



May 21, 1999

**TO: BOARD OF DIRECTORS**

**FROM: DEBORAH GUY  
MANAGING DIRECTOR OF RISK MANAGEMENT**

**SUBJECT: PURCHASE OF PROPERTY AND BOILER AND  
MACHINERY INSURANCE**

Metropolitan  
Transportation  
Authority  
*Rb*  
One Gateway Plaza  
Los Angeles, CA  
90012-2952

**ISSUE**

In March, the Board of Directors authorized Risk Management to market and purchase all risk property insurance and boiler and machinery insurance for MTA's property, other than at construction sites, at a cost not to exceed \$3.6 million. The purpose of this report is to inform the Board of the final selection and placement of this insurance program.

**REPORT**

The brokers for MTA's Operations marketed the property and boiler and machinery insurance coverage for the policy period from May 10, 1999 through May 9, 2000. Quotes were received from insurers with A.M. Best ratings that met MTA's standards of acceptable financial soundness. The broker's recommendation for the program providing the most suitable terms at the lowest premium was selected.

Total premium for the expiring program was \$3.86 million. The final premium for the new program is \$2.6 million, a \$1 million savings from the amount authorized and a premium reduction of \$1.26 million off the previous year's property program. This lower premium was realized despite an increase in insurance limits.

Of particular note is the increase in earthquake coverage from \$60 million in last year's program, which included \$10 million in earthquake coverage for rolling stock. This year's program increases earthquake coverage to \$100 million, consisting of \$70 million for all property, including rolling stock, with an additional \$30 million applicable to all property other than rolling stock.

The participants in the property program, with policy limits, are included in the attached schedule.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

MAY 10, 1999 - MAY 10, 2000

ADDENDUM NO. 1 TO BINDER NO. 247293

AYER	PREMIUM	CARRIER	PARTICIPATION	PREMIUM	\$ 0.0335	POLICY NUMBER
10,000,000					SLTF	
PRIMARY	\$1,050,000					
		COMMONWEALTH INSURANCE CO.	\$ 1,500,000	\$ 157,500	\$ 5,276.25	US 2406
		ALLIANZ INSURANCE CO.	\$ 5,500,000	\$ 577,500		CLP 1031361
		AFFILIATED FM	\$ 1,000,000	\$ 105,000		TD190
		CLARENDON	\$ 1,000,000	\$ 105,000	\$ 3,517.50	TBA
		WESTCHESTER FIRE INS. CO.	\$ 1,000,000	\$ 105,000		TBA
		TOTAL	\$ 10,000,000	\$ 1,050,000		
\$13,750,000						
x/s \$10,000,000	\$673,750	ALLIANZ INSURANCE CO.	\$ 4,000,000	\$ 196,000		CLP 1031361
		ROYAL INDEMNITY CO.	\$ 1,500,000	\$ 73,500		RHD403761
		ESSEX INSURANCE CO.	\$ 2,000,000	\$ 98,000	\$ 3,283.00	MSP 3469
		HARTFORD FIRE INSURANCE CO.	\$ 1,000,000	\$ 49,000		72XLSQG3577
		UNDERWRITERS AT LLOYDS, LONDON	\$ 2,500,000	\$ 122,500	\$ 4,103.75	NN056020Y
		TIG INSURANCE CO.	\$ 1,000,000	\$ 49,000		XPT 387 97 213
		COMMONWEALTH INSURANCE CO.	\$ 1,750,000	\$ 85,750	\$ 2,872.63	US 2407
		TOTAL	\$ 13,750,000	\$ 673,750		
\$12,500,000						
X/S \$23,750,000	\$256,250	ROYAL INDEMNITY CO.	\$ 2,250,000	\$ 46,125		RHD403762
		ESSEX INSURANCE CO.	\$ 2,250,000	\$ 46,125	\$ 1,545.19	MSP 3469
		ALLIANZ INSURANCE CO.	\$ 4,000,000	\$ 82,000		CLP 1031361
		HARTFORD FIRE INSURANCE CO.	\$ 1,000,000	\$ 20,500		72XLSQG3577
		UNDERWRITERS AT LLOYDS, LONDON	\$ 1,000,000	\$ 20,500	\$ 686.75	NN056020Y
		TIG INSURANCE CO.	\$ 2,000,000	\$ 41,000		XPT 387 97 213
		TOTAL	\$ 12,500,000	\$ 256,250		
\$20,000,000						
X/S \$36,250,000	\$200,000	AGRICULTURAL INSURANCE CO.	\$ 4,500,000	\$ 45,000		CPP 3994642
		GREENWICH INSURANCE CO.	\$ 4,000,000	\$ 40,000		ACG 3394642
		CLARENDON	\$ 1,500,000	\$ 15,000	\$ 502.50	TBA
		RELIANCE NATIONAL INSURANCE CO.	\$ 4,500,000	\$ 45,000		TBA
		COMMONWEALTH INSURANCE CO.	\$ 2,000,000	\$ 20,000	\$ 670.00	US2410
		TRAVELERS INDEMNITY CO. OF ILLINOIS	\$ 3,500,000	\$ 35,000		KTXJCMB187D391599
		TOTAL	\$ 20,000,000	\$ 200,000		
\$13,750,000						
X/S \$56,250,000	\$68,750	VOYAGER INDEMNITY INS. CO.	\$ 5,000,000	\$ 25,000	\$ 837.50	TBA
		WESTCHESTER FIRE INSURANCE CO.	\$ 1,500,000	\$ 7,500		TBA
		RLI INSURANCE CO.	\$ 7,250,000	\$ 36,250	\$ 1,214.38	TBA
		TOTAL	\$ 13,750,000	\$ 68,750		
\$30,000,000						
x/s \$70,000,000	\$150,000	RLI INSURANCE CO.	\$ 2,750,000	\$ 13,750	\$ 460.63	TBA
		VOYAGER INDEMNITY INS. CO.	\$ 5,000,000	\$ 25,000	\$ 837.50	TBA
		CLARENDON	\$ 5,000,000	\$ 25,000	\$ 837.50	TBA
		VARIOUS	\$ 17,250,000	\$ 86,250	\$ 2,889.38	
\$40,000,000						
X/S \$60,000,000	\$40,000	ALLIANZ INSURANCE CO.	\$ 10,000,000	\$ 10,000		CLP 1031361
		ROYAL INDEMNITY CO.	\$ 10,000,000	\$ 10,000		TBA
		WESTCHESTER FIRE INS. CO.	\$ 20,000,000	\$ 20,000		TBA
		TOTAL	\$ 40,000,000	\$ 40,000		
\$100,000,000						
x/s \$100,000,000	\$28,224	ALLIANZ INSURANCE CO.	\$ 60,000,000	\$ 16,920		CLP 1031361
		HARTFORD FIRE INSURANCE CO.	\$ 25,000,000	\$ 7,050		72XLSQG3577
		COMMONWEALTH INSURANCE CO.	\$ 15,000,000	\$ 4,230	\$ 141.71	US 2411
		TOTAL	\$ 100,000,000	\$ 28,200		
\$250,000,000						
x/s \$200,000,000	\$30,500	ALLIANZ INSURANCE CO.	\$ 200,000,000	\$ 24,400		CLP 1031361
		HARTFORD FIRE INSURANCE CO.	\$ 50,000,000	\$ 6,100		72XLSQG3577
		TOTAL	\$ 250,000,000	\$ 30,500		
\$50,000,000	\$85,000	CNA INSURANCE CO. (BOILER AND MACHINERY)	\$ 50,000,000	\$ 85,000		TBD
TOTALS	\$2,582,474				\$ 29,676.14	