

Risk Management Summary

Prepared for:

Fort Bend Grand Parkway Toll Road Authority

Reviewed Policy Period

06/16/11

To

06/16/12

Presented by:

H A R C O
Insurance Services
Established 1969

This risk management summary is intended to provide a brief overview/explanation of coverage.

Prepared by: Bill Walker, Senior Consultant - HARCO Insurance Services
Carolyn Demel, Sr. Account Manager - HARCO Insurance Services

Dated: April 8, 2011

HARCO INSURANCE SERVICES

HARCO Insurance Services was established over 41 years ago and currently serves the insurance needs for over 8,000 individuals and 6,200 businesses throughout Houston and surrounding communities. In addition, our Public Entity Consulting Program offers risk management and consulting services for public entities, their Board of Directors and Legal Representatives.

HARCO is committed to providing excellence in all that we do in order to establish a firm relationship of mutual trust and service with each of our clients.

YOUR HARCO SERVICE TEAM

Gerald M. Lavey, ARM – Senior Consultant

Jerry Lavey has over 40 years experience in the risk management and insurance industry. A past Division President for a national brokerage firm, he served as a Director for the Texas State Office of Risk Management and is past Chairman of the organization. Jerry attained his Associate in Risk Management in 1994. He is Past-President of Harris County Municipal Utility District No. 153, Past Director for Atascocita Joint Operations Board, Past President of the Humble ISD Educational Foundation Board. Jerry currently serves as a Director for Harris County MUD 290.

William L. Walker, ARM - Senior Consultant

Bill Walker has over 40 years experience in the insurance industry. A former Vice President of a national brokerage that specialized in Public Entity Risk Pools, he has been responsible for account and risk management on many public entities. Bill attained his Associate in Risk Management designation in 1982 and is a licensed Risk Manager with the State of Texas. Bill is currently a Director for Harris County Municipal Utility District No.151.

Carolyn Demel, ACSR - Consultant Assistant/Public Entity Account Manager

Carolyn Demel serves as the internal contact for our public entity accounts. She maintains communications with the underwriters at TML IRP and other insurance providers. Carolyn assists with the preparation of underwriting documents, proposals, comparisons and assists with many other needs of the District, Legal Assistants or our Consultants.

Josh Hargrave, CIC – President

Josh Hargrave has over 30 years experience in the insurance and risk management area. He is a Past-Director for the Independent Insurance Agents of Houston, served on the Legislative Committee for the Independent Insurance Agents of Texas as well as serving on various insurance company advisory committees. Josh attained the Certified Insurance Counselor designation in 1985.

Gerri Rougeau, CIC – Vice President

Gerri Rougeau has over 40 years experience in the insurance and risk management area. She is Past President of the Independent Insurance Agents of Houston and currently serves on various insurance company advisory committees. Gerri attained the Certified Insurance Counselor designation in 1974.

HARCO has a team concept with over 35 professionals on staff providing the highest standards of service to the clients we serve

ANNUAL COST SUMMARY & COMPARISON

<u>COVERAGE</u>	<u>2011 – 2012 HARCO / TML</u>	<u>2010 – 2011 HARCO / TML</u>
General Liability	\$ 925	\$ 1,095
Limit	\$ 10,000,000 / No Deductible	\$ 10,000,000 / No Deductible
Pollution Liability	Included – No Additional Premium	Included – No Additional Premium
Limit	\$ 2,000,000 / No Deductible	\$ 2,000,000 / No Deductible
Auto Liability	\$ 61	\$ 61
Auto Hired/Non Owned	\$ 2,000,000 / No Deductible	\$ 2,000,000 / No Deductible
Consulting Fee	\$ 900	\$ 900
TOTAL ANNUAL COST: \$	1,886	\$ 2,056

REVIEWED & ACCEPTED

Signature

DATE: 5/18/11

HARCO Insurance Services

10777 Northwest Freeway, Suite # 800

Houston, TX. 77092-7339

Tel: (713) 681-2500

Fax: (713) 684-1600

Consulting Fee Agreement

The purpose of this Disclosure Statement Agreement is to acknowledge that we may perform the following services in your behalf and you agree to pay the amount indicated as compensation for the additional services provided.

