



POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS  
AUTHORITY

MASTER PROGRAM DOCUMENT  
FOR THE  
POOLED PROPERTY PROGRAM

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POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY  
(PLAN JPA)

MASTER PROGRAM DOCUMENT (MPD)  
FOR THE  
POOLED PROPERTY PROGRAM (PPP)

ARTICLE I: DEFINITIONS

The following definitions apply to this MPD:

1. **Administrator** shall mean the person responsible for the daily administration, management, and operation of the **Authority's** programs as defined in the Bylaws.
2. **Authority** shall mean the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA).
3. **Board** shall mean the Board of Directors of the PLAN JPA.
4. **Deductible** shall mean the amount stated on the applicable Declarations or certificate of coverage, which will be paid by the **Participant** before the **Authority** is obligated to make any payment from the pooled funds.
5. **Member Contributions** shall mean that amount to be paid by each **Participant** for each **program year** as determined by the **Board** in accordance with Article III, Section C of this MPD.
6. **Joint Powers Agreement** shall mean the agreement made by and among the public entities listed in Appendix A (**Member Entities**) of the **Joint Powers Agreement**, hereafter referred to as **Agreement**.
7. **Limit of Coverage** shall mean the amount of coverage stated in the Declarations or certificate of coverage, or sublimits as stated therein or in the Memorandum of Coverage (MOC) for each **Participant** or **covered party** per **occurrence**, subject to any lower sublimit stated in the MOC.
8. **Participant** shall mean a **Member Entity**, which shall mean a signatory to the **Agreement** establishing the PLAN JPA, who has elected to participate in the PPP.
9. **Program Year** shall mean that period of time commencing at 12:01 a.m. on July 1 and ending at 12:00 a.m. on the following July 1.
10. **Retained Limit** shall mean the amount stated on the applicable Declarations or certificate of coverage, which will be paid by the **Participant** before the **Authority** is obligated to make any payment from the pooled funds.

11. **Self-Insured Retention (SIR)** shall mean the **Authority's limit of coverage** above **Participant's retained limits** and up to the attachment point for excess coverage.
12. **Third Party Administrator (TPA)** shall mean the claims administrator for the **Authority** for the PPP.

## ARTICLE II: GENERAL

### A. AUTHORITY

1. The Pooled Property Program (PPP) Master Program Document (MPD) is one of the **Authority's** governing documents. However, any conflict between the PPP MPD, the **Authority's Agreement**, the Bylaws, or the PPP MOC shall be determined in favor of the **Agreement**, the Bylaws, or the MOC, in that order.
2. The PPP MPD is intended to be the primary source of information, contain the rules and regulations, and serve as the operational guide for the conduct of the PPP.
3. The PPP has been organized under authority granted by, and shall be conducted in accordance with, the laws of the State of California.

### B. PURPOSE

The primary purpose in establishing a PPP is to create a method for providing coverage for protection against damage to the **Participants** real and personal property, including mobile equipment as provided in the MOC.

### C. RESPONSIBILITY

1. The **Board** shall have the responsibility for establishing policies and remaining informed as to the financial strength and viability of the PPP. The **Board** has the authority, within the parameters of the **Agreement** and Bylaws of the **Authority** and this MPD, to act as needed to maintain and develop the financial strength of the PPP. The **Board** shall have the authority to enter into insurance contracts for the insurance coverages within the budgeted costs of such insurance.
2. The Executive Committee shall have the responsibility and authority to affect the general policies established by the **Board**.
3. The **Administrator** shall have the responsibility to manage the daily activities of the PPP and shall be given the authority to implement the policies established by the **Board**. The **Administrator** shall report to the Executive Committee and to the **Board**, as necessary.

## ARTICLE III: PROGRAM ELEMENTS

### A. PROGRAM YEARS

1. Each **program year** shall be accounted for and the funds maintained separately from any other program of the **Authority**. The income and expenses of each **program year** shall be accounted for separately from any other **program year's** income or expenses.
2. Any excess funds at the end of the **program year** shall be retained by the PPP to pay claims and expenses which may be incurred in the future.

### B. LIMITS OF LIABILITY

The **Board** shall annually establish the limit of liability for the PPP which may be amended from time to time for subsequent **program years**. This limit of liability shall apply to each real and/or personal property claim as described in the MOC for this PPP.

