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ASSOCIATION OF MUNICIPAL
UTILITIES

count on
EMC
INSURANCE

Iowa Association of Municipal Utilities

Safety Group Insurance Program



The IAMU Safety Group

Since 1980, the Iowa Association of Municipal Utilities, Risk Management Consultants Ltd., and EMC Insurance Companies have joined together to bring Iowa cities and utilities a comprehensive and competitive insurance program. Expansions and improvements to the program have been made continuously to meet the changing needs of Iowa's cities and utilities.

Organized in 1911 to write workers' compensation insurance in Iowa, EMC Insurance Companies has grown to a multiline insurance company with branch offices countywide. Today, EMC Insurance Companies serves the diverse needs of all sizes and types of businesses and governmental entities.

Jester Insurance Services of Des Moines, through its subsidiary Risk Management Consultants Ltd., was selected by the Iowa Association of Municipal Utilities to develop, manage and oversee the safety group insurance program. Insurance products are analyzed by Risk Management Consultants Ltd., the IAMU Insurance Committee and Board, and EMC Insurance Companies to bring Iowa communities the latest innovations and special coverages. Risk Management Consultants Ltd. is available to assist local agents in making application to the program.

Comprehensive, Flexible Coverages Tailored to Your Municipality's Needs



The municipality policy form was designed by EMC underwriters with specific needs of municipalities in mind. EMC offers broad coverages and provides unique, expanded protections within the standard policy that many insurance companies don't include. Talk to Risk Management Consultants, Ltd. to find out more about what sets EMC's coverages apart from the rest.

Property

- Blanket insurance available on all buildings and personal property
- Agreed value clause available
- Replacement cost coverage available on buildings and personal property
- Standard deductible of \$500; higher deductibles recommended for additional savings
- Utility services, direct damage—\$10,000
- Owned personal property covered away from premises and in transit—up to \$100,000
- Building ordinance or law covered automatically when insured on a replacement cost basis
- Damage from back-up of sewers and drains—up to \$100,000
- Business income and extra expense included in property form—\$500,000 each premises
- Accounts receivable—\$200,000 each premises
- Exterior signs on premises included automatically
- Buildings, newly acquired or constructed—up to \$1,000,000 each
- Personal property, newly acquired—up to \$500,000 each building
- Debris removal—25% of direct loss

Property (continued)

- Fine art—\$50,000; includes fine art of others in your care, custody or control
- Glass, unlimited—policy deductible
- Money and securities—\$10,000
- Outdoor property—\$50,000, including fences, radio and television antennas, masts and towers; limited perils coverage; higher limits available
- Personal property—1,000 feet off premises
- Personal effects and personal property of others—\$50,000 each building
- Pollution cleanup and removal—\$50,000 each premises
- Preservation of property—30 days
- Valuable papers—\$200,000
- Emergency services commandeered property—\$250,000
- Fire department—electrical currents damage—\$25,000
- Fire extinguishing system recharge, including accidental discharge—actual cost
- Fire department Service Charge—\$25,000
- Changes in extremes in temperature or humidity—\$15,000
- Foundations and pilings—10% of policy limit up to \$250,000
- Underground fiber optics cable—actual cost
- Cost of taking inventory—\$50,000

- Inland marine coverage available for construction equipment, radios, etc.
- Data processing equipment automatically included with inland marine policy—\$25,000
- Lock/Key replacement—\$10,000

Equipment Breakdown

Coverage extends to damage from electrical injury or breakdown of motors, generators, circuit breakers, switch panels, compressors, pumps, air conditioning and refrigeration equipment, as well as boilers. Coverage included in property insurance at full blanket limits on all locations except those where electrical power, except emergency power, is generated. (A separate optional policy is available for these locations.)

General Liability

- All premises and operations with automatic coverage for new premises, operations or activities
- Coverage for operations by independent contractors
- Products and completed operations
- Broad liability coverage included for all electric, gas and water utility operations
- Premises medical payments
- Personal injury
- EMT liability

- Special events premises liability
- All employees as additional insureds
- Volunteers as additional insureds
- Blanket contractual liability
- Broad form property damage liability
- Nonowned watercraft coverage
- Fire legal liability coverage, real property—\$300,000
- Abuse and molestation liability coverage automatically included
- Host liquor liability coverage
- Worldwide policy territory
- Employee benefit liability
- Advertising offense liability
- Co-employee extension as respects all employees
- Tort liability endorsement in compliance with Chapter 670 of the Iowa Code
- Incidental medical malpractice
- Anti-skid material application
- Herbicide, pesticide or fertilizer drift liability
- Criminal defense attorney fee indemnification—\$25,000

