

# APRA Property Coverage Outline

as of September 17, 2024

*The following represents a summary of selected terms only. Please consult the APEI, AMLJIA and draft APRA coverage forms and endorsements for a comprehensive understanding of these terms.*

Item	AMLJIA Current State	APEI Current State	APRA	Comments
Valuation	Replacement Cost with Blanket Limits	Replacement Cost with 25% Margin	<p>2 Options being considered</p> <ul style="list-style-type: none"> <li>- Option 1 includes: Replacement Cost with Blanket Limits</li> <li>- Option 2 includes: 25% Margin applies to costs related to rebuilding and replacing contents (such as increased costs due to code upgrades and costs for valuable papers or fine arts), but not to costs that are in addition to the rebuilding costs (such as debris removal or extra expense)</li> </ul>	EPIC will seek options both ways and the Committee will make the final decision in the spring of 2025.
Property Memorandum Coverage Limit	\$250M overall limit, with various sub-limits	\$200M overall limit, with various sub-limits	\$250M overall limit, with options sought for additional at time of renewal, with various sub-limits suited to properly cover Members	\$150M (EQ) is greater than a 250-year modeled event, which is in alignment with industry procurement trends for EQ.
Earthquake Coverage Limit	\$100M annual aggregate	\$75M annual aggregate	\$150M annual aggregate, with options for higher limits	\$125M (Flood) is anticipated to be sufficient to cover a single flooding event.
Flood Coverage Limit	\$125M annual aggregate	\$75M annual aggregate	\$125M annual aggregate, with options for higher limits	Alternative limit options will be considered for final limits on each of these for decision by the APRA board next spring

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Sublimits	Various sublimits for different property and perils. Many of these are very high and likely area carryover from the APIP policy	Various sublimits for different property and perils, generally on a per member and a per-occurrence basis. Limits are mostly lower than those in the AMLJIA policy.	Various sublimits for different property and perils, generally on a per member and a per-occurrence basis. Limits selected are generally higher than APEI's and lower than AMLJIA's	Limits were selected based on a discussion of 1) what kind of loss an APRA member is likely to experience, and 2) how high a limit will the market likely accept without significant extra cost
Earthquake Deductible	2% of reported values per unit of insurance (Real Property, Personal Property and Time Element)	Flat dollar deductible (basic policy deductible)	Flat dollar deductible (basic policy deductible) - one deductible per occurrence per member	A percentage deductible is based upon the percentage of values at a location involved in an event, i.e., not the loss amount. This can be difficult to calculate and could lead to unanticipated deductible amounts for members and has the potential to be unaffordable for members experiencing losses in a number of different buildings.
Coverage for Earth Movement other than Earthquakes (i.e. landslide, mudslide)	Excluded if not tectonic in origin (i.e., earthquake)	Included in All-Risk portion of policy	Included in All-Risk portion of policy	Landslides, etc., that are caused by factors other than tectonic earth movement (e.g., rain) are a significant risk for members and need to be covered

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Emergency Vehicle (fire trucks and ambulances) Valuation	Replacement Cost Value	Actual Cash Value	Replacement Cost Value	Allows for replacement of these emergency vehicles in the event of a total loss
Covered Territory	US, including territories, and Canada	US and Canada	US, including territories, and Canada	
Contingent Business Interruption Costs	Covered up to \$3M per occurrence	Not covered	Covered up to \$2.5M member/\$5M occurrence	This provides coverage for business income loss to a member as a result of a covered loss at a member's customer or supplier.
Property in Transit	Excludes coverage for property in Ocean Marine Transit	Includes Ocean Marine transit between US and Canadian ports	Includes Ocean Marine transit between US and Canadian ports	Covers property and materials shipped via sea from Seattle etc. to Alaska
Drones	Covered while in storage or transit (not in flight)	unclear- may be subject to aircraft exclusion	Drones under 55 lbs. covered while in storage or transit (not in flight)	55 lbs. is a FAA cutoff above which drones are regulated differently
Animals	Loss to animals covered subject to limitations	Excluded	Covered for police/fire/search and rescue dogs	
Loss due to river or shoreline Erosion	Excluded	Excluded	Excluded	These represent a significant exposure in Alaska and are beyond the scope of what a Public Entity pool can provide coverage for.
Loss due to thawing of permafrost	Excluded	Excluded	Excluded	

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Dams/Dikes/similar structures	If scheduled, covered only for non-FEMA disasters and excl EQ	Excluded	Covered if listed on Statement of Values	
Antique or historical Buildings	Coverage at stated value if member elects not to replace lost building	Treated like all other buildings - ACV coverage if not replaced	Coverage at stated value if member elects not to replace lost building	Provides additional coverage for buildings on the National Register of Historic Places
Vacant Buildings	Limited coverage for vacant buildings	No special treatment for vacant buildings	Limited coverage for vacant buildings	Excludes specific causes of loss (vandalism, theft, etc.) for vacant buildings; recoveries of other forms of loss are reduced by 15%. Matches AMLJIA language.
Insured Value Requirements	Requires all structures insured to full replacement cost unless listed on functional replacement cost endorsement	Buildings subject to AS 14.03.150 must be insured to full replacement value. Others at member option	Version with Margin Clause: Buildings subject to AS 14.03.150 must be insured to full replacement value. Others at member option (same as APEI)  Version without Margin Clause: Requires all structures be insured to full replacement cost unless listed on functional replacement cost endorsement. (same as AMLJIA)	Members with buildings they no longer use for original purpose may be more appropriately covered for an amount less than full replacement cost - maybe even for only the cost of debris removal in the event of a fire.

