> General Liability <input type="checkbox"/> Sewer Backup <input type="checkbox"/> Products/Completed Operations <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"/> Employment Practices Liability <input type="checkbox"/> Law Enforcement Liability
Coverage Form:	<input type="checkbox"/> Occurrence	<input type="checkbox"/> Occurrence
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 Liability <input type="checkbox"/> \$10,000 – Employment Practices Liability <input type="checkbox"/> \$ 5,000 – Law Enforcement Liability <input type="checkbox"/> \$ 0 – Automobile Liability <input type="checkbox"/> \$ 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 Liability <input type="checkbox"/> \$10,000 – Employment Practices Liability <input type="checkbox"/> \$10,000 – Law Enforcement Liability <input type="checkbox"/> \$ 0 – Automobile Liability <input type="checkbox"/> \$ 500 – Physical Damage
Endorsements / Exclusions:	<input type="checkbox"/> Refer to the policy	<input type="checkbox"/> Refer to the policy
Premium:	\$ 71,607.06 – Auto Premium (Incl endorsements) \$155,384.00 – Liability Premium \$226,991.06 – Total Premium	\$ 71,783 – Auto Premium \$ 148,441 – Liability Premium \$ 220,224 – Total Premium

Workers Compensation

	2006-2007 Current Coverage	2007-2008 Proposed Coverage
Carrier:	Alaska Public Entity Insurance Not Rated Continental Casualty Co. (CNA) A XV Admitted Carriers	Alaska Public Entity Insurance Not Rated Wexford Assurance Company A- XV Lloyds of London A XV Non Admitted Carriers
Effective Date:	07/01/06-07/01/07	07/01/07-07/01/08
Policy Number:	WCPS65100724807	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 Each Accident <input type="checkbox"/> \$ 1,000,000 Each Policy Limit <input type="checkbox"/> \$ 1,000,000 Each Employee	<u>Workers Compensation</u> <input type="checkbox"/> Statutory <u>Employers Liability</u> <input type="checkbox"/> \$ 1,000,000 Each Accident <input type="checkbox"/> \$ 1,000,000 Each Policy Limit <input type="checkbox"/> \$ 1,000,000 Each Employee
Premium Basis:	<input type="checkbox"/> \$5,904,515 – Total Payroll	<input type="checkbox"/> \$6,296,450 – Total Estimated Payroll
Endorsements/ Exclusions:	<input type="checkbox"/> Refer to the policy	<input type="checkbox"/> Refer to the policy
Audit/Reporting Provisions:	<input type="checkbox"/> Annual	<input type="checkbox"/> Annual
Premium:	\$148,611 – Total Premium	\$155,671 – Total Premium

Aviation

	2006-2007 Current Coverage	2007-2008 Proposed Coverage
Carrier:	ACE Property & Casualty Admitted Carrier	ACE Property & Casualty Admitted Carrier
Best's Rating:	A+ XV	A+ XV
Effective Date:	07/01/06-07/01/07	07/01/07-07/01/08
Policy Number:	AAPN00984577003	TBD
Coverage:	<u>Airport Owners & Operators Liability</u>	<u>Airport Owners & Operators Liability</u>
Limit:	<ul style="list-style-type: none"> <input type="checkbox"/> 10,000,000 each occurrence/offense in respect to Bodily Injury, Personal and Advertising Injury and Property Damage combined, subject to the following limitations: <input type="checkbox"/> \$10,000,000 Products-Completed Operations annual Aggregate Limit <input type="checkbox"/> \$10,000,000 Personal and Advertising Injury Annual Aggregate Limit <input type="checkbox"/> \$10,000,000 Malpractice Annual Aggregate Limit <input type="checkbox"/> \$ 100,000 Fire Damage Limit Any One Fire <input type="checkbox"/> \$ 5,000 Medical Expense Limit Any One Person <input type="checkbox"/> \$10,000,000 Hangarkeepers not 'in flight' Limit Any One Occurrence <input type="checkbox"/> \$10,000,000 Hangarkeepers not 'in flight' Limit Any One Aircraft <input type="checkbox"/> \$10,000,000 Non-Owned Aircraft Liability 	<ul style="list-style-type: none"> <input type="checkbox"/> 10,000,000 each occurrence/offense in respect to Bodily Injury, Personal and Advertising Injury and Property Damage combined, subject to the following limitations: <input type="checkbox"/> \$10,000,000 Products-Completed Operations annual Aggregate Limit <input type="checkbox"/> \$10,000,000 Personal and Advertising Injury Annual Aggregate Limit <input type="checkbox"/> \$10,000,000 Malpractice Annual Aggregate Limit <input type="checkbox"/> \$ 100,000 Fire Damage Limit Any One Fire <input type="checkbox"/> \$ 5,000 Medical Expense Limit Any One Person <input type="checkbox"/> \$10,000,000 Hangarkeepers not 'in flight' Limit Any One Occurrence <input type="checkbox"/> \$10,000,000 Hangarkeepers not 'in flight' Limit Any One Aircraft <input type="checkbox"/> \$10,000,000 Non-Owned Aircraft Liability
Endorsements/ Exclusions:	<input type="checkbox"/> Refer to the policy	<input type="checkbox"/> Refer to the policy
Premium:	<input type="checkbox"/> \$9,570	<input type="checkbox"/> \$9,390