Basic Liability Limits

- \$1,000,000 per occurrence; \$2,000,000 aggregate; \$2,000,000 products liability aggregate
- Personal and/or advertising injury limit—\$1,000,000
- Premises medical payments—\$5,000 each person

Workers' Compensation

- Statutory coverage under Iowa law
- Employers liability limits available up to \$1,000,000
- Other states coverage automatically included
- Stop gap endorsement automatically included
- Medical only deductible options available

Auto

- Broad business auto insurance form
- Auto liability insurance applies to any vehicle you use
- Medical payments coverage applies to cars you own
- Comprehensive and collision coverages apply to vehicles you own
- Employers non-ownership and hired car liability
- Hired auto physical damage \$50,000
- Fellow employee exclusion deleted
- Deductible reimbursement for employees and volunteers responding to emergency scene with personal auto
- Individual liability of employees using their own cars on your business
- Freezing coverage for fire and emergency vehicles
- Replacement cost coverage available

- Covers all owned vehicles
- No territorial or radius limitations
- Standard auto liability limit of \$1,000,000

Municipality Errors and Omissions

- Claims-made policy
- Defense costs are first dollar coverage (after deductible) and defense is provided by insurance carrier
- Defense for "class action" type claims
- Includes defense for suits resulting from "wrongful acts" involving employment contracts
- Definition of insured includes the organization, the governing board of the organization, elected and appointed officials, employees and volunteers
- Discrimination is included
- Deductibles available from \$1,000 and up
- Limits available up to \$1,000,000

