

State of California

California Exposition & State Fair  
1600 Exposition Boulevard  
Sacramento, CA 95815  
Tel: (916) 263-3000  
Fax: (916) 263-7903

## MEMORANDUM

**Date:** June 26, 2020

**To:** Board of Directors  
California Exposition & State Fair

**Via:** Rick Pickering, General Manager/CEO  
California Exposition & State Fair

**From:** Samantha Brown, Deputy General  
Manager Administration

**Subject: Property Insurance 2020/2021**

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### BACKGROUND

Cal Expo is a State agency with approximately 100 structures and other state property throughout our 800 acres (350 developed acres.) Cal Expo has been required to provide insurance to protect these State assets, at Cal Expo's expense. For over 25 years we have purchased our property insurance through an insurance pool facilitated by California Fair Services Authority (CFSA.) Multiple fairs throughout the state participated in this group purchase property insurance program (APIP) which provided a larger (pooled) amount of coverage at a competitive rate. Additionally, the California Department of Food and Agriculture (CDFA) for decades deposited funds into the pool, so that rates to the network of California fairs could remain low. With the defunding of fairs, CDFA no longer had funds available to assist the pool. Recent floods and fires in California have also caused property insurance rates to rise quickly. Larger losses have occurred at fairs in recent years, which has resulted in significant premium increases for the entire pool of participants. Consequently, over the years participation in the property insurance pool by fairs has declined. Unfortunately, the recent COVID-19 pandemic has also had a significant impact on the pool, as many fairs do not have cash available to purchase property insurance.

Cal Expo's purchases its property insurance on a fiscal year. Due to the financial crisis facing fairs across the state and country, in early April CFSA was unsure if they could continue to provide pooled property insurance. In early May, after surveying past participants, CFSA determined they would potentially have enough fairs participating in the property insurance pool to provide this program again for 2020/21. Based upon this survey, CFSA worked with their insurance broker to provide a quote to participant fairs for property insurance in 2020/21.

## **CURRENT UPDATE**

On June 1, Cal Expo was provided with a quote from CFSA for property insurance for the fiscal year 2020/21 of \$638,913, which was a 67% increase over Cal Expo's 2019/20 premium of \$381,639. CFSA stated the increase was due to the continued hard market in California for property coverage, combined with Cal Expo's loss history. Although CFSA had previously allowed fairs to spread premium payments throughout the year, since so many fairs are facing financial insolvency due to COVID-19, CFSA was forced to require fairs to pay the entire premium by July. While a lump sum upfront payment was in the best interest of CFSA, many fairs that were used to spreading out their payments did not have adequate cash flow to stay in the pooled program without a payment plan option.

Upon receiving CFSA's quote, Cal Expo immediately reached out to Haas & Wilkerson (H&W) to obtain a quote for property insurance. H&W has provided Cal Expo's general liability insurance for many years. H&W also provides general liability insurance and property insurance to other fairs. On June 18, H&W provided a property insurance quote for 2020/21 of \$347,178 (compared to CFSA's quote of \$638,913.) H&W's policy quote requires a 20% deposit, but gives Cal Expo the flexibility to pay the remaining balance over 9 months, which is critical with Cal Expo's current cash flow challenge. Attached is the detailed property insurance quote from H&W.

Cal Expo has discussed with CDFA and the State Office of Risk Management (ORIM) whether the state would pay for property insurance to protect Cal Expo as a state asset. The response was that Cal Expo is responsible to provide property insurance at its own expense. If Cal Expo used ORIM for property insurance, Cal Expo would be billed by ORIM for such coverage. ORIM noted that it could not provide an insurance policy that would cover police operations.

## **RECOMMENDATION**

Staff respectfully recommends the approval of the Haas & Wilkerson property insurance proposal for 2020/2021 of \$347,178.