Description of Services

- **Consultants do not act as an appointed agency on behalf of TML IRP, nor do the Consultants receive commissions from TML IRP. Consultants operate independently of TML.**
- **Consulting / Review – advise regarding placement of insurance program with TML IRP**
- **Communicate with TML IRP to obtain insurance proposal or renewal declarations.**
- **Consultants attend board meetings as requested by the Authority.**
- **Communicate with other Authority consultants as it may pertain to insurance matters**
- **Delivery fees**
- **Consultant granted authority to commit the member and approve the limits, deductibles, and indicated changes as reported by the Authority's consultants/representatives to reflect the updated exposures. The Authority understands they may not have coverage for unreported operations or exposures.**
- **Claims, potential claims or lawsuits may be submitted directly to our office. We will initiate the claims process with TML IRP and/or other carriers. Upon request, we will assist the Authority with claim(s).**
- **Consultant may be granted authority to sign claim proof of loss form on behalf of the Authority.**
- **Consultant may recommend specific loss prevention risk management options.**

Total Annual Consulting Fee \$900

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY agrees to pay the fee specified above to HARCO Insurance Services.

REVIEWED & ACCEPTED

Signature

DATE: 5/18/11

GENERAL LIABILITY

COVERAGE:

- **Occurrence Form – Coverage Applies to Events that Occur During the Coverage Period, Regardless of WHEN the Claim Is Reported**
- **Defense Costs Outside Policy Limit – Defense will not erode Policy limit**
- **Pay On Behalf**
- **Sewer Back-Up Liability**
Gradual or Sudden Release of Chlorine or Chloramines and/or products contained in products sold or distributed by the Authority
- **Cyber Liability –**
 1. Breach of Confidence of any right to privacy
 2. Violation of a state or federal statute protecting confidential information
 3. Defamation resulting from emails or internet use
 4. Failure to provide authorized users with access
 5. Theft of credit card numbers in the Authority's possession
- **Personal Injury**
- **Bodily Injury**
- **Property Damage**
- **Advertising Injury**
- **Failure to Supply**
- **Any Wrongful Act – Actual or Alleged Error, Misstatement, Misleading Statement, Act or Omission; Neglect or Breach of Duty Including Misfeasance, Malfeasance, or Nonfeasance**
- **Contractual, Operations, Premises, Products**
- **See Liability Coverage Features for Additional Coverages & Sublimits**
- **Per Policy Terms and Conditions**

DEDUCTIBLE:

NONE

LIMIT:

\$10,000,000

PREMIUM:

\$925

REVIEWED AND ACCEPTED

Signature

DATE: 8/13/11

AUTOMOBILE LIABILITY

HIRED & NON-OWNED

INSURER: Texas Municipal League IRP

COVERAGE: Bodily Injury and Property Damage;
Hired / Non-Owned Only

Hired - An automobile not owned by the District but which is used by contract by the District, or on behalf of or lent to the District. This does not include automobiles owned by/registered in the name of an Officer, Director, Elected or Appointed Official, or any member of a board or commission of the District or An Employee or agent of the District who is granted an operating allowance of any sort for the use of such automobile

Example

A Hired Auto exposure may occur when on occasion a Director might rent a vehicle, on behalf of the District, with which to conduct District business.

→ This coverage is secondary over any other coverage that would be collected upon in the event of a loss.

Non-Owned - An automobile which is neither an owned automobile nor a hired automobile of the District.

Example

A common Non-Owned Auto exposure for the District may occur when a District representative (i.e. Officer, Director, Employee, Volunteer, Member of a Board or Commission etc.) is driving their "owned" personal vehicle while conducting District business.

→ This coverage is secondary over any other coverage that would be collected upon in the event of a loss.