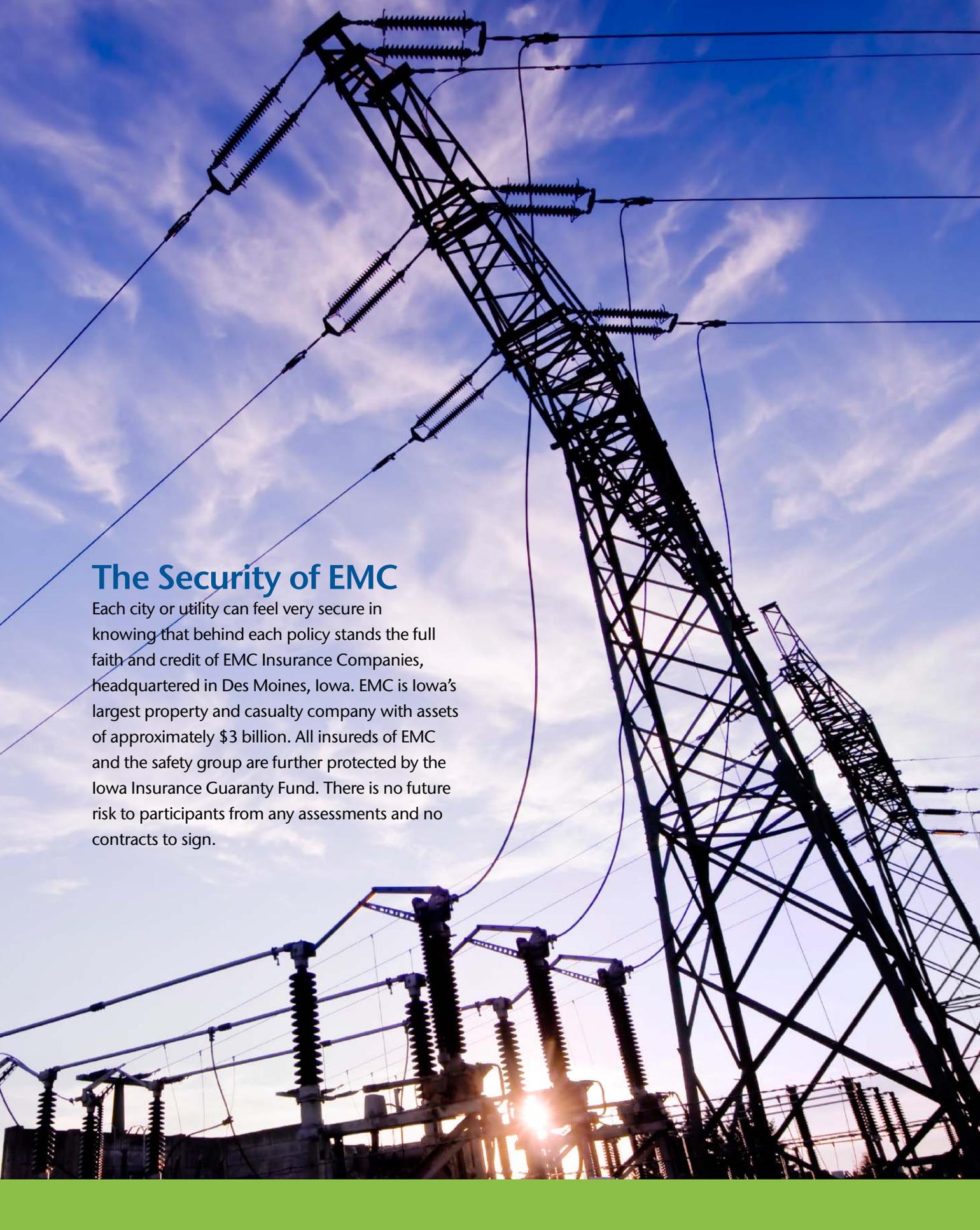
Umbrella Liability

- Can apply as excess over all primary liability insurance, including law enforcement liability, and municipality errors and omissions
- Limits available from \$1,000,000 and up
- Includes abuse and molestation

Other Coverages

- Law enforcement liability
- Blanket fidelity
- Computer fraud/electronic funds transfer
- Builders risk
- Crime
- Data compromise
- Foreign liability

THIS IS ONLY A SUMMARY OF COVERAGE AND IS SUBJECT TO POLICY CONDITIONS, LIMITATIONS AND EXCLUSIONS THAT MAY VARY FROM STATE TO STATE. PLEASE READ THE POLICY FOR SPECIFIC TERMS AND CONDITIONS OR CONTACT YOUR MANAGING AGENCY FOR DETAILS.



The Security of EMC

Each city or utility can feel very secure in knowing that behind each policy stands the full faith and credit of EMC Insurance Companies, headquartered in Des Moines, Iowa. EMC is Iowa's largest property and casualty company with assets of approximately \$3 billion. All insureds of EMC and the safety group are further protected by the Iowa Insurance Guaranty Fund. There is no future risk to participants from any assessments and no contracts to sign.

Advantages of the Plan

1. Cost Reduction

This Safety Group Insurance Program provides very competitive yet stable insurance pricing. The possibility of a dividend allows the maximum possible reduction in insurance costs. If earned, a dividend, which is the amount of premium which exceeds the losses and company overhead expenses, would be returned to participants in proportion to their premiums paid to the Safety Group. Since 1980, the program has returned nearly \$40 million to Iowa cities and utilities.

2. Safety and Loss Control Programs

An important element of this insurance program is the comprehensive safety program administered by EMC Insurance Companies for all participants. Through the reduction of losses, members will ultimately realize the greatest possible savings in their insurance cost and reduce accidents. These activities are coordinated with the extensive job training and safety activities of IAMU.

3. Local Agency Service

Under this Safety Group Insurance Program, each participating member may continue to use its own local agent. Your agent does not have to be an EMC agent to represent you. EMC Insurance Companies will license the agent you select to handle your safety group insurance as a special agent for this purpose.

4. Improved Insurance Coverage

Each insured will continue to have its own separate policies with coverage and limits designed to meet the needs of each municipal utility. Minimum coverage guidelines will be suggested to assist members in protecting their assets and taxpayers in a sound and economical fashion. A wide range of optional coverages is available to suit the individual needs of each member.

IAMU Insurance Trust

The purpose of the IAMU Insurance Trust is threefold:

1. To make the trust agreement with the insurance carrier—EMC Insurance Companies
2. To receive and distribute dividends earned by the Safety Group Insurance Program
3. To serve as the vehicle for the operation of comprehensive job training and safety programs of IAMU

According to the Internal Revenue Service, the payment of dividends on this insurance program represents a potential for profit that could jeopardize the tax exempt status of IAMU. Therefore, on the advice of counsel, the association's board of directors authorized setting up this insurance trust. The trust is managed by a special trust committee appointed by the Board of IAMU.

Dividends

Any dividends earned are payable within six months of the end of each dividend year. Total premiums paid for (1) the package policy and (2) workers' compensation policy are included in the calculations of separate dividends for each of these coverages. Dividends are not paid on the umbrella liability, the errors and omissions insurance and the equipment breakdown portion of the package policy. Dividends earned are paid by EMC to the IAMU Insurance Trust which in turn distributes them to IAMU members who are current participants in the Safety Group Program. A complete annual report of the program and its experience including the dividend calculation will be mailed to each participant and its agent. Administrative costs of the trust as well as support for loss control and safety expenses are paid out of dividend income.

Safety Group Program Coverages:

Auto

Property/Inland Marine

General Liability

Employee Benefit Liability

Crime/Fidelity Bond

Equipment Breakdown

Workers' Compensation

Umbrella Liability

Public Officials' Errors and Omissions

Data Compromise

Law Enforcement Liability

Employment Practices Liability

The plan described in this packet is underwritten by EMC Insurance Companies, Des Moines, Iowa.

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