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**HAAS&WILKERSON**  
INSURANCE

**Proposal**

DATE

June 18, 2020  
Quote Valid Until: June 28, 2020  
FOR

**California Exposition & State Fair**

PO Box 15649  
Sacramento, CA 95852

PREPARED BY



**Ryan Wilkerson**

ryan.wilkerson@hwins.com  
4300 Shawnee Mission Parkway  
Fairway, KS 66205  
Direct 913.676.9249  
CA License #OD01981

**FAIR & FESTIVAL**

*Insuring Your Success*

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**Disclaimers:**

The purpose of this proposal/analysis/summary is to provide a general summary and explanation of insurance coverages, only. This proposal/analysis/summary does not modify or provide detail of any terms, conditions, exclusions or limitations that currently appear in your policy(s).

Limits of insurance for all property coverages are selected by you. Since we do not represent the adequacy of these limits, our suggestion is to select real (buildings) property insurance limits based upon a recent property appraisal.

Aggregate limits of liability for all liability insurance coverage are selected by you. These limits may not be adequate in the event of liability loss. At your request, we will provide quotations for higher limits, if available.

In evaluating your exposures to loss, we have depended upon information provided by you. If there are other areas that need to be evaluated prior to binding coverage, please bring these to our attention.

Should any of your exposures change after coverage is bound, such as new operations, hiring employees in additional states, buying more property, etc., please let us know so proper coverage can be discussed.

**Authorized/Unauthorized/Guaranty Fund Data:**

The term "authorized carrier" refers to an insurer which has been approved (authorized) by a given state's insurance department to write business within that state. Persons and/or entities insured by an authorized carrier are protected by the State Guaranty Fund, as outlined by each State Insurance Department, in the event of insolvency/bankruptcy of the authorized carrier.

An unauthorized carrier in a given state is not protected at all by the Fund in that state should the carrier become insolvent.

**AM Best Rating:**

AM Best Company is the leading provider of ratings, news, data and financial information for the global insurance industry. Best's Financial Strength Ratings are independent opinions, based on a comprehensive quantitative evaluation of a company's balance sheet strength, and ability to meet ongoing obligations to the policyholders. They are not a warranty of a company's financial strength and ability to meet either its obligations to policyholders or its financial obligations.

**Contract/Lease Reviews:**

Contract/lease reviews are for insurance purposes only. Haas & Wilkerson, Inc. is not in a position to provide legal advice. Consequently, any review is based on coverage in force at the time of our review and is not intended to anticipate future policy changes, enhancements, or restrictions.

The suggestions made are not intended to be a substitute for a review of the contract/lease language by your company's legal counsel. We strongly suggest that your legal counsel review every contract/lease.

**Risk Purchasing Group:**

This quote may include a Risk Purchasing Group (RPG) Membership Fee. The RPG purchases liability insurance only for its members, and only to cover similar or related liability exposures. The limits apply to the individual member named insured. The RPG is not a shared limits program.

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## YOUR SERVICE TEAM

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| <b><u>Producer</u></b>                               | <b><u>Phone#</u></b>  | <b><u>E-Mail</u></b>        |
|--|-----------------------|-----------------------------|
| Ryan Wilkerson                                       | 913.676.9249          | ryan.wilkerson@hwins.com    |
| Carol Porter, CPCU                                   | 913.676.9258          | carol.porter@hwins.com      |
| <b><u>Account Manager</u></b>                        | <b><u>Phone #</u></b> | <b><u>E-Mail</u></b>        |
| Christina Ramirez                                    | 913.676.9345          | christina.ramirez@hwins.com |
| <b><u>Event/Vendors</u></b>                          | <b><u>Phone #</u></b> | <b><u>E-Mail</u></b>        |
| Adam Keener  | 913.676.9271          | userliab@hwins.com          |
| <b><u>Client Service Manager,<br/>Recreation</u></b> | <b><u>Phone #</u></b> | <b><u>E-Mail</u></b>        |
| Marianne Wyant, CIC, AINS                            | 913.676.9298          | marianne.wyant@hwins.com    |
| <b><u>Claims Representative</u></b>                  | <b><u>Phone #</u></b> | <b><u>E-Mail</u></b>        |
| Tonya Poisner  | 913.676.9210          | hwclaims@hwins.com          |