**Notes: Terrorism Coverage - \$5,000 additional premium
War Coverage - \$5,000 additional premium, or**

Terrorism & War Coverage - \$7,500 additional premium

Elect/Reject coverage. See attached form.



ace usa

ACE PROPERTY AND CASUALTY INSURANCE COMPANY
Insurance Company

Marsh USA, Inc.

Broker/Producer

City of Wasilla

Policyholder

**POLICYHOLDER DISCLOSURE NOTICE
ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002, you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

IF YOU PURCHASE COVERAGE FOR ACTS OF TERRORISM DEFINED IN THE ACT, SUCH COVERAGE WILL BE SUBJECT TO ALL TERMS, CONDITIONS AND OTHER COVERAGE LIMITATIONS OF YOUR POLICY.

RESPONSIBILITY FOR COMPENSATION UNDER THE ACT IS SHARED BETWEEN INSURANCE COMPANIES COVERED BY THE ACT AND THE UNITED STATES. ANY COVERAGE THAT YOU PURCHASE FOR LOSSES CAUSED BY ACTS OF TERRORISM DEFINED IN THE ACT WOULD BE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THE FORMULA, THE UNITED STATES PAYS 90% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THE TERRORISM COVERAGE DEFINED IN THE ACT IS SET FORTH BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

ACCEPTANCE OR REJECTION OF TERRORISM COVERAGE DEFINED IN THE ACT.

YOU MAY ELECT EITHER TO ACCEPT OR REJECT THIS OFFER OF COVERAGE FOR ACTS OF TERRORISM AS DEFINED IN THE ACT. The additional premium for this coverage is \$5,000 . Please indicate your decision as instructed in the accompanying quote.

For policies issued on or after February 24, 2003, the above disclosure, modified to reflect your acceptance or rejection of coverage for acts of terrorism as defined by the Act, will be set forth in an endorsement to your policy.

Notice Form 6

TRIA02 (1/03)

Difference in Conditions – Excess \$10M

2006-2007 Current Coverage	2007-2008 Proposed Coverage
Carrier: Mt. Hawley Insurance Company Pacific Insurance Company Ltd. Nonadmitted Carriers	Mt. Hawley Insurance Company Nonadmitted Carrier
Best's Rating: A+ X	A+ X
Effective Date: 07/01/06-07/01/07	07/01/07-07/01/08
Policy Number: MDC0302567 ZG0035032	TBD
Coverage: <u>Earthquake & Flood</u>	<u>Earthquake & Flood</u>
Limit: <u>Limit:</u> □ \$10,000,000	<u>Limit:</u> □ \$10,000,000
Deductible: □ Refer to underlying policy	□ Refer to underlying policy
Locations: □ As per Schedule on file with Company	□ As per Schedule on file with Company
Premium Basis: □ \$47,132,795 Total Insured Value	□ \$48,575,395 Total Insured Value
Endorsements/ Exclusions: □ Refer to the policy	□ Refer to the policy
Premium \$ 49,267.00 – Premium \$ 100.00 – Policy Fee \$ 49,367.00 – Total Premium	\$ 45,000.00 – Premium \$ 150.00 – Policy Fee \$ 45,150.00 – Total Premium

Notes: Terrorism Coverage - \$6,250 additional premium. Elect/Reject Coverage. See attached form.

- **This is evidence of insurance procured and developed under the Alaska Surplus Lines Law, AS 21.34. It is not covered by the Alaska Insurance Guaranty Association Act, AS 21.80.**



NOTICE

OFFER OF FEDERAL TERRORISM INSURANCE COVERAGE AND DISCLOSURE OF PREMIUM

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002, as amended by the Terrorism Risk Insurance Extension Act of 2005, effective January 1, 2006, you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in the Act which are applicable to property and casualty lines of insurance, as defined in the Act, which are insured under your insurance policy, ("federal terrorism insurance coverage"). The insurance policy's other provisions will still apply to any such acts.

