



**Fort Ord Reuse Authority
Z Choice Pollution Liability
Premium Quotation**

September 23, 2014

Ed Morales
Senior Vice President | Environmental Practice Marsh Risk & Insurance Services
345 California Street, Suite 1300
San Francisco, CA 94104
Tel: (415) 743-8023 | Cell: (415) 806-9104

**RE: Fort Ord Reuse Authority
Z Choice Liability Insurance**

Dear Mr. Morales:

We are pleased to present this premium quotation for Z Choice Pollution Liability insurance prepared exclusively on your behalf for Fort Ord Reuse Authority. This premium quotation describes the coverages, terms, and conditions offered by Zurich. Please review these carefully as they may differ from the specifications in the submission.

We at Zurich understand the rigorous environmental liability regulations and other environmental challenges that confront your clients. For more than fifteen years, we have kept pace with the changing needs of these clients and we continue to offer tailored solutions. We work hand-in-hand with you to maximize your client's environmental liability coverage and we offer customized responses, risk management solutions, and specialized services to address unique and challenging environmental risks. We appreciate the opportunity to work with you in delivering these solutions and services.

The commission payable is 0%. This proposal is not inclusive of any applicable surplus fees or charges. In order to bind coverage, please provide a written order, indicating the options desired.

Thank you for the opportunity to work with you on this account. Please do not hesitate to contact me if you have any questions.

Sincerely,

Lindsay Judd
Senior Underwriter

If you want to learn more about the compensation Zurich pays agents and brokers, visit: <http://www.zurichnaproducercompensation.com> or call the following toll-free number: (866) 903-1192. This notice is provided on behalf of Zurich American Insurance Company and its underwriting subsidiaries.

The following are the applicable terms, conditions, and coverages of this Premium quotation:

Client Information	
Named Insured:	Fort Ord Reuse Authority
Address:	920 2 nd Avenue, Suite A Mariana, CA 93933

Policy Information	
Company:	Steadfast Insurance Company (Non-Admitted)
Policy Form:	Z Choice Pollution Liability STF-EPC- 100-B CW(03/08)
Delimitation Date:	Policy Inception
Policy Period:	12/31/2014 to 12/31/2024 Separate policy terms may apply to certain coverages; please review the policy modifications section below.

Covered Locations	
Address/Description	Retroactive Date
Fort Ord Reuse Authority – Parcels TBD	Not Applicable

Limits of Liability, Deductible, Policy Term and Premium				
Option #	Limits of Liability	Deductible	Term	Premium
	Each Pollution Event Limit/Aggregate Policy Limit (\$US)	Each Pollution Event (\$US)	(Years)	(\$US)
1	\$25,000,000/\$25,000,000	\$1,000,000	10	\$2,575,000

Premium Modifications	
TRIA:	The premium includes a 1% additional charge applicable to coverage under the Terrorism Risk Insurance Program Reauthorization Act of 2007. Please refer to the attached Disclosure of Premium Notice.
Commission:	0%

Surplus Lines Filings	
	Insurance offered through Steadfast Insurance Company (Steadfast) or, for insureds domiciled in Delaware, Zurich American Insurance Company of Illinois (ZAI) must be placed by a surplus lines producer licensed in the jurisdiction where the policy is issued. The surplus lines producer shall be responsible for complying with all applicable regulatory requirements including the remittance of the premium tax.

NOTE: If the word YES appears in the PROVIDED column corresponding with an insuring agreement listed below, it means that such coverage is included in this quotation. If the word NO appears or the space is blank or blacked out or a coverage part is not listed it means that such coverage is not included in this quotation. Sub-limits and separate deductibles may apply as reflected below.

Insuring Agreements/Coverages	PROVIDED	SUB-LIMIT/ AGGREGATE	SEPARATE DEDUCTIBLE
A: Cleanup Costs – Existing Pollution Event			
1.(a) On-Site First Party Discovery	NO	NO	NO
1.(b) On-Site Third Party Liability	YES	NO	NO
2.(a) Off-Site First Party Discovery	NO	NO	NO
2.(b) Off-Site Third Party Liability	YES	NO	NO
B: Bodily Injury or Property Damage – Existing Pollution Event			
1.(a) On-Site Bodily Injury	YES	NO	NO
1.(b) On-Site Property Damage	YES	NO	NO
2.(a) Off-Site Bodily Injury	YES	NO	NO
2.(b) Off-Site Property Damage	YES	NO	NO
C: Cleanup Costs – New Pollution Event			
1.(a) On-Site First Party Discovery	NO	NO	NO
1.(b) On-Site Third Party Liability	YES	NO	NO
2.(a) Off-Site First Party Discovery	NO	NO	NO
2.(b) Off-Site Third Party Liability	YES	NO	NO
D: Bodily Injury or Property Damage – New Pollution Event			
1.(a) On-Site Bodily Injury	YES	NO	NO
1.(b) On-Site Property Damage	YES	NO	NO
2.(a) Off-Site Bodily Injury	YES	NO	NO
2.(b) Off-Site Property Damage	YES	NO	NO
E: Natural Resource Damages			
1. Existing Pollution Event	YES	NO	NO
2. New Pollution Event	YES	NO	NO
F: Non-Owned Locations			
1.(a) On-Site Bodily Injury	YES	NO	NO
1.(b) On-Site Property Damage	YES	NO	NO
1.(c) On-Site Cleanup Costs	YES	NO	NO
2.(a) Off-Site Bodily Injury	YES	NO	NO
2.(b) Off-Site Property Damage	YES	NO	NO
2.(c) Off-Site Cleanup Costs	YES	NO	NO
G: Transportation of Materials			
1. Bodily Injury	YES	NO	NO
2. Property Damage	YES	NO	NO
3. Cleanup Costs	YES	NO	NO
H: Suspension of Operations			
1. Existing Pollution Event	NO	NO	NO
2. New Pollution Event	NO	NO	NO
I: Suspension of Tenant Occupancy			
1. Existing Pollution Event	NO	NO	NO
2. New Pollution Event	NO	NO	NO
J: Delay In Construction			
1. Existing Pollution Event	NO	NO	NO
2. New Pollution Event	NO	NO	NO

