

**Agenda Item #7 – Supplemental
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DRIVER SPECIALTY GROUP

**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)
PROPOSAL
SEPTEMBER 29, 2006 TO SEPTEMBER 29, 2007**

NAMED INSURED: El Dorado LAFCO

PROGRAM TERM: 09/29/2006 to 9/29/07

INSURANCE COMPANY: Evanston Insurance Company

AM BEST RATING*: A, Excellent, Financial Size Category FSC XII; \$1,000,000,000 to \$1,250,000,000

STANDARD & POOR RATING:** Not Rated

CALIFORNIA STATUS: Non-Admitted

POLICY NUMBER: TBD

COVERAGE: Manuscript Liability Form on an Occurrence Basis. Coverage included for:

(Coverage applies only where checked)

		LIMIT	DED/SIR
X	Bodily Injury	\$3,000,000	\$10,000
X	Property Damage	\$3,000,000	\$10,000
X	Personal Injury	\$3,000,000	\$10,000
X	Non-Owned and Hired Automobile Liability	\$1,000,000	\$10,000
	Owned Automobile Liability – combined single limit		
	Nonprofit Directors and Officers Liability		
X	Public Officials Errors & Omissions	\$3,000,000	\$10,000
	Nose Coverage		
	Retro Date:		

- Annual Aggregate for all occurrences arising separately out of Products/Completed Operations; Public Officials Errors & Omissions; Directors and Officers Liability, and Employment Practices Liability.

SUBLIMITS: (Coverage applies only where checked)

		LIMIT	DED/SIR
X	Fire Damage Liability	\$3,000,000	\$10,000
	Uninsured Motorist Coverage - per accident		
X	Employment Practices Liability Maximum \$5 Million Limit	\$3,000,000	\$10,000

- Limits are exhausted by Indemnity and Defense Cost
- Limits apply separately to each entity in the program

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DRIVER SPECIALTY GROUP

**SLIP Proposal
Page Two**

ANNUAL PREMIUM:

* Taxes, surplus lines fee and brokerage fees are included.

Option 1 – 3,000,000 (Non-owned & Hired Auto capped at \$1MM Limit)

Premium: \$4,315.00
Taxes: \$129.45
Stamping Fee: \$7.55
Program Fee: \$517.80

Total Premium: \$4,969.00

Option 2 – 5,000,000 (Non-owned & Hired Auto capped at \$1MM Limit)

Premium: \$4,825.00
Taxes: \$144.75
Stamping Fee: \$8.44
Program Fee: \$579.00

Total Premium: \$5,557.19

Option 3 – 10,000,000 (Non-owned & Hired Auto capped at \$1MM Limit)

Premium: \$5,000.00 (EPLI Capped at \$5MM limit)
Taxes: \$150.00
Stamping Fee: \$8.75
Program Fee: \$600.00

Total Premium: \$5,758.75

25% Minimum Earned Premium

TRIA Options at 25% of the annual premium

Commissions are customarily paid by the insurance carriers to their agents and to brokers as a percentage of premiums. In addition to the commissions that Alliant receives, its related entity, Alliant Specialty Insurance Services, Inc. ("ASIS") may receive compensation from Alliant and/or the carrier for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Additionally, the related entities of Driver Signature Services and/or Strategic HR may receive compensation from Alliant and/or the carrier for providing designated, value-added services. Services contracted for by the client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Alliant and/or the carrier. Further information is available upon written request directed to: Alliant Insurance Services, Attention: Chief Operating Officer, 1620 Fifth Avenue, San Diego, CA 92101.

SUBJECT TO AUDIT:

NO

MAJOR EXCLUSIONS:

- Workers' Compensation
- Asbestos
- Failure to Supply
- Pollution Except for Hostile Fire and Vehicle Upset / Overturn coverage
- Inverse Condemnation / Eminent Domain
- Care, Custody, and Control
- Medical Payment Coverage
- Dam Liability
- All Aircraft; Watercraft over 51 feet in length
- Airports
- Medical Malpractice (except incidental)
- Subsidence
- Nuclear Material
- ERISA
- Fungi or Bacteria
- War or Terrorism
- Securities and Financial Interest
- Mold
- Directors & Officers (If Public Officials Errors & Omissions applies)
- Montrose Exclusion – Prior knowledge of incident or loss
- Abuse & Molestation (Coverage can be added at an additional cost)
- Residential Construction
- Athletic Participants
- Public Officials Errors & Omissions (if Directors & Officers applies)
- Transit Operations
- Bodily Injury of Tenants or Guests of Tenants for Habitational Risks
- Insurance Agent/Claims Administration/Mortgage Broker
- Owned Auto Liability

CLAIMS REPORTING:

Please contact Alliant to report claims. Program and Deductible loss adjustment will be provided by Carl Warren and Co.

NOTE:

This proposal is valid for (30) days

PROPOSAL DATE:

February 12, 2007

BROKER:

DRIVER ALLIANT INSURANCE SERVICES, NEWPORT BEACH, CA

Gordon B. DesCombes, Senior Vice President
Rick Steddom, Vice President
Christine Tobin, Vice President
John Peterson III – Assistant Vice President
Mary Ellen Ewert, Unit Manager

SUBJECT TO POLICY TERMS, CONDITIONS AND EXCLUSIONS



Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.

Insurance brokerages such as Alliant typically rely upon rating agencies for this type of market analysis. Both *A.M. Best and **Standard and Poor have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.insure.com/ratings/profiles

To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov