



Date: October 20, 2011
To: Topaz Regional Wireless Cooperative (TRWC) Board of Directors
From: Dale Shaw, Executive Director
Ajay Joshi, Executive Committee Chairman
Subject: TRWC Property Insurance Policy / Program

Recommendation

We recommend the TRWC Board of Directors approve establishment of an property insurance program for the TRWC, to be procured and administered by the City of Mesa as the administrative managing partner. The cost of the program is projected to be approximately \$9017 annually which will be distributed as a portion of normal Operating and Maintenance (O&M) expenses. The program will have a per claim deductible of \$50,000 to be distributed by proportional member subscriber unit counts at the time of any loss.

Background & Discussion

During Fiscal Year 2010/2011, as part of the TRWC Intergovernmental Agreement (IGA) and Governance review, the Risk Managers from the City of Mesa (Mesa) and Town of Gilbert, the TRWC Executive Committee, and staff reviewed the current coverage and provisions associated with the TRWC network assets (property). While it was determined current coverage is generally adequate through the current Mesa property insurance policy, costs are not appropriately recovered as part of the standard billing process. Furthermore, there is potential for lack of protection for specific assets – as there is no independent ledger set apart from other Mesa property. Adoption of an independent ledger or “statement of values” (SOV) will ensure covered assets are clearly defined and costs are appropriately distributed among members. The TRWC maintains a cost savings by having this SOV incorporated into Mesa’s “master” property insurance policy.

The TRWC Executive Committee has reviewed the attached seven (7) quotes and recommends moving forward with the Travelers Indemnity Company quote for \$9017 annually with the aforementioned \$50,000 “per claim” deductible. The TRWC will need to review the SOV on an annual basis for insurance underwriting accuracy.

Fiscal Impact

There are no financial impacts to the TRWC beyond those outlined above.



September 13, 2011

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TRWC Executive Committee
c/o Barry Hegrenes
City of Mesa
20 East Main Street, Suite 850
Mesa, AZ 85201

Direct Line: 602-787-6129
E-Mail: Joy.boswell@willis.com

Dear Barry:

As the fiscal agent for the TOPAZ Regional Wireless Cooperative, you have requested some property insurance options for the communication towers and equipment dedicated to this public safety radio communication system.

We marketed this property to Travelers, OneBeacon America and Chubb. The results of our negotiations are outlined in the financial summary shown below. We have included actual quotes from all insurance carriers for your review in Appendix A.

FINANCIAL SUMMARY

Carrier	Coverage	Annual Premium	Commission	Policy Service Fee	Quote Expiration Date
* Travelers Indemnity Company A+ XV	Property & Equipment Breakdown Excludes Terrorism	\$9,017 @ \$50,000 Deductible	None	None	10/01/2011 Policy Expiration Date 11/22/2011
Travelers Property and Casualty of America A+ XV INDICATION ONLY	Property & Equipment Breakdown Includes Terrorism	\$52,336 \$10,000 Deductible	17.5%	None	10/01/2011
Travelers Indemnity Company A+ XV INDICATION ONLY	Property & Equipment Breakdown Includes Terrorism	\$62,802 \$5,000 Deductible	17.5%	None	10/01/2011
Federal Insurance Company A++ XV	Property & Equipment Breakdown Includes Terrorism	\$48,318 @ \$5,000 Deductible	15%	None	10/01/2011
Federal Insurance Company A++ XV	Property & Equipment Breakdown Includes Terrorism	\$41,678@ \$10,000 Deductible	15%	None	10/01/2011
OneBeacon America A XI	Property & Equipment Breakdown Includes Terrorism 161 E 6 th St, Mesa	\$23,795@ \$10,000 Deductible	17%	None	10/01/2011
OneBeacon America A XI	Inland Marine Communication Form with Business Income Includes Terrorism All other locations	\$69,381 \$10,000 Deductible	17%	None	10/01/2011

* If all TOPAZ property remains on, or is added to the City of Mesa's property policy. Annual premium would be pro-rated to TOPAZ members.

Willis of Arizona, Inc.
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Phoenix, AZ 85028

While we recommend that you read all of the exclusions, subjectivities and warranties in the attached quotes, we would like to bring the following to your attention:

- OneBeacon's quote is subject to favorable risk control survey and compliance with any mandatory recommendations.
- Travelers Property & Casualty of America is an indication, not a firm quote. If TRWC is interested in a firm quote after reviewing the other carrier quotes, please let us know.

Policy premiums are due upon receipt of the Willis invoice so that we may pay the insurance carrier within 30 days of the coverage effective date.

This proposal is presented in conjunction with the Standard Terms and Conditions for Property & Casualty Accounts which is enclosed.

We understand that the property described in the submission document was obtained from the TRWC PROPERTY SUBLEDGER. These items are probably already insured by members of TRWC on their own property insurance policies. To avoid duplicate insurance coverage, once a decision is made on how to insure these assets under TRWC, each member should delete the items from their own property insurance policies.

Please review this proposal and advise of any changes or questions you may have. To request the binding of coverage, please contact me by phone or e-mail.

Best Regards,



Joy Boswell, CPCU
Principal, Client Services
Public Entity Services