



Livermore Amador Valley Transit Authority

December 28, 2017

To: All Interested Parties

From: Tamara Edwards
Procurement Officer

**RE: RFP for LAVTA Operation and Maintenance of Fixed Route Bus Service #2017-19
Addendum Number 5**

This correspondence constitutes official record of the fifth alteration of a “Request for Proposals for Operation and Maintenance of Fixed Route Bus Service #2017-19” issued by LAVTA on October 20, 2017. The first alteration to these documents was issued December 1, 2017, as Addendum Number 1. The second alteration to these documents was issued December 13, 2017, as Addendum Number 2. The third alteration to these documents was issued December 19, 2017, as Addendum Number 3. The fourth alteration to these documents was issued December 21, 2017, as Addendum Number 4.

This Addendum responds to four written questions as follows.

| Q.# | Question | Answer Provided |
|-----|--|---|
| 1 | Do the changes in Addendum #4 make the Bus Stop Shelter Maintenance a required part of the contract and remove it from the ‘optional’ services? | Yes |
| 2 | Please confirm the agency will maintain the CalTIP auto liability coverage under all options and that this is for General Liability and Property Insurance only. | LAVTA currently maintains liability coverage for its owned vehicles through CalTIP’s Liability Program (refer to Addendum #1, “LAVTA Current Insurance Policies”). LAVTA would entertain proposals for equivalent liability coverage as that described in Addendum #1. |
| 3 | For the Property Insurance, please provide a listing of all LAVTA property, equipment, buses, etc. to be insured including current value of each item or property so that we can properly price the insurance. | Please refer to Addendum #1 for the insured value of LAVTA’s buses and other vehicles, specifically the attachments for “LAVTA Current Insurance Policies,” CalTIP Vehicle Physical Damage Program Memorandum of Coverage . For the insured value of other LAVTA property, please see the attached current Evidence of Property Insurance. |

| Q.# | Question | Answer Provided |
|-----|--|---|
| 4 | <p>The price form has a section for bidders to include only wages, fringe benefits, and staffing levels for Bus Shelter Maintenance Workers; however, page 29 of the RFP states contractor is responsible for the <i>“provision of minor materials to complete daily assignments. These include fasteners for bus stop signage, screws, nuts, washers, and related small parts. This provision also includes any tools needed to ensure proper completion of duties.”</i> Where are contractors to include pricing for the costs associated with this requirement?</p> | <p>Such costs may be included on the Cost Proposal Form 1.1 under “Monthly Cost Elements,” for “Other (Specify)” (Lines 64, 65, 66)</p> |

Other than those specifically listed above, no other sections, terms, or conditions of the above cited solicitation are being altered at this time. All other sections, conditions, and language not specifically cited as altered in this document or in Addendum 1 or Addendum 2 or Addendum 3 or Addendum 4 are still in full and original effect.

Submitted:

/s/ Tamara Edwards
 Tamara Edwards, Procurement Officer

December 28, 2017
 Date

EVIDENCE OF PROPERTY INSURANCE

ISSUE DATE (MM/DD/YY)

07/01/17

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER

ALLIANT INSURANCE SERVICES, INC.
1301 DOVE STREET
SUITE 200
NEWPORT BEACH, CA 92660
PH (949) 756-0271 / FAX (949) 756-2713
LICENSE NO. 0C36861

CODE

SUB-CODE

COMPANY

VARIOUS PER ATTACHED SCHEDULE

INSURED

SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
C/O ALLIANT INSURANCE SERVICES
600 MONTGOMERY ST., 9TH FLOOR
SAN FRANCISCO, CA 94111

EVIDENCE NUMBER

APIP1718

POLICY NUMBER

017471589/04 (Dec 08)

EFFECTIVE DATE (MM/DD/YY)

07/01/17

EXPIRATION DATE (MM/DD/YY)

07/01/18

CONT. UNTIL
TERMINATED
IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION / DESCRIPTION

PENDING RECEIPT OF COMPANY POLICY(IES), THIS DOCUMENTATION IS PROVIDED AS EVIDENCE OF PROPERTY AND BOILER & MACHINERY INSURANCE COVERAGE FOR LOCATIONS ON FILE WITH ALLIANT INSURANCE SERVICES.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS / AMOUNT OF INSURANCE & DEDUCTIBLE

"ALL RISK" OF DIRECT PHYSICAL LOSS OR DAMAGE AND ALL EXTENSIONS AND SUBLIMITS OF COVERAGE PER PEPPIP MANUSCRIPT POLICY FORM. SUBJECT TO POLICY TERMS, CONDITIONS AND EXCLUSIONS.