# APRA Liability Coverage Outline

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Coverage Agreement: Occurrence Date Trigger	Coverage trigger for all coverages is the date of the FIRST ACT for a series of actions.	Coverage trigger for all coverages is the date of the LAST ACT for a series of actions.	<p>For LEL Coverage, for a series of wrongful acts, the coverage trigger is the date of the FIRST ACT. For all other liability coverage (including SAM) the coverage trigger for a series of wrongful acts is the date of the LAST ACT.</p> <p>Provisions are included in the coverage agreements to prevent the possibility of double coverage (under an old AMLJIA and new APRA policy) and to eliminate gaps in coverage (for LEL claims for APEI members) associated with the movement from a prior pool to APRA.</p>	A wrongful act occurring over time is assigned a single date that determines the applicable coverage form. The decision to assign different triggers for different types of APRA coverage was based on an analysis of reinsurance coverage availability and court precedents.
Auto Liability: Bodily Injury/Property Damage Limit	<p>Member has lower limits by default but can elect higher limits.</p> <p>Policy limits for police vehicles are equal to the law enforcement liability limit.</p>	All Members receive liability coverage automatically for full \$15M limit for autos owned by the member or operated by the member's employees in the scope of business.	<p>All Members receive liability coverage automatically for full \$15M limit for autos owned by the member or operated by the member's employees in the scope of business.</p> <p>Policy limits for police vehicles are equal to the law enforcement liability limit.</p> <p>Physical damage provided for scheduled vehicles and emergency vehicles through the property policy.</p>	

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Conditions: Late Notice of Claim	Soft "warning" but no specific penalty for late reporting of claims.	If claim reported late, APEI has right to impose an additional member deductible of 10% of damages (for 60 days late) or 25% (for 180 days late). This provision was rarely enforced.	"Failure to provide immediate notice could prejudice the rights of the Member or other Covered Party, and those of the Alliance, and negate coverage under the Memorandum."  Wording matches AMLJIA language.	Soft "warning" but no specific penalty for late reporting of claims.
Conditions: Settlement Clause	Member who disagrees with AMLJIA's plan to settle can take over claim and be responsible for 100% of any additional costs.	Member who disagrees with APEI's plan to settle can take over claim and be responsible for 60% of any additional costs.	APRA has the right to determine claim settlement timing and amounts.  Member can override this by agreeing to become solely responsible for all costs, defense, etc. above the previously advised settlement amount.	Matching AMLJIA intent.

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Conditions: Shared Litigation Costs for Employment Practices Claims	AMLJIA covers all costs related to defense, subject to the terms and conditions of the policy.	For Employment Related Injury, APEI shares 50/50 with member for all attorney fees and costs for defense & litigation.	No defense costs are required to be shared by the Member. APRA will reimburse all costs related to defense, subject to the terms and conditions of the policy.	Improvement for APEI Members since they will no longer be required to cover 50% of legal costs for EPL claims.
Coverage Agreement: Law Enforcement Liability (LEL)	Section V Police Professional Liability covered and purchased separately.	No separate coverage Agreement; all Members receive full LEL coverage regardless of existence of formal exposure.	<p>LEL Coverage is included in a separate section of the Memorandum than other Casualty coverages.</p> <p>All Members receive a basic limit (\$1 mil) coverage, regardless of whether the Member has direct LEL exposure. Option to purchase additional limit to be offered.</p> <p>Added definition of Law Enforcement Activities. Language influenced by commercial market definitions.</p>	<p>This is consistent with current AMLJIA coverage agreement. Possible reduction in coverage for APEI members who don't elect to purchase the higher limits.</p> <p>Separate coverage agreements allow for separate and specific Conditions, Definitions and Exclusions for LEL cover.</p>

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Exclusion: Aircraft (Unmanned Aerial Vehicles Incl. Drones)	Coverage for aircraft is excluded, except for liability associated with unmanned aircraft which has a \$1 mil sublimit.	Coverage for aircraft is excluded, except for liability associated with non-owned aircraft or drones. Not sublimited.	Coverage for aircraft is excluded, except for liability associated with non-owned aircraft or drones. Not sublimited.	Consistent with APEI policy.  Consistent use of "drone" reference with Property coverage form.
Exclusion: Electronic Data	Excludes claims related to the release or distribution of personal and confidential information.No specific give back for BI.	Excludes "Ultimate Net Loss" arising out of access or disclosure of personal or confidential data and information.No specific give back for BI.	Excludes liability for loss of electronic data, but any resultant Bodily Injury (BI) coverage is specifically given back.	Represents a broadening of coverage for both APEI and AMLJIA members.



