

# OVERVIEW OF CIBA Policy Period 3-31-07 to 3-31-08

Innovation in commercial  
insurance programs.

# WHAT IS CIBA?

CIBA Insurance Services is a commercial real estate insurance agency and purchasing group servicing commercial real estate property owners, managers, associations and affinity groups.

**Our Mission:** To be the industry leader in providing owners and managers of commercial real estate with comprehensive and competitively priced programs for risk and claims management.

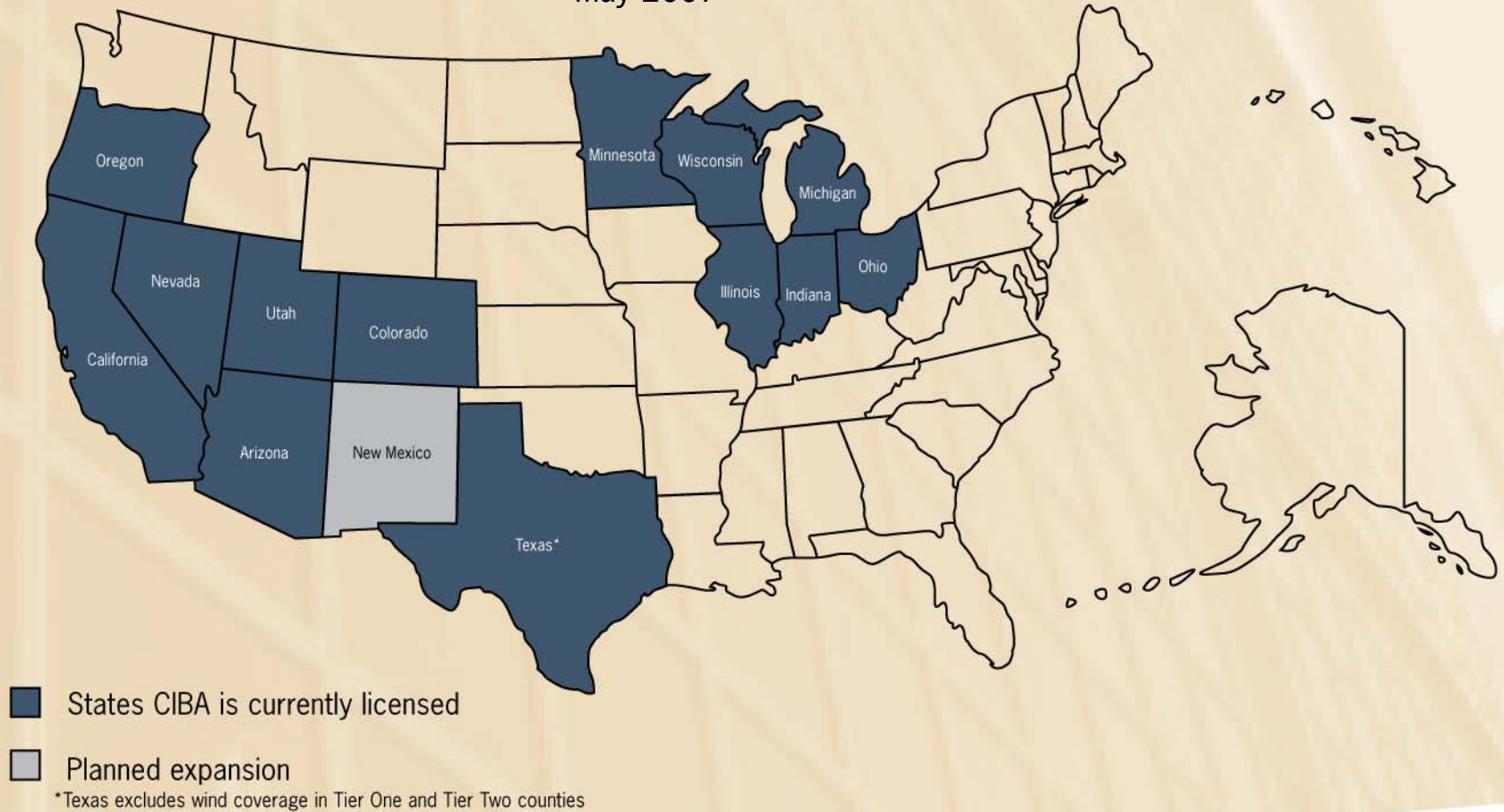
CIBA utilizes program shared limits for certain coverages. Program coverage limits are established, continuously monitored and adjusted, if necessary, to ensure that each participant's purchased coverages are available to protect their commercial real estate investment.