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT COVERAGE PROVIDED FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA WHEREBY THE UNITED STATES PAYS 90% OF COVERED TERRORISM LOSSES FROM 2006 AND 85% OF SUCH LOSSES FROM 2007 EXCEEDING A PRESCRIBED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

IF YOU CHOOSE THE OFFER OF COVERAGE, YOUR PREMIUM FOR SUCH COVERAGE IS SET FORTH ON THE PREMIUM NOTICE PROVIDED FOR THIS INSURANCE POLICY, WHICH AMOUNT SHOULD ALSO BE INSERTED BELOW.

NOTE THAT THIS OFFER OF TERRORISM INSURANCE COVERAGE IS SUBJECT TO THE CONTINUED EFFECTIVENESS OF THE TERRORISM RISK INSURANCE ACT OF 2002.

SELECTION OR REJECTION OF FEDERAL TERRORISM INSURANCE COVERAGE

- I hereby elect to purchase Federal Terrorism Insurance Coverage for the premium of \$6,250
- I hereby reject this Offer Of Federal Terrorism Insurance Coverage. I understand that by making this election, an exclusion for terrorism losses, as allowed by law, will be made a part of this insurance policy.

City Of Wasilla

Applicant/First Named Insured

Applicant/First Named Insured Signature or Authorized Signature

Title

UW 20313 (01/06)

Mt. Hawley Insurance Company
Insurance Company

Date

Premium Summary

Coverage Line	2006 – 2007 Current		2007 – 2008 Proposed	
Property Incl Quake & Flood	\$	97,145.00	\$	99,315.00
Liability	\$	155,384.00	\$	148,441.00
Commercial Auto	\$	71,607.06	\$	71,783.00
Workers Compensation	\$	148,611.00	\$	155,671.00
Aviation	\$	9,570.00	\$	9,390.00
Earthquake & Flood \$10M	\$	49,367.00	\$	45,150.00
TOTAL:		\$531,684.06		\$529,750.00

Alaska Municipal League Joint Insurance Association, Inc.

General Liability		
Limits	\$10,250,000	
Deductible	\$0	
Reported Payroll	\$6,296,450	
General Liability Premium		\$260,421

Public Officials Liability / School Leaders Errors & Omissions		
Included in General Liability		
Public Officials and School Leaders E&O Premium		N/A

Workers' Compensation		
Reported Payroll	\$6,296,450	
Workers' Compensation Premium		\$168,914

Auto Liability		
Liability Limits	\$10,250,000	
Deductible	\$0	
Number of Vehicles	83	
Scheduled Values	\$1,890,322	
Liability Premium	\$36,324	
Comprehensive/Collision		
Liability Premium		\$34,694
Comprehensive/Collision Premium		\$29,105

Property		
Total Values	\$49,884,795	
Total Mobile Equipment Values	\$933,156	
Property Premium		\$81,312
Mobile Equipment Premium		\$7,092

Police Professional Liability		
Limits	\$10,250,000	
Deductible	\$5,000	
Police Payroll	\$1,667,934	
Police Professional Premium		\$90,902

TOTAL PREMIUM		\$672,440
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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:

Amount of insurance purchased

x Loss - Deductible = Amount Paid

Amount of insurance required

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.

MMC Transparency Disclosure Form

Date: 6/19/2007
 ShortName: CITY OF WASILL
 Profit Center #: 308
 Client: City of Wasilla
 BASYS #: 100847
 Client Exec: Brandon Allen
 Eff. Date: 7/1/2007
 Exp. Date: 7/7/2008

To: 290 E. Herring Avenue
 Address1: Wasilla
 Address2:
 Address3:
 State & Zip: AK, 99554
 Phone: Phone
 Fax: Fax

From: Rosanne Laydon
 Location: 1031 W. 4th Avenue, Suite 400, Anchorage, AK 99501
 Phone No.: (907) 276-5617
 Fax No.: (907) 276-4282

CSA Date: 9/1/2006
 EL Date:

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	MMC Binding / Auth. (Yes/No)	Quote Included (Yes/No)	Quotation Authorization Indication	Retail Commission		Non-Wholesaler Intermediary Commission		Client Apprvd Full Comm. Percent	Fees & Third Party Compensation
							Percent	\$ Amount	Percent	\$ Amount		
<input checked="" type="checkbox"/> 1	Property/All Risk	\$50,878,851/bv	Alaska Public Entity Ins	No	No	Quotation	0.000%	\$0.00	0.000%	\$0.00		
<input checked="" type="checkbox"/> 2	Multi-Peril Casualty	\$15M	Alaska Public Entity Ins	No	No	Quotation	0.000%	\$0.00	0.000%	\$0.00		
<input checked="" type="checkbox"/> 3	Workers' Compensation	Salary / \$1M	Alaska Public Entity Ins	No	No	Quotation	0.000%	\$0.00	0.000%	\$0.00		
<input checked="" type="checkbox"/> 4	Aviation - Airport General Liability	\$10M	Acc Property & Casualty	No	No	Quotation	0.000%	\$0.00	0.000%	\$0.00		
<input checked="" type="checkbox"/> 5	Difference in Conditions	\$10M	MT, Hewley	No	No	Quotation	0.000%	\$0.00	0.000%	\$0.00		
<input checked="" type="checkbox"/> 6	Business Owners/Property Pkg	\$50,878,851/bv / \$10,250,000 acc	AMU/JIA	No	No	Quotation	0.000%	\$0.00	0.000%	\$0.00		\$150.00 Insurer Policy Fees
<input type="checkbox"/> 7												
<input type="checkbox"/> 8												
<input type="checkbox"/> 9												
<input type="checkbox"/> 10												