Insuring Agreements/Coverages (Continued)	PROVIDED	SUB-LIMIT/ AGGREGATE	SEPARATE DEDUCTIBLE
K: Fungus/Spore Event			
1. Bodily Injury	NO	NO	NO
2. Property Damage	NO	NO	NO
3. Third Party Cleanup Costs	NO	NO	NO
L: Lead Release Incident			
1. Bodily Injury	NO	NO	NO
2. Property Damage (Time Element)	NO	NO	NO

3. Cleanup Costs (Time Element)	NO	NO	NO
M: Asbestos Release Incident			
1. Bodily Injury	NO	NO	NO
2. Property Damage (Time Element)	NO	NO	NO
3. Cleanup Costs (Time Element)	NO	NO	NO
N: Financial Assurance	NO	NO	NO
O: Contractor's Pollution Liability	NO	NO	NO

Policy Modifications

The Policy will be modified as follows:

Intent is to conform to terms of expiring XL Policy PEC0017726, and update where necessary. We understand that this coverage will require policy modifications and manuscript endorsements. Nevertheless, the following endorsements will be required on this policy:

1. STF-EPC-143- Nuclear Exclusion Endorsement
2. STF-EPC-173- Minimum Earned Premium Endorsement – 100%
3. STF-EPC-189- Maintenance, Upgrades, Improvements or Installations Endorsement
4. STF-EPC-206 - Separate Policy Period for New Pollution Events (3 years)
5. STF-EPC-217 - Deed Restrictions and Land Use Controls Exclusion
6. STF-EPC-260 - Dewatering Exclusion
7. STF-GU-199 - Important Notice – Service of Suit and In Witness Clause
8. U-GU-630 - Disclosure of Important Information Relating to TRIA
9. U-GU-767 - Cap on Losses From Certified Acts of Terrorism
10. STF-EPC-MANUSCRIPT – Site Wide Groundwater Exclusion
11. STF-EPC-MANUSCRIPT – Biological / Chemical / Nerve Warfare Agents Exclusion
12. STF-EPC-MANUSCRIPT – Site Wide Lead, Lead Based Paint and Lead Based Paint Resulting in Lead Halo Around Buildings in Soil Exclusion
13. STF-EPC-MANUSCRIPT– Site Wide Asbestos, Asbestos Containing Material Exclusion
14. STF-EPC-MANUSCRIPT – Include MEC removal in definition of Clean Up
15. STF-EPC-MANUSCRIPT – Excluded Knowns per Expiring XL Policy

Conditions of Premium Quotation

Our receipt, review, and acceptance of all of the following information is required prior to binding, unless stated otherwise (terms, conditions, and pricing subject to change):

1. Completed, signed original Z Choice Pollution Liability Application(s) to be executed by an authorized representative of the "named insured(s)."
2. Name, address, license number, and license expiration date of the person making the Surplus Lines filing.
3. Legal review and approval of various insured contracts;
4. Audited financial statements for various named insureds, past 2 years;
5. Review and approval of finalized list of all locations to be covered under the policy, along with their property boundary descriptions.
6. Resolution to our satisfaction the issue surrounding the current dispute between the Army and EPA regarding MEC as a possible hazardous substance under CERCLA.

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Dear Mr. Morales:

This proposal is provided by Steadfast Insurance Company, a qualified surplus lines insurer. It is the responsibility of the surplus lines producer to ensure that this policy will be issued in accordance with applicable state requirements governing the placement of surplus lines insurance. These requirements include, but are not limited to, remittance of surplus lines taxes and, in some jurisdictions, filing of declination affidavits with the appropriate state insurance department or surplus lines stamping office.

To enable us to effect coverage in a timely manner, please complete, sign and return this letter to the undersigned as soon as possible.

Thank you for your cooperation.

Surplus Lines Producer Name: _____

Address: _____

City : _____ State: _____ Zip: _____

License # _____ State _____

Name of Individual Licensee (if applicable): _____

Phone: _____

Additional States of Exposure (if applicable): _____

New Hampshire Tax ID # (if applicable) _____

New Jersey SLA # (if applicable) _____
(state assigned 5 digit number to all SL licensees)

Signature _____ Date _____

Thank you,
Zurich North America
Commercial Markets - Environmental