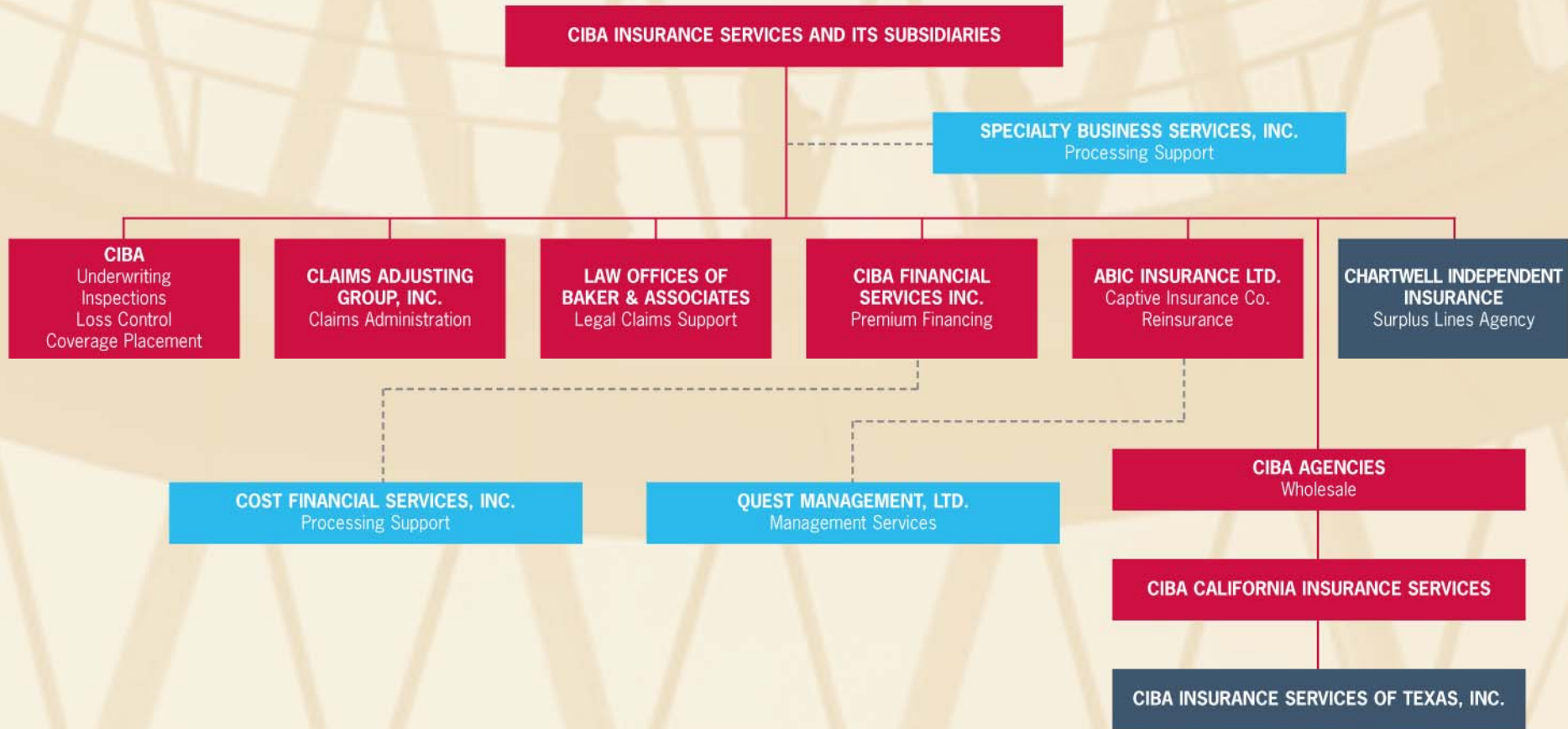


# CIBA PROGRAM

May 2007



# CIBA INSURANCE SERVICES AND ITS SUBSIDIARIES



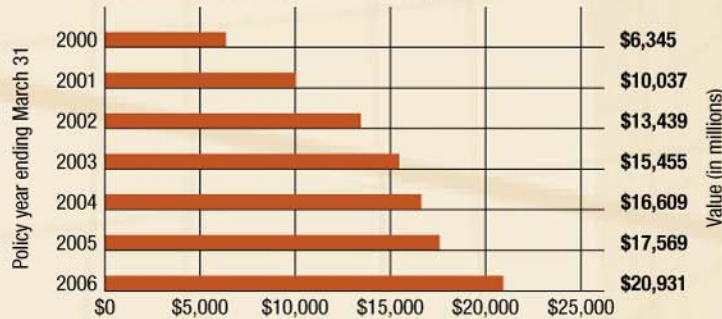
= Third Party Support Services  
 = Partial CIBA Ownership