**California Exposition & State Fair**

Policy Number: TBD  
 Policy Period: 07/01/2020 to 07/01/2021  
 Carrier: Berkley National Insurance Company  
 AM Best Rating: A+ XV

**PROPERTY**

| LIMIT         | DESCRIPTION                               | DEDUCTIBLE | COINS% |
|---------------|---|------------|--------|
| \$114,744,116 | Blanket Building                          | \$100,000  | NA     |
| \$1,650,225   | Blanket Contents                          | \$100,000  | NA     |
| \$1,000,000   | Blanket Business Income and Extra Expense | 72 Hours   | 1/3    |
| \$117,978,290 | Equipment Breakdown                       | \$100,000  | NA     |

Terms: • Special Form • Replacement Cost

**Additional Coverages and Extensions**

|   |   |
|---|---|
| \$ 50,000                                     | Accounts Receivable   |
| \$ 25,000                                     | Backup of Sewers, Drains  |
| \$ 50,000                                     | Brands or Labels  |
| Included in limit                             | Computer Electrical or Magnetic Disturbance   |
| \$ 25,000                                     | Computers Off Premises  |
| \$ 25,000 per Occurrence<br>75,000 per Policy | Computer Virus and Hacking  |
| \$ 25% of direct physical loss                | Debris Removal (if cost exceeds 25% of direct physical loss will pay additional \$50,000) |
| \$ 5,000                                      | Emergency Removal Expense   |
| \$ 50,000                                     | Expediting Expenses   |
| \$ 100,000                                    | Fine Arts   |
| \$ 25,000                                     | Fire Department Service Charge  |
| \$ 50,000                                     | Fire Equipment Recharge   |
| \$ 5,000                                      | Fraud and Deceit  |
| \$ 1,000,000                                  | Newly Built or Acquired Buildings (up to 120 days)  |
| \$ 50,000                                     | Off Premises Utility Service Interruption Bldg/BPP  |
| Incl. in Bldg Limit                           | Ordinance or Law Undamaged Part of Bldg   |
| \$ 100,000                                    | Ordinance or Law Increased Cost of Construction   |
| \$ 15,000                                     | Personal Effects of employees/partners/officers   |
| \$ 50,000                                     | Pollutant Clean up and Removal  |
| \$ 50,000                                     | Property at Exhibition  |
| \$ 50,000                                     | Property in transit   |
| \$ 10,000                                     | Rewards   |
| \$ 50,000                                     | Sales Representative samples  |
| \$ 250,000                                    | Spoilage Coverage   |
| \$ 50,000                                     | Trees/Shrubs, Plants  |
| \$ 250,000                                    | Underground Pipe/Pilings/Bridges or other Paved Surfaces                                  |

|    |         |                             |
|----|---------|-----------------------------|
| \$ | 100,000 | Valuable Papers and Records |
|----|---------|-----------------------------|

**Exclusions include but are not limited to the following:**

- Ordinance or Law
- Nuclear Hazard
- Water
- Power, Heat & Refrigeration Exclusion on Business Income
- Earth Movement
- Utility Services
- Fungus, Wet Rot, Dry Rot, Bacteria\*\*
- Governmental Action
- War and Military Action
- Collapse\*\*
- Cosmetic Damage to Roof by Hail