LIMITS & DEDUCTIBLE ATTACHED FOR THE FOLLOWING:

PROPERTY
COVERAGEBOILER & MACHINERY
COVERAGE**REMARKS (INCLUDING SPECIAL CONDITIONS)****CANCELLATION**

SEE ATTACHED

ADDITIONAL INTEREST

NAME AND ADDRESS

EVIDENCE OF COVERAGE

NATURE OF INTEREST

MORTGAGEE

ADDITIONAL INSURED

LOSS PAYEE

(OTHER)
EVIDENCE OF COVERAGE

SIGNATURE OF AUTHORIZED AGENT OF COMPANY

ALLIANT INSURANCE SERVICES, INC.
SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)
PROPERTY EVIDENCE ATTACHMENT

TYPE OF INSURANCE: Insurance Reinsurance

PROGRAM: Special Property Insurance Program (SPIP)

NAMED INSURED: Livermore/Amador Valley Transit Authority

DECLARATION: 8-Districts

POLICY PERIOD: July 1, 2017 to July 1, 2018

POLICY NUMBER: 017471589/04 (Dec 08)

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: 11,770,427 as of June 29, 2017

COVERAGES & LIMITS:

| | |
|-------------------|--|
| \$ 350,000,000 | Per Occurrence: all Perils, Coverages (subject to policy exclusions) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, coverages, extensions of coverage, or perils insured, subject to the following per occurrence and/or aggregate sub-limits as noted below. |
| Not Covered | Flood Limit - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage). |
| Not Covered | Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sub-limit does not increase the specific flood limit of liability for those Named Insured(s) that purchase this optional dedicated coverage. |
| Not Covered | Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Named Insured(s) that purchase this optional dedicated coverage). |
| \$ 100,000,000 | Combined Business Interruption, Rental Income and Tax Revenue Interruption and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc., this sub-limit amount is limited to \$500,000 per Named Insured subject to maximum of \$2,500,000 Per Occurrence for Business Interruption, Rental Income and Tuition Income combined, and \$5,000,000 per occurrence for Tax Revenue Interruption. Coverage for power generating plants is excluded, unless otherwise specified. |
| \$ 50,000,000 | Extra Expense. |

| | | |
|---|-----------------------|--|
| COVERAGES & LIMITS: (continued) | \$ 25,000,000 | Miscellaneous Unnamed Locations for existing Named Insured's Excluding Earthquake coverage for Alaska and California Named Insureds. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. |
| | 180 Days | Extended Period of Indemnity |
| | See Policy Provisions | \$25,000,000 Automatic Acquisition up to \$100,000,000 or a Named Insured's Policy Limit of Liability if less than \$100,000,000 for 120 days excluding licensed vehicles for which a sub-limit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sub-limit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. |
| | \$ 1,000,000 | Unscheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item. |
| | \$ 5,000,000 | or 110% of the scheduled values, whichever is greater, for Scheduled Landscaping, tees, sand traps, greens, athletic fields and artificial turf and further subject to \$25,000 / 25 gallon maximum per item. |
| | \$ 50,000,000 | Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations. |
| | \$ 25,000,000 | Course of Construction and Additions (including new) for projects with completed values not exceeding the sub-limit shown. |
| | \$ 2,500,000 | Money & Securities for named perils only as referenced within the policy. |
| | \$ 2,500,000 | Unscheduled Fine Arts. |
| | \$ 250,000 | Accidental Contamination per occurrence and annual aggregate per Named Insured with \$500,000 annual aggregate for all Named Insureds per Declaration. |
| | \$ 2,000,000 | Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters, providing said declaration provides funding for repairs). |
| | \$ 50,000,000 | Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery). |
| | \$ 25,000,000 | Transit. |

