

TO: Property/Casualty Program Council Representatives

FROM: Martha H. Rademacher  
Director of Finance & Programs

RE: Underwriting Information Requirements

DATE: April 10, 2009

One of PDRMA's goals is to provide comprehensive coverage. To meet that goal, we need some information from you — the designated Program Council Representative in our member database.

In order to obtain proposals from the insurance marketplace, we need to respond to periodic requests for information. Whenever possible, we try to respond without subjecting the PDRMA membership to an onerous data collection process. But this time, we do need your help in providing the following information:

- 1) Estimated gross earnings as defined in the PDRMA Property Coverage Document for business interruption coverage (see enclosed "Business Interruption Coverage Information Request")
- 2) Number of acres of land owned for pollution liability coverage (see enclosed "Pollution Coverage Information Request")

Because you may need to obtain this information from separate sources within your agency, these two requests are stapled separately. (For example, Finance may be needed to help with #1 and Parks may be needed to help with #2.)

Your responses are required no later than April 30, 2009. Please contact me at [mrademacher@pdrma.org](mailto:mrademacher@pdrma.org) or (630) 435-8908 if you have any questions.

Thank you for your continued cooperation and participation. It is the reason that PDRMA is celebrating 25 years of Service and Stability!

## **Pollution Coverage Information Request**

PDRMA provides members of the Property Casualty Program with Pollution coverage. To provide continued coverage, we need to obtain the following information from you:

### **1) Confirm/add *location address* and *number of acres* using the attached spreadsheet**

The attached 11 x 17 sheet contains information downloaded from ASSETMAXX, listing every site included in your records.

Please review your ASSETMAXX information carefully and ...

- Confirm the current address and fill in any missing addresses
- Confirm the number of acres (if listed) or fill in the number of acres (if missing)
- Add any missing locations at the bottom of the spreadsheet

Although we primarily need the *location address* and *number of acres*, please also review the accuracy of your other information downloaded from our ASSETMAXX system. Mark any changes directly on the spreadsheet.

### **2) Complete and sign the attached "ENVIRONMENTAL INSURANCE APPLICATION"**

This information is critical to maintaining your Pollution coverage. **Incomplete or inaccurate information could jeopardize PDRMA's ability to pay claims in the event of a loss.**

**Please complete and return both pieces by mail no later than April 30, 2009 to:**

**PDRMA  
Attention: Johanna McFadden  
P.O. Box 4320  
Wheaton, IL 60189**

## Business Interruption Coverage Information Request

PDRMA's property coverage includes Business Interruption — the income loss resulting directly from the interruption of business, services or rental value caused by a covered peril which results in a direct physical loss or damage to real or personal property.

For the 7/1/09 renewal of the Property Coverage, PDRMA must report any member locations with potential business interruption losses in excess of \$500,000 per location on an **annual basis**. To maintain adequate coverage, we need to obtain this information from your agency, if applicable.

**Please review your operations and complete the attached Business Interruption Coverage Questionnaire for any applicable locations.** A separate application must be completed for each location. Even if you have no applicable locations, please indicate as such and return the questionnaire.

**Please complete and return by mail or fax no later than April 30, 2009 to:**

**Mail**  
\_\_\_\_\_  
PDRMA  
Attention: Johanna McFadden  
P.O. Box 4320  
Wheaton, IL 60189

**Fax**  
\_\_\_\_\_  
(630) 769-0449  
Attention: Johanna McFadden

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### *Business Interruption Coverage Overview*

For complete details about your Business Interruption Coverage, please refer to the Property Coverage Document: Section III – Interruption of Business Earnings/Extra Expense and Rental Income or call PDRMA with any questions. The Coverage Document is available on the PDRMA website at [www.pdrma.org](http://www.pdrma.org).

However, if you'd prefer a brief overview for now, the key business interruption elements are as follows:

- 1) The cause of the loss has to be from a covered peril as defined in the Property Coverage Document, and
- 2) There must be direct physical loss or damage to a covered property as defined in the Property Coverage Document, and

- 3) The calculation of the business interruption claim follows the definition in the Property Coverage Document, and
- 4) If the possible loss is greater than \$500,000 per occurrence, the exposure has to be reported to the reinsurer during the underwriting process.

The most common types of losses that members have where Business Interruption coverage applies are to revenue facilities such as golf courses, restaurant and banquet facilities, and fitness centers.

For example, if a flood at a banquet facility results in damage to covered property and the facility cannot open because of the damage, the loss of income to the member agency can be a covered loss. As another example, if a fitness center is damaged by fire and is closed as a result of the damage, the loss of income can be a covered loss.