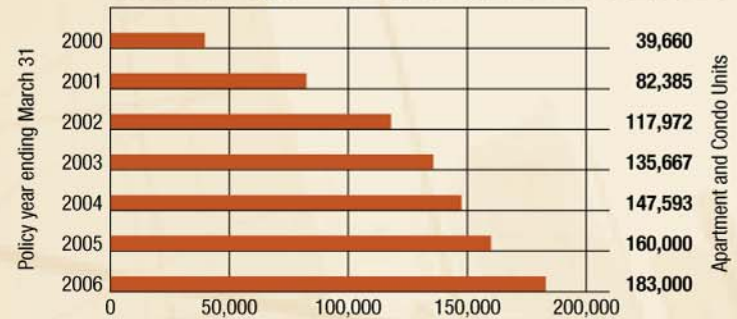
# HISTORY OF CIBA

Initially organized in 1993 as a non-profit organization for commercial real estate owners, managers, associations and affinity groups. Re-organized in 2001 as a for profit corporation, registered in California.

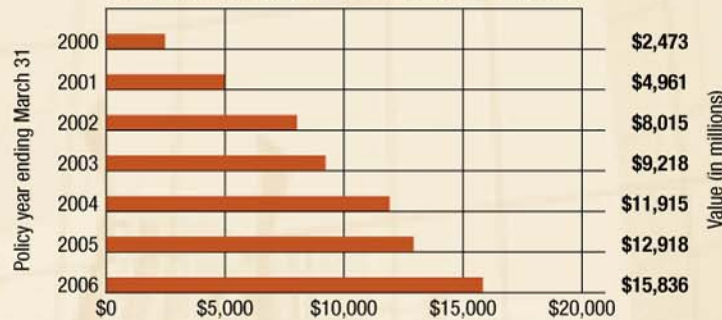
**Total Insured Values – All Programs**



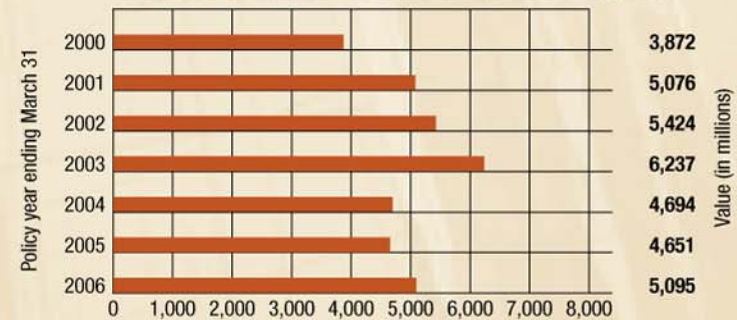
**Residential Program – Number of Apartment and Condo Units**