LIMIT: \$ 2,000,000
Combined Single Limit Bodily Injury / Property Damage

DEDUCTIBLE: NONE

REVIEWED & APPROVED

Signature

DATE

5/11/8/11

POLLUTION LIABILITY

COVERAGE:

- Occurrence Form
- * Defense Costs Outside The Limit – Defense will not erode limit
- * Pay On Behalf Of
- Sudden and Accidental
- Blanket Contractual Liability
- Legal Liability to Others
- Pollutants and Results in Environmental Damage
- Punitive/Exemplary Damages Not Excluded
- Subject to Coverage Terms, Conditions and Exclusions

EXCLUSIONS:

- Statutory Fines or Penalties Unless Direct Result of Pollution Incident as Defined by the policy

LIMITS OF LIABILITY:

\$2,000,000 for pollution caused by other than chlorine or Chloramines or “products”, that are limited to sudden and accidental events resulting in injury or damage that occurs within 45 days of the event. Note: This coverage limit is the same as for the General Liability policy, up to \$2,000,000.

Note: The Authority’s Full General Liability Limit provides Overage (with no deductible) for either gradual or sudden releases of the following:

1. Chlorine or Chloramines used for water;
2. Pollutants contained in products sold or distributed

DEDUCTIBLE:

NONE

COVERAGE TERM:

One Year

PREMIUM:

INCLUDED - NO ADDITIONAL PREMIUM

INSURANCE PROGRAM FEATURES

COVERAGE FEATURES

DEFINITIONS OF TERMS

PROGRAM FEATURES

HARCO is recommending to your Authority a program that combines *broad coverage, competitive pricing, and additional services.*

These TML IRP coverages and services may include any of the following:

- Up to \$10,000,000 General Liability limits – Occurrence basis
- Up to \$10,000,000 Public Officials' Liability – Occurrence basis
- Up to \$10,000,000 Law Enforcement Liability – Occurrence basis
- Up to \$20,000,000 Airport Liability – Occurrence basis
- \$2,000,000 Auto Liability limits – Occurrence basis
- Auto Physical Damage for reported and scheduled Authority owned vehicles
- \$2,000,000 Pollution Liability coverage – Occurrence basis
- Workers' Compensation coverage available for Elected/Appointed Officials and/or Employees
- Loss Control / Safety Inspections

Before making a decision on your insurance program this year we feel you should understand how these services can improve the coverage for your Authority, and for yourselves as Public Officials.

Please review the next few pages of this summary that will better explain the significant and important coverage and service benefits of the program we recommend.

LIABILITY COVERAGE FEATURES

The Texas Municipal League Intergovernmental Risk Pool's liability coverage includes, but is not limited to, the following features:

All Liability Coverages

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|---|---|
| 1. "Occurrence" rather than "Claims-Made" | All liability coverages including Public Officials' and Law Enforcement Liability |
| 2. Punitive and Exemplary Damages | Not Excluded (unless assumed by contract) |
| 3. Year 2000 Claims | A loss that is otherwise covered will not be excluded because it is related to a Y2K computer or Embedded chip failure. |
| 4. Defense Costs | Included in addition to COVERAGE Terms |
| 5. Pay On Behalf Of | Included |

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General Liability (includes but not limited to)

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|---|---|
| 1. Pollution Coverage | Broad coverage for damages or injuries that |
| | i. occur within 45 days of a sudden and accidental pollution incident. No time limitation for damage or injury resulting from the Member's products (such as water) or chlorine usage and coverage extends to gradual & sudden events |
| 2. Failure to Supply | Included |
| 3. Fireworks Displays | Included |
| 4. Watercraft Liability | Included |
| 5. Fire Legal Liability | Included up to full Limits of Liability |
| 6. Incidental Medical Malpractice | Included |
| 7. Emergency Medical Services (EMTs and Paramedics) | Included |
| 8. Special Events | Included |

Public Officials Liability (includes but not limited to)

- | | |
|---|---|
| 1. Coverage for Employment-Related Matters including | Included |
| 2. Discrimination, Wrongful Termination, Failure to Hire or | |
| 3. Promote and Sexual Harassment or Misconduct | |
| 4. Criminal Defense Reimbursement | \$10,000 |
| 5. Back Wages | 50% up to \$25,000 |
| 6. Claims filed with EEOC and Texas Commission | Included in the definition of "Suit" |
| 7. Prior Acts – Extended Coverage to Creation of District | Included |
| 8. Coverage for Members of Boards or Commissions | Included while acting as public officials or employees of the Member |
| 9. Including Airport and Utility Boards Coverage for Attorneys, | |
| 10. Architects, Engineers, and Accountants | |
| 11. Land Use/Zoning | Included when damages are sought |
| 12. Mental Anguish | Included when sought in connection with an alleged civil rights violation |
| 13. Coverage for Actual or Alleged Civil Rights Violations | Included |
| 14. Whistleblower's and Workers' Compensation Retaliation | Included |

LIABILITY COVERAGE FEATURES

Automobile Liability (includes but not limited to)

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|--|---|
| 1. Medical Payments | \$25,000 for vehicles with design capacity of 8 passengers or less. |
| 2. Vehicles Added During the Year | Automatic coverage at no additional charge |
| 3. Deductible Reimbursement for Volunteers | Up to \$500 for damage to vehicles owned by volunteer firefighters or emergency medical personnel when damage occurs during emergency response on behalf of the Member. |
| 4. High Speed Pursuit | Included if there is physical contact between the Member's vehicle and the claimant's vehicle. |

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Law Enforcement Liability - OPTIONAL COVERAGE AVAILABLE UPON REQUEST

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|---|---|
| 1. Coverage for Alleged Use of Excessive Force | Included |
| 2. Moonlighting | Included for the Member and Officers acting in their capacity as Law Enforcement Officers |
| 3. High Speed Pursuit | Included if there is no contact between the Member's vehicle and the Claimant's vehicle |
| 4. Coverage of Intentional Acts | Included |
| 5. Damage to Seized or Impounded Property | Included |
| 6. Jails | Included |
| 7. Actual or Alleged Violations of Civil Rights | Included |
| 8. Mutual Aid Agreements | Included |

DEFINITIONS OF TERMS

ADVERTISING INJURY

Injury arising out of an offense occurring in the course of the District's advertising activities, if such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition or infringement of copyright, title or slogan.

AGGREGATE

This is the maximum amount that could be paid for all damages arising out of one or more accidents or occurrences that occurred during the policy period.

BODILY INJURY

Bodily injury, sickness or disease sustained by any person, including death at any time resulting there-from.

HIRED / NON OWNED AUTOMOBILE

Hired - An automobile not owned by the Member but is used on behalf of, or lent to the District.

Non Owned - An automobile which is neither owned nor a hired automobile of the District.

LAW ENFORCEMENT ACTIVITIES

The actions and functions that required or within the defined scope of duties for a District's Law Enforcement Agency which include, but are not limited to, actions towards the prevention and control of crime.

OCCURRENCE

Means each accident or event, including continuous or repeated exposure to conditions, which results in bodily injury, advertising injury, personal injury, or property damage neither expected nor intended from the Standpoint of the insured.

OCCURRENCE FORM

This form pays for the legal liability incurred by the insured for damages that occur during the policy period, no matter when the accident or occurrence becomes evident to the insurer as a "claim" against the insured. This may result in the insurer being responsible for providing coverage for occurrences reported long after the policy period expires.

PERSONAL INJURY

Injury arising out of one or more of the following offenses: False arrest, detention or imprisonment, malicious prosecution, wrongful entry, eviction or other invasion of the right of private occupancy, the publication or Utterance of a libel, slander or other defamatory or disparaging material, or publication or utterance in violation of an individual's right of privacy, false, erroneous or improper service of civil papers or assault and battery.

PROPERTY DAMAGE

Physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting there from; or Loss of use of tangible property which has not been physically injured or destroyed, provided such loss of use is caused by an occurrence.

TERRORISM

The use of violence and threats to intimidate or coerce for political ends and/or purposes. Includes any use of violence or threats for the purpose of putting the public or any section of the public in fear.