### C. DEDUCTIBLES

1. The PPP shall provide **deductibles** of \$5,000 for all property, and \$5,000 for all vehicles per occurrence.
2. The amount of each loss, including expenses, which is less than the **deductible**, shall be paid by the **Participant**.

### D. MEMBER CONTRIBUTIONS

1. The **Administrator**, in conjunction with an actuary, shall establish rates and **Member Contributions**, subject to **Board** approval, adequate to fund the actuarially determined losses in the pooled layer of the PPP, including the cost of excess coverage, flood premiums and the projected administrative costs of the PPP.
2. The annual **Member Contributions** for each **Participant** shall be calculated by applying the **Participant's** most recent Total Insured Values (TIV) to 1) the funding level as determined by the actuary and recommended by the **Administrator**, 2) the cost of any excess coverage and flood premiums, and 3) a charge for the administrative and claims servicing expenses of the PPP as determined by the **Administrator**.

### E. DIVIDEND AND ASSESSMENTS

#### 1. DIVIDENDS

- (a). At the end of each **fiscal year**, a dividend calculation shall be performed for all open **program years**. Each year thereafter there shall be an additional dividend calculation made until such time as the **program year** is closed. Any dividends available to be declared and returned to the **Participants**,

who are in good standing under the PLAN JPA and in compliance with their obligations under the PPP, will be at the discretion of the **Board** provided that the total dividend to be distributed from all qualifying **program years** shall not reduce the total equity for all **program years** below a discounted 90% confidence level.

(b). Calculation

- i. Dividends may not be declared from a **program year** until five years after the end of that **program year**.
- ii. Dividends may be declared only at such time as the PPP has equity, with liabilities actuarially stated discounted at a 90% confidence level. The calculated amount shall represent the maximum dividend available to be declared.
- iii. The dividend shall be reduced if any of the five succeeding years (after the five years eligible for dividend calculation) have negative equity, with liabilities actuarially stated at a discounted 90% confidence level.
- iv. Dividends may only be declared if the equity at the expected confidence level is five times the Self-Insured Retention.

2. ASSESSMENTS

- (a). Assessments may be levied on the **Participants** for the risk sharing layer of any **program year(s)**, as approved by the **Board**, at such time as an actuary finds that the assets of the PPP, as a whole, do not meet the expected discounted losses of the PPP. Each **Participant's** share of the assessment shall be allocated based upon the **Member Contributions** collected for the self-insured layer of each respective **program year** being assessed. If such assessment is not sufficient to relieve the pool of its actuarially determined deficit in the year of the assessment, such assessment shall be levied each subsequent year until the actuarially determined deficit is relieved. The timing of payment shall be determined by the **Board** at the time of assessment.
- (b). Equity from the risk sharing layer may be exchanged between eligible **program years** if sufficient funds are available. The transfer of equity will be performed so that the individual **Participant's** share of equity is separately applied so as to maintain the integrity of each **Participant's** balance.

F. EXCESS COVERAGE

1. The **Board** shall ensure that each **program year** is provided with excess property coverage for the **Participants**. It is the intent and purpose of the **Authority** to continue to provide such coverage to the **Participants**, provided that such coverage can be obtained and is not unreasonably priced. This coverage may be obtained from an insurance company, by participating in another pool established under the Government Code as a joint powers authority or offered through another PPP pooling procedure. If the coverage is purchased from an insurance company, such insurance company shall have an A.M. Best Rating Classification of A or better and an A.M. Best Financial Rating of VII or better or their equivalents.
2. Premiums for such coverage shall be paid by the PPP from the proceeds received as **Member Contributions** from the **Participants**.
3. Deductibles for Specific Excess Coverages:
  - a. Deductibles for various perils covered under the excess policy are determined by the excess property program the **Authority** has elected to participate in.
  - b. When a claim is filed for a qualifying loss, the **Participant** will be responsible for their corresponding retention as defined in the Memorandum of Coverage for the Pooled Property Program for the **Authority**.
  - c. The **Authority** shall authorize payment of the difference between the **Participant's** retained limit and the **Authority's** Self-Insured Retention for the corresponding covered loss within the excess program. The **Authority's** obligation to the excess program shall remain despite the total dollar amount of the difference in retained limit amounts.
4. The **Board** may, from time to time, alter excess coverage based on insurance market conditions, available alternatives, costs, and other factors. The **Board** shall place excess coverage with the two competing objectives of security and minimizing costs to the PPP as a whole.