**Total Insured Values – Residential Programs**

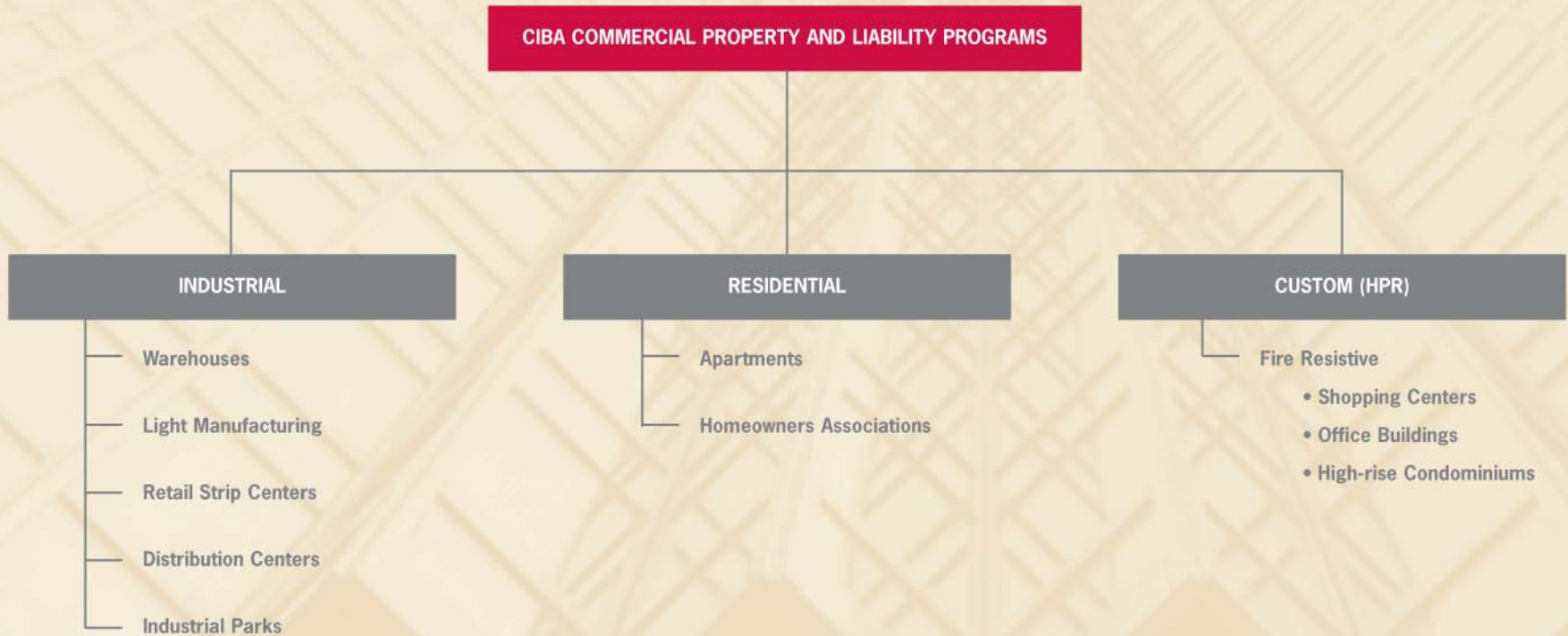


**Total Insured Values – Custom & Industrial Programs**



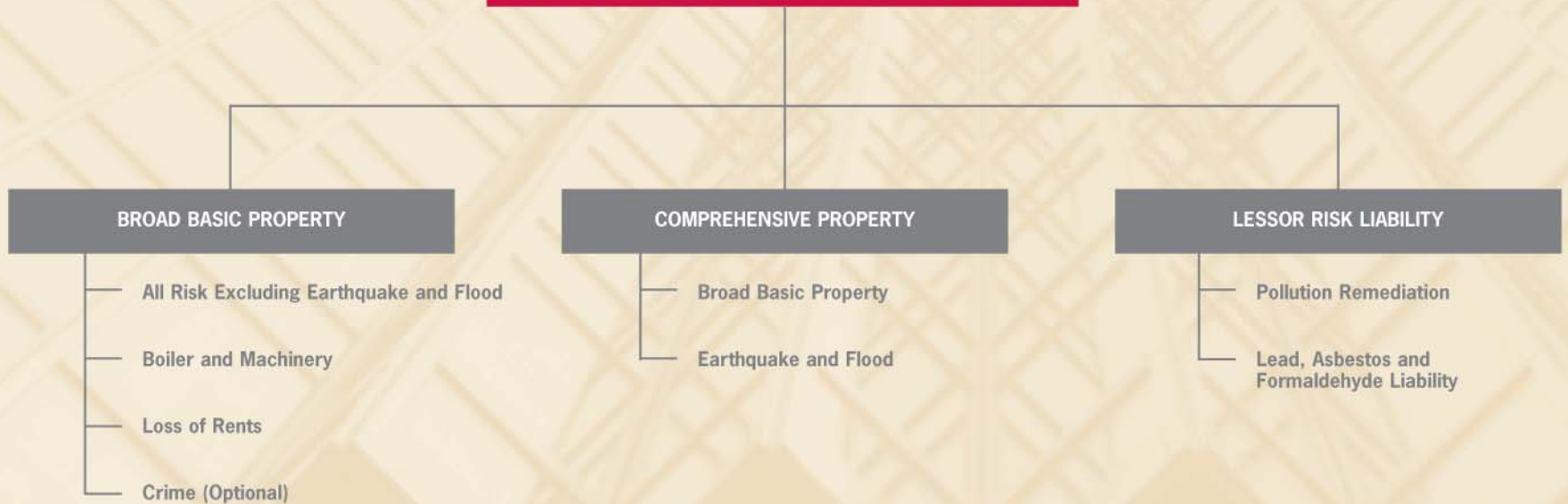


# CIBA COMMERCIAL PROPERTY & LIABILITY PROGRAMS



# CIBA COMMERCIAL PROPERTY PROGRAM COVERAGES

## CIBA COMMERCIAL PROPERTY PROGRAM COVERAGES



# PROPERTY & LIABILITY INSURANCE COVERAGES

## Property Coverage

CIBA has separate programs for property coverage depending on the type of property to be insured. Each Program has its own individual limit of up to \$500,000,000 per occurrence. In addition CIBA has a dedicated HPR Program with limits of \$200,000,000 per location.