| | | | |
|--------------------------------|----|-------------|---|
| | \$ | 2,500,000 | Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence. |
| COVERAGES & LIMITS: | \$ | 2,500,000 | Unscheduled Watercraft up to 27 feet. |
| (continued) | | Not Covered | Per Occurrence for Off Premises Vehicle Physical Damage. |
| | \$ | 25,000,000 | Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations. |
| | \$ | 5,000,000 | Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Earthquake Shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc.. |
| | \$ | 5,000,000 | Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Named Insured's schedule of values held on file with Alliant Insurance Services, Inc.. |
| | \$ | 3,000,000 | Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately. |
| | \$ | 500,000 | Jewelry, Furs, Precious Metals and Precious Stones Separately. |
| | \$ | 1,000,000 | Claims Preparation Expenses. |
| | \$ | 50,000,000 | Expediting Expenses. |
| | \$ | 1,000,000 | Personal Property Outside of the USA. |
| | | Not Covered | Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit. |
| | \$ | 500,000 | Per Occurrence and Annual Aggregate per named insured for Communicable Disease subject to an APIP Program aggregate of \$10,000,000 for all declarations combined except Hospital declarations. |
| | \$ | 100,000 | Per Occurrence while in Storage and In Transit coverage subject to \$10,000 Deductible for Unmanned Aircraft as more fully defined in the Policy. Not Covered while in Flight. |

\$ 100,000 Per Occurrence with a \$1,000,000 Annual Aggregate per Declaration for Mold/Fungus Resultant Damage as more fully defined in the policy.

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor's Equipment/Vehicles either Replacement Cost or Actual Cash Value as declared by each member. If not declared, valuation will default to Actual cash value

**EXCLUSIONS
(Including but not limited to):**

- Seepage & Contamination - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached*
- Cost of Clean-up for Pollution - *unless otherwise provided by the Pollution Liability Coverage per the Summary attached*
- Mold - *as more fully described in the Master Policy Wording or otherwise provided when Pollution Liability Coverage is purchased, and as defined in the coverage Summary.*

Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).

**“ALL RISK”
DEDUCTIBLE:**

\$ 1,000 Per Occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES:**

Not Covered Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures).

Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V.

Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the minimum deductible per occurrence.

\$ 1,000 Per Occurrence for Specially Trained Animals.

\$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters).

| | | |
|----|-------------|---|
| \$ | 10,000 | Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits. |
| \$ | 50,000 | Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits. |
| \$ | 10,000 | Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits. |
| \$ | 50,000 | Per Occurrence Per Named Insured for this Declaration for Fine Arts for the peril of Flood for Named Insured(s) who do not purchase dedicated Flood limits. |
| | 24 Hour | Waiting Period for Service Interruption for All Perils and Coverages. |
| | 2.5% | of Annual Tax Revenue Value per Location for Tax Interruption. |
| | Not Covered | Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk (Basic) deductible. |
| \$ | 1,000 | Per Occurrence for Contractor's Equipment. |

The following stand-alone coverages are provided by the APIP program but are not covered in the Limit of Liability or the Sub-Limits of Liability above or attached to the Master Policy Form Wording. Carriers providing these coverages are included in the Schedule of Carriers.

| | | |
|----|---------------|--|
| \$ | 100,000,000 | Per Named Insured Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-22, 25-30 and 32-34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer). |
| \$ | 1,000 | Per Occurrence Deductible for Primary Terrorism. |
| \$ | 600,000,000 | Per Named Insured for Terrorism (Excess Layer) subject to; |
| \$ | 1,100,000,000 | Per Occurrence, All Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34 for Terrorism (Excess Layer) subject to; |
| \$ | 1,400,000,000 | Annual Aggregate shared by all Named Insureds combined in Declarations 1-9, 11-14, 18-22, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer). |
| \$ | 500,000 | Per Occurrence Deductible for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted). |

TERMS & CONDITIONS:

25% Minimum Earned Premium and cancellations subject to 10% penalty

**NOTICE OF
CANCELLATION:**

90 days except 10 days for non-payment of premium

BROKER:

ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

Chris M. Tobin, ARM-P
Senior Vice President

Sheryl L. Fitzgerald
Account Manager - Lead

Coverage outlined in this Evidence Attachment is subject to the terms and conditions set forth in the policy. Please refer to policy for specific terms, conditions and exclusions.