## ARTICLE IV: ADMINISTRATION

### A. BOARD

1. Discussion of developments and performance of the PPP may occur as part of any scheduled **Board** meeting.
2. The **Board** shall have the responsibility and authority to carry out and perform all functions and make all decisions affecting the PPP, consistent with the powers of the **Authority** and not in conflict with the **Agreement**, the Bylaws, or the MOC.

### B. EXECUTIVE COMMITTEE

1. The Executive Committee shall have the responsibility and authority to carry out and perform all other functions and make all other decisions affecting the PPP, provided that such functions and decision are consistent with the powers of the **Authority** and are not in conflict with the **Agreement**, the Bylaws, or the MOC.
2. The Executive Committee shall meet at least twice a year to review the developments and performance of this PPP. The Executive Committee shall review, study, advise, make recommendations to the **Board**, or take any action which the Committee believes to be in the best interests of the PPP and its **Participants**, provided that such action is not prohibited by law or is not an action reserved unto the **Board**.

### C. ADMINISTRATOR

The **Administrator** shall be responsible for:

1. The overall operation of the PPP;
2. Monitoring the status of the PPP and its operations, the development of losses, the program's administrative and operational costs, service companies' performance, and brokers' performance;
3. Assisting the **Board** in selecting brokers, actuaries, auditors, and other service companies;
4. Promoting the programs to prospective new participants;
5. Preparing, distributing, and maintaining all records of the PPP, including its MPD and MOC as these may be amended from time to time; and
6. Preparing Certificates of Coverage as may be required by the **Participants** in the PPP.

## ARTICLE V: CLAIMS ADMINISTRATION

### A. DISPUTES REGARDING MANAGEMENT OF A CLAIM

1. Any matter in dispute between a **Participant** and the **Third Party Administrator** shall be called to the attention of the **Administrator** and heard by the Executive Committee whose decision may be appealed to the **Board** within thirty (30) days of the Committee's decision. If no appeal is filed, the decision of the Executive Committee shall be final.
2. When an appeal has been filed, the **Board** shall meet within forty-five (45) days to hear the appeal. The decision of the **Board** will be final.

## ARTICLE VI: PARTICIPATION

### A. ELIGIBILITY AND APPLICATION

#### 1. ELIGIBILITY

- (a). A new applicant must commit to at least three full **program years** of participation in this PPP.
- (b). Any **Member Entity** may apply to participate in the PPP by providing an adopted resolution of its governing body and such other information/materials as may be required. The applicant's resolution shall commit the applicant to three full **program years** of participation in the PPP, if accepted, and consent to be governed for property coverage in accordance with the MPD, the MOC and other documents and policies adopted by the **Board**.
- (c). The application for participation shall be submitted at least thirty (30) days prior to the date of the last **Board** meeting of the **program year** to ensure the **Board** has adequate time to review and evaluate the acceptability of the applicant. It is recommended that an applicant only enter the PPP at the commencement of a new **program year**. If an applicant chooses to enter the PPP at any other time, the **Member Contributions** for the remainder of the **program year** will be pro-rated. The new **Participant** will begin coverage on the date that is mutually acceptable to the new **Participant** and the **Board**; however, the new **Participant** will be required to share losses with the other **Participants** of the PPP for the entire **program year**.

#### 2. APPROVAL OF APPLICATION

The **Board** shall, after reviewing the resolution and other underwriting criteria, determine the acceptability of the exposures presented by the applicant and shall advise the applicant in writing of its decision to accept or reject the request within ten (10) days after the decision has been made.

### B. PARTICIPANTS' DUTIES

1. The **Participants** shall be responsible for providing the data required by the **Authority** to determine the values of covered properties. The data shall be factual and provided in a timely manner in conformance with the policies adopted by the **Board**.
2. The **Participants** shall disclose activities not usual and customary in their operation.
3. The **Participants** shall at all times cooperate with the **Authority's Administrator**,

Litigation Manager, **Third Party Administrator**, with regard to claims handling and underwriting activities of the **Authority**.