\*\* Except as described in the Other Coverages/Additional Coverages/Extensions



**California Exposition & State Fair**

**SCHEDULE OF PROPERTY**

**Location #1 : 1600 Exposition Blvd , Sacramento , CA 95815**

| BLDG # | DESCRIPTION                               | SUBJECT OF INSURANCE | LIMIT        |
|--------|---|----------------------|--------------|
| 1      | Security Gate 12 Station                  | Building             | \$1,749      |
| 2      | Horticulture Green House 1                | Building             | \$135,640    |
| 3      | Horticulture Green House 2                | Building             | \$135,640    |
| 4      | Landscape Shop                            | Building             | \$235,227    |
| 5      | Warehouse Bldg(s)                         | Building             | \$2,152,746  |
| 6      | Maintenance Shop Bldg                     | Building             | \$1,592,668  |
| 7      | Auto and Paint Bldg                       | Building             | \$477,804    |
| 8      | Racing Secretarys Office                  | Building             | \$345,490    |
| 9      | Vet Barn                                  | Building             | \$84,010     |
| 10     | Horseman Trailer Park Restroom            | Building             | \$79,342     |
| 11     | (26) Horse Racing Stables - Buildings A-Z | Building             | \$18,085,431 |
| 12     | Grandstand                                | Building             | \$38,404,894 |
| 12     | Grandstand                                | Contents             | \$1,650,225  |
| 13     | Building A                                | Building             | \$5,470,703  |
| 14     | Building B                                | Building             | \$5,470,703  |
| 15     | Building C                                | Building             | \$4,269,367  |
| 16     | Calvacade Horse Stable                    | Building             | \$829,595    |
| 17     | Log Cabin                                 | Building             | \$108,373    |
| 18     | Restroom 1 - South (by Vine Garden)       | Building             | \$116,633    |
| 19     | Administrative Bldg                       | Building             | \$2,830,073  |
| 20     | Restroom 2 - X Lot                        | Building             | \$60,002     |
| 21     | Main Gate Service Bldg                    | Building             | \$700,780    |
| 22     | Expo Center Bldg 1                        | Building             | \$913,370    |
| 23     | Expo Center Bldg 2                        | Building             | \$1,651,383  |
| 24     | Expo Center Bldg 3                        | Building             | \$1,013,567  |
| 25     | Expo Center Bldg 4                        | Building             | \$1,013,567  |
| 26     | Expo Center Bldg 5                        | Building             | \$1,013,567  |
| 27     | Expo Center Bldg 6                        | Building             | \$1,013,567  |
| 28     | Expo Center Bldg 7                        | Building             | \$906,877    |
| 29     | Expo Center Bldg 8                        | Building             | \$663,297    |
| 30     | Restrooms 3 - Carnival Lot                | Building             | \$79,342     |
| 31     | Larry Davis Building                      | Building             | \$85,129     |
| 32     | Mono Rail Barn                            | Building             | \$208,566    |
| 33     | Mono Rail Train Storage                   | Building             | \$391,061    |
| 34     | Mono Rail Power Bldg #1                   | Building             | \$11,552     |
| 35     | Mono Rail Power Bldg #2                   | Building             | \$11,552     |
| 36     | Westgate Restroom                         | Building             | \$115,046    |
| 37     | Livestock Pavilion                        | Building             | \$7,888,187  |
| 38     | Rodeo Restroom                            | Building             | \$115,046    |

|    |   |          |             |
|----|---|----------|-------------|
| 39 | RV Park Office & Restroom                           | Building | \$287,614   |
| 40 | Building Tent D                                     | Building | \$2,216,901 |
| 41 | Lot B Toll Plaza Booths                             | Building | \$210,022   |
| 42 | West Gate Entrance Bldg                             | Building | \$477,801   |
| 43 | Carnival Lot Restroom                               | Building | \$79,342    |
| 44 | Barbara Worth Stables                               | Building | \$1,050,111 |
| 45 | Racetrack Maintenance Shed                          | Building | 367,539     |
| 46 | Ovations Storage                                    | Building | \$315,033   |
| 47 | First Aid bldg                                      | Building | \$147,016   |
| 48 | Parking Bldg  | Building | \$147,016   |
| 49 | Visitors Vine Garden Tent                           | Building | \$1,516,827 |
| 50 | Spine Structure/Walkway                             | Building | \$746,746   |
| 51 | Horse Paddock                                       | Building | \$128,347   |
| 52 | Announcers Booth Rodeo Arena                        | Building | \$79,342    |
| 53 | Blockhouse Centrex Bldg                             | Building | \$112,012   |
| 54 | Rodeo Bleachers South                               | Building | \$168,017   |
| 55 | Rodeo Bleachers North                               | Building | \$168,017   |
| 56 | Covered Shade L3                                    | Building | \$192,520   |
| 57 | Waste Handling buildings (4)                        | Building | \$128,347   |
| 58 | Milk Parlor   | Building | \$24,000    |
| 59 | Farm Insect Barn                                    | Building | \$12,500    |
| 60 | Cove Stage  | Building | \$263,000   |
| 61 | Lot A Sign  |          | -           |
| 62 | Main Entrance Sign                                  |          | -           |
| 63 | Sign #3   |          | -           |
| 64 | Main Gate entrance                                  | Building | \$93,000    |
| 65 | D lot Shade cover                                   | Building | \$9,500     |
| 66 | Pavilion office/restroom                            | Building | \$120,000   |
| 67 | Restroom Pavilion north                             | Building | \$80,000    |
| 68 | Paradise Main structure                             | Building | \$630,000   |
| 69 | Paradise restroom                                   | Building | \$79,000    |
| 70 | East Gate Entrance/Box office                       | Building | \$99,000    |
| 71 | Greenhouse Farm                                     | Building | \$99,000    |
| 72 | Sac County Trailer                                  | Building | \$35,000    |
| 73 | Sac County Trailer                                  | Building | \$35,000    |
| 74 | Papa Murphys Restroom trailer 1                     | Building | \$140,000   |
| 75 | Papa Murphys Restroom trailer 2                     | Building | \$140,000   |
| 76 | Spectra food trailer 1                              | Building | \$140,000   |
| 77 | Spectra food trailer 2                              | Building | \$140,000   |
| 78 | County Fair storage Bldg                            | Building | \$90,000    |
| 79 | Kathleen Bldg                                       | Building | \$30,000    |
| 80 | Water Tower   | Building | \$5,000,000 |
| 81 | Racetrack bldg                                      | Building | \$15,000    |
| 82 | Unnamed Building(s) on Premises -<br>subject to Map | Building | \$250,000   |

**This policy will automatically increase your “real property” coverage to keep pace with inflation. However, these increases will not in any way alter the COINSURANCE AGREEMENT section of the policy.**

**California Exposition & State Fair**

Policy Period: 07/01/2020 to 07/01/2021  
Carrier: Berkley National Insurance Company

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**EQUIPMENT FLOATER SECTION**

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| LIMITS    | DESCRIPTION                                   |
|-----------|---|
| \$300,000 | Miscellaneous Owned/Borrowed/Rented Equipment |

Terms: Coverage for direct physical loss to your property at covered location unless excluded  
Actual Cash Value

Deductible: \$50,000

**Exclusions include but are not limited to the following:**

- Civil Authority
- Flood
- Sewer Backup and Water Below Surface
- Contamination or Deterioration
- Electrical Currents
- Explosion, Rupture or Bursting
- Loss of Use
- Missing Property
- Temperature/Humidity
- Voluntary Parting
- Earth Movement or Volcanic Eruption
- Nuclear Hazard
- War and Military Action
- Criminal, Fraudulent, Dishonest or Illegal Acts
- Mechanical Breakdown
- Pollutants
- Theft from unattended vehicle
- Wear and Tear

**Annual Premium: \$341,920**

**California Exposition & State Fair**

Policy Number: TBD  
 Policy Period: 07/01/2020 to 07/01/2021  
 Carrier: CHUBB Insurance Company  
 AM Best Rating: A++ XV

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**COMMERCIAL CYBER LIABILITY**

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Optional Extended Reporting Period: 12 months for 100% of last annual premium

|   | Limit of Insurance<br>Each<br>Incident/Aggregate | Retention/Waiting Period<br>Each Incident | Cyber Incident<br>Response Coach |
|---|--|---|----------------------------------|
| <b>Cyber Incident Response Fund</b>                           |  |   |                                  |
| Cyber Incident Response                                       |  |   |                                  |
| <b>Team</b>   | \$1,000,000/\$1,000,000                          | \$5,000                                   | \$0                              |
| Non-Panel Response  |  |   |                                  |
| <b>Provider</b>   | \$500,000/\$500,000                              | \$5,000                                   | \$5,000                          |
| Business Interruption Loss<br>and Extra Expense               | \$1,000,000/\$1,000,000                          | \$5,000/8 Hours                           | <u>N/A</u>                       |
| Contingent Business<br>Interruption Loss and Extra<br>Expense |  |   |                                  |
| Unscheduled Providers   | \$150,000/\$150,000                              | \$5,000/8 Hours                           | <u>N/A</u>                       |
| Scheduled Providers   | <u>N/A</u>                                       | <u>N/A</u>                                | <u>N/A</u>                       |
| Digital Data Recovery   | \$1,000,000/\$1,000,000                          | \$5,000                                   | <u>N/A</u>                       |
| Network Extortion   | \$1,000,000/\$1,000,000                          | \$5,000                                   | <u>N/A</u>                       |

**Third Party Liability Insuring Agreements**

|  | Limit of Insurance                   | Retention Each<br>Claim | Retroactive Date | Pending or Prior<br>Claim |
|--|--------------------------------------|-------------------------|------------------|---------------------------|
| Cyber Privacy, Network &<br>Security Liability               | <sup>l</sup> \$1,000,000/\$1,000,000 | \$5,000                 | Full Prior Acts  | 07-01-2020                |
| Payment Card Loss  | \$1,000,000/\$1,000,000              | \$5,000                 | Full Prior Acts  | 07-01-2020                |
| Regulatory Proceedings, Social, &<br>Printed Media Liability | \$1,000,000/\$1,000,000              | \$5,000                 | Full Prior Acts  | 07-01-2020                |
|  | \$1,000,000/\$1,000,000              | \$5,000                 | 07-01/2020       | 07-01-2020                |



| Insuring Agreement       | Limit of Insurance<br>Each Incident/Aggregate | Retention/Waiting Period Each Incident |
|--------------------------|---|--|
| Computer Fraud           | \$100,000/\$100,000                           | \$5,000                                |
| Funds Transfer Fraud     | \$100,000/\$100,000                           | \$5,000                                |
| Social Engineering Fraud | \$100,000/\$100,000                           | \$10,000                               |

**Estimated Annual Premium: \$5,258**

**California Exposition & State Fair**

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**PREMIUM SUMMARY**

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| <b>COVERAGE TYPE</b> | <b>PREMIUM</b> |
|----------------------|----------------|
| Property Package     | \$ 341,920.00  |
| Cyber (Estimated)    | \$ 5,258.00    |
| <hr/>                |                |
| Total Premium :      | \$ 347,178.00  |

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## PREMIUM PAYMENT OBLIGATIONS

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Upon your order of one or more insurance coverages, you agree to pay Haas & Wilkerson Insurance the premiums for the insurance coverages ordered on or before the applicable premium payment due date. Premiums shall incur a fee from the effective date of your insurance coverages at a rate equal to one percent (1.0%) per month (12% Annual Percentage Rate).

Furthermore, by ordering one or more insurance coverages through Haas & Wilkerson Insurance, you (a) knowingly, voluntarily, irrevocably and intentionally waive any and all rights to trial by jury, (b) irrevocably submit to the non-exclusive jurisdiction and venue of the Johnson County District Court of the State of Kansas, and the United States District Court for the District of Kansas, for any and all actions or proceedings regarding the payment of the insurance premium due or otherwise in connection with or relating to your order of insurance coverages from Haas & Wilkerson Insurance, (c) irrevocably agree that all such actions and proceedings shall be heard and determined in such courts, and that a judgment in any such action or proceeding may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by applicable law, (d) accept the payment terms stated above and (e) in addition to such other relief as may be awarded in any such action or proceeding, agree to pay all reasonable out-of-pocket costs and expenses (including, without limitation, the fees and disbursements of legal counsel) of Haas & Wilkerson Insurance incurred in the enforcement and prosecution of its rights and remedies hereunder or otherwise in connection with or relating to your order of insurance coverages from Haas & Wilkerson Insurance, whether or not any such action or proceeding is brought before any such court; provided, however, that the foregoing does not modify any terms, conditions, exclusions or limitations that currently exist or may in the future appear in your policies of insurance coverages.