

**DATE:** 6-18-14  
**MEETING OF:** 6-24-14  
**FROM:** Manager David Kegebein  
**RE:** Property Insurance

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**BACKGROUND:** CFSA provides many services to the 14<sup>th</sup> DAA including the operation of insurance pools originally established with funds from CDFA's Division of Fairs & Expositions. The Pooled Property Protection Program administered by CFSA on behalf of F & E has become insolvent due to too many claims and will cease to exist at the end of the fiscal year.

CFSA has worked diligently to find insurance carriers willing to offer protection to our industry. As outlined in the attached CFSA memo they have obtained a quote for coverage of the 14<sup>th</sup> at a cost of \$10,529.88. Our budget for liability insurance for 2014 is \$40,000 based on a 2013 cost of about \$37,500. This represents a substantial savings but not to worry, our comp insurance will increase approximately \$20,000 in 2014 due to higher 2013 payroll costs and a minor increase in X-mod. Therefore our overall insurance costs will not decrease as much as one might hope.

**FISCAL IMPACT:** Similar coverage for less cost.

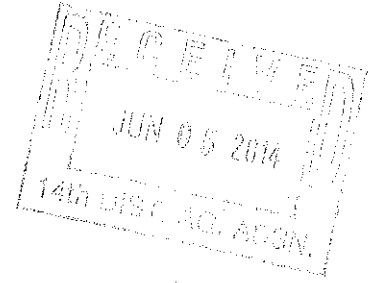
**STAFF RECOMMENDATION:** Approval to acquire property protection insurance through CFSA

**ATTACHMENTS**

- CFSA Memo and quote dated May 30, 2014



California Fair Services Authority  
916.921.2213 • www.cfsa.org  
1776 Tribute Road, Suite 100  
Sacramento, California 95815



## MEMORANDUM

To: CFSA Property Pool Participants

From: Charlie Mitchell  
Risk Manager

RE: **New Property Insurance Option**

Date: May 30, 2014

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As we have been communicating, the Pooled Property Protection Program administered by CFSA on behalf of the Division of Fairs & Expositions will end on June 30, 2014. CFSA staff has spent this past year working with our insurance broker Alliant Insurance Services researching property insurance options for the California fairs.

Alliant submitted proposals to several insurance companies to obtain quotes and only the underwriter for the current Pooled Property Protection Program submitted a proposal. CFSA staff has evaluated the proposal and with Alliant has finalized a new property insurance program that will be available to all fairs on an **optional** basis. This new insurance is **commercial property insurance** with no risk sharing or pooling.

The proposed commercial property insurance coverage for a fair is similar to the current coverages under the pooled program. The proposed coverages are as follows:

- Real Property (Buildings) – all risk/replacement value with \$50,000 deductible
- Personal Property (Contents) – all risk/replacement value with \$50,000 deductible
- Mobile Equipment (Optional) – all risk/replacement value with \$50,000 deductible
- Business Interruption/Rents (Optional) – actual loss with \$50,000 deductible
- Flood in All Flood Zones except Flood Zones A & V – replacement value with \$100,000 deductible

- Flood in Flood Zones A & V – replacement value with \$500,000 deductible
- Boiler & Machinery – repair/replacement value with \$2,500 deductible
- Information Security & Privacy Insurance
- Cyber Liability

Please note the content and/or mobile equipment insurance is not available without purchasing the overall property insurance.

The level of participation in the commercial program will determine the final cost.

Please see the attached worksheet to see your fair's premium related to the new program. The worksheet includes estimates for coverage costs based on all program components that your fair participated in through the CFSA property pool, i.e. mobile equipment and business interruption. If you would like to change coverages and coverage levels, please contact me to provide you with a new quote.

**The worksheet needs to be returned to CFSA not later than June 25, 2014 so we can enroll your fair in the new program.** If you have any questions, please contact me at 916/263-6150 or [cmitchell@cfsa.org](mailto:cmitchell@cfsa.org).

We thank you in advance for your interest in the new commercial property insurance program.

# Fairs Property Insurance Program

## Coverage Selection

2014/2015

Fair: 14th DAA, Santa Cruz County Fair

Opt Out - No Property Insurance       Opt In - Agree to Premiums below

### 1. Real Property (Buildings)

Insured Building Value: \$8,119,658

Fee with a \$50,000 deductible: \$9,785.00

### 2. Personal Property (Contents)

All participants are required to carry a minimum of \$100,000 in contents coverage, with a \$50,000 deductible.

Insured Value: \$202,020      divided by \$100 x .12 = \$243.45

### 3. Contractors/Mobile Equipment (Optional)

Includes Fair owned/leased tractors, forklifts, mowers, lifts, unlicensed trucks, and other construction equipment, such as air compressors. This coverage has a \$50,000 deductible.

Insured Value: \$0      divided by \$100 x .12 = \$0.00

### 4. Business Interruption/Rents (Optional)

Covers such losses as loan payments if a fire damages a covered building, loss of rental income if a building can not be rented due to physical damage from fire or windstorm, and necessary extra expenses incurred in order to continue as nearly as practicable normal operations following destruction of or damage to a covered building. This coverage has a \$50,000 deductible.

Insured Value: \$0      divided by \$100 x .12 = \$0.00

Administrative Fee \$501.42  
Total 2014/2015 Group Property Insurance Program \$10,529.88

Authorized Signature \_\_\_\_\_

Date \_\_\_\_\_

I agree to participate in Group Property Insurance Program

Invoices will be sent to you in July 2014

Please fax this back to CFSA ASAP at (916) 646-1238