B. "Wholesale" Broker Information (including MGAs)

Item	Line Of Coverage	Wholesale Brokerage Firm	Location	MMC Contractual Agreement with Wholesale Broker	MMC Ownership Interest	Wholesale Comm. \$ Premium	Wholesale Comm. %	Wholesale Commission \$ Amount	Alternatives to Using This Wholesale Broker

C. Declinations / Non-Responses

Item	Line Of Coverage	Insurance Co. / Issuing Paper	Declination (Yes/No)	No Response (Yes/No)	Explanation Concerning Declination
3	Workers' Compensation	Alaska National Ins. Co.	Yes		Does Not Believe Can Be Competitive

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.
 ← SELECT APPROPRIATE FOOTNOTE NUMBER FROM DROP DOWN LIST

Carriers indicated above may have provided numerous quote options. All carrier quotes are on file with Marsh and available upon request.
 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

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 / Ownership Structure	Percent of Ownership
Ace Limited (NYSE: ACE)	0.06%
Ariel Holdings Ltd.	0.27%
AXIS Capital Holdings Limited (NYSE: AXS)*	4.05%
Castlewood Holdings Limited (Privately held)*	8.33%
Delos Insurance Company	0.05%
Endurance Specialty Insurance Ltd (NYSE: ENH)	0.01%
Excess Reinsurance (Privately held)	9.38%
FGIC (Privately held)*	0.10%
First Home Insurance Co.*	0.22%
First Mercury Financial (Privately held)*	0.13%
Flagstone Reinsurance Holdings Ltd.*	0.04%
International Financial Group (Privately held)	1.10%
James River Group Inc (Privately held)*	5.00%
MaRI Holdings Limited	19.60%
NipponKoa Insurance (TSE: 8754/ PNK: NPPKF.PK)	0.06%
Powszechny Zakland Ubezpieczen (PZU)	0.01%
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%
XL Capital LTd. (NYSE: XL)	0.12%

Debt Holdings	Carrying Value
Chandler Insurance Holdings	\$2.653 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 has approximately a 25% investment in Trident II
 - MMC has approximately a 2% to 2.5% investment in JP Morgan Corsair II
 - Marsh has a 0.25% commitment to Glencoe Capital Partners III LP
 - Marsh has a 0.24% commitment to Lehman Brothers Merchant Banking Partners III, LP
9. Some of the ownership percentages have been rounded.
10. Current as of December 31, 2006, with the exception of MaRI Holdings Limited, which was effective January 8, 2007.

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.

Date: 6/19/2007

To: Roseanne Leydon

Office: 1031 W. 4th Avenue, Suite 400, Anchorage, AK 99501

cc:

CE: Brandon Allen

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: 7/1/2007

Policy Expiration Date: 7/1/2008

Line Of Coverage	Insurance Co. / Issuing Paper	Limits / Layer	-- Commission Rates --			\$ Additional Fee **	CSA Fee Applies
			\$ Premium *	Retail Broker	Non-Wholesaler Intermediary***		
Property/All Risk	Alaska Public Entity Ins.	\$50,878,551 tv	\$99,315.00	0.000%	0.000%		Yes
Multi-Peril Casualty	Alaska Public Entity Ins.	\$15M	\$220,224.00	0.000%	0.000%		Yes
Workers' Compensation	Alaska Public Entity Ins.	Statutory / \$1M	\$155,671.00	0.000%	0.000%		Yes
Aviation - Airport General Liability	Ace Property & Casualty	\$10M	\$9,390.00	0.000%	0.000%		Yes
Difference In Conditions	Mt. Hawley	\$10M	\$45,000.00	0.000%	0.000%	\$150.00	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.

** <-- SELECT APPROPRIATE FOOTNOTE NUMBER FROM DROP DOWN LIST

(NOTE: additional comments may be entered here if necessary. If you do not need to enter any additional comments, please delete this text)

Client Executive: Brandon Allen

Accepted By: _____
Signature/Title

Date

Name/Title (Printed/Typed)