**ALLIANT INSURANCE SERVICES, INC.
SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)
BOILER & MACHINERY EVIDENCE ATTACHMENT**

| | | |
|----------------------------------|---|---|
| PROGRAM: | Special Property Insurance Program (SPIP) | |
| NAMED INSURED: | Livermore/Amador Valley Transit Authority | |
| DECLARATION: | 8-Districts | |
| POLICY PERIOD: | July 1, 2017 to July 1, 2018 | |
| POLICY NUMBER: | 017471589/04 (Dec 08) | |
| COMPANIES: | See Attached List of Companies | |
| TOTAL INSURED VALUES: | 11,770,427 as of June 29, 2017 | |
| COVERAGES & LIMITS: | \$ 25,000,000 | Coverage excludes jurisdictional and all other boiler inspections Boiler Explosion and Machinery Breakdown, (for those Named Insureds that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits: |
| | Not Covered | Jurisdictional and Inspections. |
| | \$ 10,000,000 | Per Occurrence for Service/Utility/Off Premises Power Interruption. |
| | Included | Per Occurrence for Consequential Damage/Perishable Goods/Spoilage. |
| | \$ 10,000,000 | Per Occurrence for Electronic Data Processing Media and Data Restoration. |
| | \$ 2,000,000 | Per Occurrence, Per Named Insured and in the Annual Aggregate per Declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage. |
| | \$ 10,000,000 | Per Occurrence for Hazardous Substances/ Pollutants/Decontamination. |
| | Included | Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes. |
| NEWLY ACQUIRED LOCATIONS: | \$ 25,000,000 | Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than 25,000,000 or Power Generating Facilities must be reported within 120 days and must have prior underwriting approval prior to binding |

VALUATION: Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS (Including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED: (Including but not limited to):

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF CANCELLATION: 90 days except 10 days for non-payment of premium

DEDUCTIBLES:

- \$ 2,500 Except as shown for Specific Objects or Perils
- \$ 2,500 Electronic Data Processing Media
- \$ 2,500 Consequential Damage
- \$ 2,500 Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface
- \$ 50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface
- \$ 100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface
- \$ 250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface
- \$ 350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours – Business Interruption/Extra Expense Except as noted below

30 Days – Business Interruption – Revenue Bond

24 Hour Waiting period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

Chris M. Tobin, ARM-P
 Senior Vice President

Sheryl L. Fitzgerald Account Manager - Lead

Coverage outlined in this Evidence Attachment is subject to the terms and conditions set forth in the policy. Please refer to policy for specific terms, conditions and exclusions.

**SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)
2017-2018**

**NAMED INSURED SCHEDULE
AS OF 06/30/2017**

THE NAMED INSURED IS:

Livermore/Amador Valley Transit Authority
1362 Rutan Ct., #100
Livermore, CA 94551

First Named Insured Member shall be deemed the sole agent of each and every Named Insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured has extended coverage is as follows:

NAMED INSURED:

Livermore/Amador Valley Transit Authority

FACT SHEET

RETAIL BROKERAGE vs. WHOLESALE BROKERAGE & SERVICE OPERATIONS

Many insurance brokerage firms, including Alliant Insurance Services, Inc., have affiliate and/or subsidiary companies that perform services associated with the risk management and insurance procurement process. Alliant has numerous and varied client relationships that involve any combination of Retail Brokerage, Wholesale Brokerage and other Loss Control or Risk Management Consulting work. In addition, Alliant's affiliates, such as Alliant Business Services (ABS), can provide clients with other services not necessarily directly related to the risk management or insurance procurement, such as Human Resources Consulting and/or Appraisal Services.

Normally when acting as our clients' "Retail Broker" Alliant will collect a commission as compensation, or have a *Fee for Service* compensation plan. Alliant will then have a written Agreement with clients, and that document includes full disclosure concerning the compensation we earn including wording similar to the following:

In addition to the commissions and/or fee that the Broker receives, Alliant Underwriting Services (AUS), a division of a related entity, may receive compensation from the Broker and/or the carrier for providing underwriting services. The financial impact of the compensation received by AUS is a cost included in the premium. Also, the related entities of Alliant Business Services (ABS) may receive compensation from Broker and/or the carrier for providing designated, value-added services. Services contracted for by the Client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Broker and/or the carrier.