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Exclusion: Failure to Arrest	The failure to arrest or detain any person is excluded.	N/A - Failure to arrest not specifically excluded.	No specific exclusion for failure to arrest or detain included.	Potential broadening of coverage for AMLJIA members.
Exclusion: Failure To Supply Utilities	Full exclusion - does not limit exclusion to governing body decisions.	Exclusion limited to decisions made by governing body.	Exclusion applies if failure to supply results from any decision by the Member's governing body with respect to: 1) Obtaining such fuel, water, or electricity; or 2) Allocating such fuel, water, or electricity among the users thereof.	Rules, laws, etc. governing the allocation or transmission of these things is excluded, but the operational side may be covered.  Consistent with APEI's language. May represent a broadening of coverage for AMLJIA members.

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Exclusion: Fireworks Activities	Exclusion for fireworks, though covered can be endorsed on at AMLJIA's discretion.	Fireworks and explosive materials not specifically excluded.	Exclusion for loss arising directly or indirectly from any activity involving fireworks or similar explosive materials.	Consistent with AMLJIA language. Restriction in coverage for APEI members.  Coverage for events involving fireworks may be underwritten and endorsed on case-by-case basis, pending APRA agreement.
Exclusion: Medical Malpractice	Coverage provided for "Incidental Medical Malpractice."	Excluded except for doctors supervising and training EMS personnel	Exclusion only applies to malpractice arising out of: "...rendering or failure to render any professional service by any medical doctor, surgeon, dentist, medical clinic, or hospital. However, with respect to the Member's emergency medical services, this Exclusion shall not apply to pre-response training or to advice given by a supervising physician to the Member's licensed emergency medical service providers, including EMTs and paramedics, while performing services on behalf of the Member in the field."	Adopted the intent of the APEI language.

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Exclusion: Pollution & Mold	Pollution is excluded with limited exceptions (HVAC, vehicles, drinking water) carved back. Separate standalone policy for Liability Participants provides broader coverage.	Full exclusion with limited carve back for specifically identified sudden-and-accidental incidents, including HVAC/fumes.	Excluded with a limited sudden-and-accidental coverage given back.	Standalone insurance product to be evaluated to support a broader pollution liability offering to Members. Consistent with AMLJIA policy.
Exclusion: Sexual Abuse or Molestation (SAM)	<p>Excluded in base form entirely, including for "vicarious liability" but carves back "vicarious liability" only via End. 23.</p> <p>All acts by the same perpetrator(s) against single victim are deemed to be a single Occurrence.</p> <p>\$15.5 mil policy limit is shared among all members, so some members could end up with no coverage if limit "used up" by other members.</p>	<p>Excluded in the base form entirely, whether intentional or not.</p> <p>Carved back for the Member via End. 7 and sublimited to \$1M each victim, \$5M aggregate per perpetrator(s), per Member.</p> <p>Defense costs for individuals accused of abuse (and not convicted) sublimited to \$100K ; requires Member approval.</p>	<p>Excluded entirely and added back via endorsement. Coverage provided to each Member on a \$1M per Victim, \$5M per perpetrator basis without aggregate.</p> <p>Specific separation from Sexual Harassment, which is subject to the full Member limit.</p> <p>Defense costs for individuals accused of abuse sublimited to \$100K (but not yet convicted; requires Member approval).</p>	All Members get a guaranteed level of coverage (i.e. APEI Current State) vs. the pool-aggregated coverage of AMLJIA.

# APRA Workers' Compensation Coverage Outline

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Longshore and Harbor Workers	Exclusion, given back via Endorsement, but specifically states it does not apply to any other Federal occupational disease law or nonoccupational disability benefits.	Specifically referenced in Part II, Employer's Liability section. Qualifies the coverage as applying to employees "normally employed in the state of Alaska" and the work must be incidental. The term "incidental" is not otherwise defined.	Provide affirmative coverage similar to APEI language.
Jones Act/Maritime coverage	Excluded with no coverage specifically given back, as well as other Acts including Outer Continental Shelf Lands Act (among others). The AMLJIA policy give back refers to USL&H coverage only.	Affirmative coverage specifically referenced in Part II, Employer's Liability section (Merchant Marine Act of 1920, known as the Jones Act, 46 U.S. Code, Section 688, 1970).	Provide affirmative coverage similar to APEI language.
Coverage for members of the Member's Governing Body	Members of the Member's governing body are covered by WC (but not Employer's Liability).	Members of the Member's governing body are covered by WC and Employer's Liability.	Members of the Member's governing body are covered by WC and Employer's Liability. Language consistent with APEI.

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Item	AMLJIA Current State	APEI Current State	APRA New State
Out of State Workers' Compensation Policies for Employees Based Outside of Alaska	Broker currently purchases coverage for those that need it.	Out of state WC to be handled on an as-needed basis by insurer via individual guaranteed cost policies.	Out of state WC to be handled on an as-needed basis by insurer via individual guaranteed cost policies.