4. Each year the **Authority** shall bill **Participants** for a **Member Contributions** for the next **program year**. The billings shall be due and payable in accordance with the Bylaws.
5. Billings may be made to **Participants** for a **program year** found to be actuarially unsound. All billings for payments to bring a **program year** into an actuarially sound condition are due and payable upon receipt.
6. Former **Participants** in the PPP shall be required to pay all applicable billings for the **program years** in which they participated. Delinquent billings, together with penalties and interest, shall be charged and collected from the **Participant** in accordance with the Bylaws.
7. Penalties and interest shall be charged against any amounts delinquent in accordance with the Bylaws.

## C. TERMINATION

### 1. VOLUNTARY TERMINATION

(a). A **Participant** shall not be permitted to withdraw from the PPP prior to the end of its commitment period of three full **program years**, and shall be obligated for payment of Member Contributions for these three years.

(b). A **Participant** which has maintained its participation in the PPP for three full **program years** may terminate its participation if, at least six months before the next **program year**, a written request to terminate participation is received from the **Participant**.

(c). Any **Participant** seeking to terminate its participation without proper and timely notice shall be responsible for the full cost of the next **program year's** premium. The notice will be deemed effective for the **program year** following the year in which the additional premium is paid.

### 2. INVOLUNTARY TERMINATION

(a) The **Board** may initiate termination of a **Participant** from the PPP for the following reasons:

(i) Termination as a **Member Entity** of the **Authority**;

(ii) Declination to cover the **Participant** by the entity providing excess coverage;

- (iii) Nonpayment of Member Contributions, premiums, assessments, or other charges;
- (iv) Frequent late payment of Member Contributions, premiums, assessments, and/or other charges, subject to interest and penalty charges;
- (v) Failure to timely provide requested underwriting information;
- (vi) Consistent poor loss history relative to the pool;
- (vii) Substantial change in exposures which are not acceptable in this PPP; and/or
- (viii) Financial impairment that is likely to jeopardize this PPP's ability to collect amounts due in the future.

The Board's determination of the existence of any of these conditions shall be final.

- (b) The **Board** shall have the authority, upon a two-thirds approval, to authorize a termination notice be sent to a **Participant**. Such notice shall be sent at least 60 days prior to the effective date of termination.

### 3. CONTINUED LIABILITY UPON TERMINATION

Termination of participation, whether voluntary or involuntary, in future **program years** does not relieve the terminated **Participant** of any benefits or obligations of those **program years** in which it participated. These obligations include payment of assessments, retrospective adjustments, or any other amounts due and payable.

## ARTICLE VII: TERMINATION AND DISSOLUTION OF THE PPP

The PPP may be terminated and dissolved any time by a vote of two-thirds of the **Participants**. However, the PPP shall continue to exist for the purpose of disposing of all claims, distributing assets, and all other functions necessary to conclude the affairs of the PPP.

Upon termination of the PPP, all assets of the PPP shall be distributed only among the **Participants**, including any of those which previously withdrew pursuant to Article VI, in accordance with and proportionate to their **Member Contributions** and assessments paid during the term of participation. The **Board** shall determine such distribution within six months after the last pending claim or loss covered by the PPP has been finally resolved and there is a reasonable expectation that no new claims will be filed.

## ARTICLE VIII: AMENDMENTS

This MPD may be amended by a two-thirds (2/3rds) vote of the **Participants** present and voting at the meeting, provided prior written notice, as provided within the **Agreement**, has been given to the **Board**.

## Appendix A

City of American Canyon	Town of Los Gatos
Town of Atherton	City of Millbrae
City of Benicia	City of Milpitas
City of Burlingame	City of Morgan Hill
City of Campbell	City of Newark
Town of Colma	City of Pacifica
City of Cupertino	Town of Portola Valley
City of Dublin	Town of Ross
City of East Palo Alto	City of San Bruno
City of Foster City	City of San Carlos
City of Half Moon Bay	City of Saratoga
Town of Hillsborough	City of South San Francisco
Town of Los Altos Hills	City of Suisun City
Town of Tiburon	Town of Woodside