This contract language is in addition to the standard disclosure wording contained in Alliant proposals. At the bottom of this **Fact Sheet** we have attached what we include on our Standard Proposals. (Additional disclosure wording is also included on Alliant invoices.) Full disclosure is a key component of our client communication concerning compensation.

The **Retail Brokerage** activities, and Alliant's other services involved in Wholesale Brokering are distinctly separate. Our Retail Brokers and staff act as *advocates for the client* and are involved in the day-to-day delivery of services spelled out in our "Scope of Services." Such services would include ideas such as, negotiating terms and conditions of coverage, issuance of certificates, tailoring coverages to meet specific needs, and assuring that all lines of coverages are properly provided to protect clients' assets.

The **Wholesale Brokerage** activities are provided through Alliant Specialty Insurance Services (ASIS). These include administration of programs that Alliant affiliated companies manage and/or underwrite, and involve separate functions from Retail Brokerage service. Alliant Insurance Services, Inc. has other operations including, AUS and ABS, which provide non-retail brokerage services. The inclusion of these Wholesale Brokerage activities into a program has additional advantages that accrue to clients, primarily in the realm of cost savings, as these activities can generally be provided less expensively by the Wholesale Brokerage operation than they can by a traditional insurer. This is especially the case when a program is large or complex.

As in any business, the cost of services will vary year by year based on program size, underwriting authority, and other factors. AUS receives compensation from carriers for which it provides underwriting and program administration services. There are numerous services involved in this Wholesale Broker function, including:

- ✦ Underwriting new and renewal business for the primary/excess markets
- ✦ PML Analysis
- ✦ Claims Analysis
- ✦ Program Management
- ✦ Program Administration/Information Technology associated with program management.

AS JUST ONE EXAMPLE, the Alliant Property Insurance Program (APIP) - formed in 1993 to meet the unique property insurance needs of public entities – has grown from 65 members in one State to over 9,300 members in 45 States. This growth has fueled insurance cost savings for all members.

FACT SHEET

RETAIL BROKERAGE vs. WHOLESALE BROKERAGE & SERVICE OPERATIONS (Cont.)

To achieve Program results, **AUS** annually:

- ❖ **Underwrites** over 6,000 renewal applications,
- ❖ **Reviews** Statement of Values and associated COPE (Construction, Occupancy, Protection & Exposure) information for over 219,800 Program property locations,
- ❖ **Allocates** premium between 28 separate insurance markets,
- ❖ **Establishes** renewal pricing parameters in accordance with the underwriting/rating standards provided by the program markets, and
- ❖ Performs *Program Accounting* including individual member pricing billing, collections, and remittance to program markets.

Additional **ABS** services available to Program members include:

- ❖ **Loss Control Services** (no specific budget and can be tailored to individual clients).
- ❖ **Appraisals** (Buildings over \$5M appraised every 5-7 years).
- ❖ **Infrared Testing** (again tailored to the client but not an unlimited number of days).
- ❖ **Business Interruption Consulting** (assistance by Forensic Accountant in determining Business Interruption values).
- ❖ **PEPIP Solution Center** (24 hr. hotline to address Property Loss Control questions).
- ❖ **Webinars** (8-10 web based training sessions per year on Property related topics).

Alliant Insurance Services, Inc., our Retail Brokers and colleagues all strive to provide the high level of service expected from our clients at a competitive level of compensation that should be clearly understood and documented.

Commissions are customarily paid by the insurance carriers to their agents and to brokers as a percentage of premiums. In addition to the commissions that Alliant receives, Alliant Underwriting Services. ("AUS"), a division of a related entity may receive compensation from Alliant and/or the carrier for providing underwriting services. The financial impact of the compensation received by AUS is a cost included in the premium. Additionally, Alliant Business Services ("ABS") and/or Strategic HR may receive compensation from Alliant and/or the carrier for providing designated, value-added services. Services contracted for by the client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Alliant and/or the carrier. Further information is available upon written request directed to: Alliant Insurance Services, Attention: General Counsel, 701 B Street, San Diego, CA 92101.