## Business Interruption Coverage Questionnaire

PDRMA MEMBER AGENCY \_\_\_\_\_

LOCATION NAME \_\_\_\_\_

LOCATION ADDRESS \_\_\_\_\_

DESCRIPTION OF OPERATION (i.e., golf course, banquet facility, fitness center)

\_\_\_\_\_

*Note: The following terms are taken directly from the PDRMA Coverage Document and are insurance jargon which does not always have the same meaning as accounting or common usage might. We have tried to clarify but please call if you have any questions at all.*

### Gross Earnings:

Total net sales (net refers to net of acquisition costs such as commissions not net of cost of goods sold)

\_\_\_\_\_ +

Other earnings derived from operation of the facility (such as leases, rental income)

\_\_\_\_\_ +

Cost of merchandise sold (goods kept for sale by member which are not manufactured or created by member)

\_\_\_\_\_ -

Cost of materials and supplies consumed in supplying the service(s) sold

\_\_\_\_\_ -

Services purchased from outside (not employees of the member) for resale that would not continue under contract

\_\_\_\_\_ -

Total  
(Annual business interruption exposure)

\_\_\_\_\_ =

**PARK DISTRICT RISK MANAGEMENT AGENCY  
ENVIRONMENTAL INSURANCE APPLICATION**  
This Application Is For A "Claims-Made and Reported"  
Pollution and Remediation Legal Liability Policy  
**PLEASE READ IT CAREFULLY.**

**APPLICANT:** \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Contact: \_\_\_\_\_ Title: \_\_\_\_\_  
 Telephone/Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Total Acreage for Member Locations: \_\_\_\_\_ acres

1. Have any prior environmental reports, audits or studies been done on your properties?  Yes  No

If yes, please provide.

2. Have any of the following operations ever been on any of your properties? (Indicate which)

<input type="checkbox"/> Automobile maintenance, repair or sales	<input type="checkbox"/> Gas Station	<input type="checkbox"/> Former Department of Defense property
<input type="checkbox"/> Commercial oil storage or distribution	<input type="checkbox"/> Junk/scrap yard/recycling	<input type="checkbox"/> Waste Reclamation
<input type="checkbox"/> Waste/sewage treatment, storage or disposal	<input type="checkbox"/> Landfill	<input type="checkbox"/> Dry cleaner (other than pickup)

If any of the above are checked off, please provide information on a separate sheet indicating which property locations are applicable.

3. Are any wells used for potable water?  Yes  No

a. Is the water tested annually?  Yes  No

b. Do the results meet local, state and federal requirements?  Yes  No

4. Do any of your properties have septic systems?  Yes  No

a. To your knowledge, have any hazardous chemicals ever been disposed of in the septic systems?  Yes  No

b. To your knowledge, have solvents ever been used to clean the septic system?  Yes  No

\*Hazardous substances include but are not limited to: pesticides, herbicides, paints, solvents, spent batteries, cleaning fluids, pool chemicals, and other similar chemicals

5. Are any hazardous substances stored at the property in aggregate amounts greater than 55 gallons?  Yes  No

a. Is secondary containment provided for the storage of the hazardous substances?  Yes  No

6. Do you own or operate any aboveground storage tanks (ASTs)?  Yes  No

c. Do the AST(s) store water or propane only?  Yes  No

d. Do the AST(s) store gasoline, fuel, heating oil, pesticides/herbicides, or chlorine?  Yes  No

e. Do the AST(s) have secondary containment?  Yes  No

7. In the past five (5) years, have you ever been investigated, cited and/or prosecuted for contravention or violation of any standard or law relating to any release of pollutants?  Yes  No
8. Have you ever had any pollution claims including, but not limited to, claims by private persons, entities, government agencies or other third parties?  Yes  No
9. Has any environmental coverage been declined, cancelled, or nonrenewed?  Yes  No
10. Are there any statutes, standards, or other city, state or federal regulations relating to the protection of the environment you cannot presently comply with?  Yes  No
11. Are you aware of any circumstances which may reasonably be expected to give rise to an environmental liability claim under this policy?  Yes  No

**FRAUD WARNINGS**

**NOTICE TO ALL APPLICANTS:** Any person who knowingly includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**THE APPLICANT REPRESENTS THAT THE ABOVE STATEMENTS AND FACTS ARE TRUE AND THAT NO MATERIAL FACTS HAVE BEEN SUPPRESSED OR MISSTATED.**

**COMPLETION OF THIS FORM DOES NOT BIND COVERAGE. APPLICANT'S ACCEPTANCE OF THE COMPANY'S QUOTATION IS REQUIRED PRIOR TO BINDING COVERAGE AND POLICY ISSUANCE.**

**ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE COMPANY IN CONJUNCTION WITH THIS APPLICATION ARE HEREBY INCORPORATED BY REFERENCE INTO THIS APPLICATION AND MADE A PART HERE OF.**

Applicant: \_\_\_\_\_

Title: \_\_\_\_\_

Applicant's Signature: \_\_\_\_\_

Date: \_\_\_\_\_