
Local Government Insurance Trust

RISK MANAGEMENT BULLETIN

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Special Year 2000 Issue

Effective July 1, 1999, the Local Government Insurance Trust will make available coverage for losses that result from the Year 2000 Bug. Coverage will not be provided for fixing the problem, (i.e., no coverage for reprogramming software or replacing embedded systems. Coverage will be provided for the ensuing losses only.

Liability Coverage Offering

There are two (2) liability options:

- Standard Coverage
- Optional Coverage

Standard Liability Coverage Limit

Deductible per occurrence	\$5,000 (or current GL or PO deductible, whichever is higher)
Maximum per occurrence and aggregate	\$25,000
Co-pay feature	None
Premium	None

Underwriting Requirements: (At a minimum)

- Must be a member of the Trust's Primary Liability Pool
- Completion of Y2K underwriting survey — signed by senior elected official or designee
- Active Y2K mitigation and contingency plan — approved by the elected body
- Plan available for public review

Sponsoring Organizations



Optional Liability Coverage Limit



(These are excess of the standard coverage limit)

Limits-Occurrence/Aggregate

50% Co-pay

\$25,000

\$50,000

\$75,000

\$100,000

\$200,000/\$500,000

Premium : Based on size of entity operating budget example

Sample Quote . . . “A”

Entity operating with budget less than \$1,000,000

Premium range: \$730 - \$1,750 depending on optional limits selected

Sample Quote . . . “B”

Entity operating with budget of \$3,000,000

Premium range: \$1,460 - \$3,500 depending on optional limits selected

Underwriting Requirement: (At a minimum)

- Must be a member of the Trust’s Primary Liability Pool
 - Completion of Y2K underwriting survey — signed by senior elected official
 - Active Y2K mitigation and contingency plan — approved by the elected body
 - Plan available for public review
 - Certification of the entity — plan by a qualified outside Y2K consultant

Property Coverage Offering

- Coverage will be for ensuing perils and losses (i.e., resulting fires caused by the Y2K bug) subject to applicable reinsurance, limits, conditions, etc.
- Coverage will be provided at no additional cost to members, subject to compliance of LGIT underwriting and risk management guidelines.

Application Process

This underwriting application is intended to assist the Local Government Insurance Trust in assessing the Year 2000 exposures and it may bring attention to hazards that require prompt consideration. It is not intended to imply that all potential Year 2000, or any other date recognition hazards and conditions, are identified or under control at the time of the application. No liability is assumed by reason of this application, as it is only advisory in nature and you must

make the final decisions on compliance. Any insurance coverage provided to our members is limited to the Scope of Coverage.

- **Application must be completed and signed by the appropriate elected or appointed official.**
- **Application must be completed in its entirety before it will be reviewed for coverage consideration.**
- **Where a question is not applicable, please note (N/A). Do not leave any blanks.**
- **The offer of coverage does not guarantee that you are Y2K compliant.**
- **You may also include any written narratives that may help to explain your organization's plans or actions.**

The deadline for responding to the underwriting application is no later than 5/1/99. Completion of application in its entirety is required if your local government is interested in receiving a proposal for Y2K coverage from the Trust.