## Earthquake Coverage

Each of the two Comprehensive Residential and the Custom Comprehensive Programs include a \$150,000,000 annual aggregate for Earthquake and Flood coverage. The Industrial Comprehensive Program has a \$200,000,000 annual aggregate.

## Liability Coverage

- Dedicated Primary limits of \$1,000,000 per occurrence / \$2,000,000 per location
- Group Excess \$75,000,000 per occurrence and aggregate limit
- Optional Individual Account Excess Umbrella

CIBA utilizes program shared limits for Earthquake and Group Excess Liability coverage. Aggregate limits are established, continuously monitored and adjusted, if necessary, to ensure that each participant's purchased coverages are available to protect their commercial real estate investment.



# CIBA PROGRAM COVERAGE LIMITS

## Per Occurrence Loss Limits

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### Property

- Residential – All Risk
- Industrial – All Risk
- Custom – All Risk

### Liability – All Programs

- Primary per Location Coverage
- Non-Owned Auto (NOA)

## Shared Aggregates

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### Property

- Residential EQ & Flood
- Industrial EQ & Flood
- Custom EQ & Flood
- Crime

### Liability – All Programs

- Excess Umbrella
- Pollution

# COMPARISON OF POLICY BENEFITS

Between CIBA Program and ISO General Forms • Residential Property & Other Coverages • 2007/2008 Policy Period

POLICY BENEFIT	CIBA	ISO	CLIENT CHECK LIST
<b>Property Coverage</b>			
Roadways, walks, patios, or other paved surfaces	Covered	Excluded	
Retaining walls	Covered	Excluded	
Underground pipes, flues, or drains	Covered	Excluded	
Foundations of buildings and structures	Covered	Excluded	
Fences	No \$ limit; all risk	\$1000	
Debris Removal	\$5,000,000 limit	25% loss	
Fire Fighting	\$100,000 limit	\$1000 limit	
Pollutant Clean-up	\$100,000 limit	\$10,000 limit	
Newly Acquired Property	\$5,000,000 limit	\$250,000	
Trees, shrubs and plants	\$250,000 limit	Excluded	
Code upgrades	\$10,000,000 limit; \$500,000 pre-1965 construction	Excluded	
Signs	No \$ limit	\$1000 limit	
Vacant Buildings	No Time Limit w/Full Coverage; \$10,000 Deductible	60 days W/Named Peril	
Service Interruption	\$1,000,000 including T&D	Conditionally Excluded	
Extended Period of Indemnity	12 Months	Excluded	
Mold/fungus	\$10,000 limit from covered peril	Excluded	
Collapse	Covered	Excluded	
Boiler & Machinery	\$50,000,000 Limit	Excluded	
<b>Additional Coverages Included With Liability</b>			
Pollution Remediation	\$250,000 per occurrence limit; \$500,000 Program Aggregate	Excluded	
Lead, Asbestos and Formaldehyde Liability	\$250,000 per occurrence limit; \$500,000 Program Aggregate	Excluded	
Non Owned Auto—Business Use	\$1,000,000 per occurrence limit	Excluded	

Note: Individual CIBA Policy Holder Coverages May Vary



# CIBA'S EARTHQUAKE PROGRAM

CIBA's Earthquake coverage began in 1994 and has developed into a stable program for owners and managers of commercial real estate and their lenders.

The program is structured into four separate coverage towers with the following shared annual aggregate limits:

- Industrial \$200,000,000
- Residential 1 \$150,000,000
- Residential 2 \$150,000,000
- Custom \$150,000,000

Exposure base, TIV, and sub-limits are closely monitored by EQ zone to ensure that no single zone's sub-limits less deductibles or 30% PML exposure exceeds the towers aggregate limit.

The 2007/2008 Program is underwritten by:

- Affiliated FM
- AXIS
- Lloyds of London
- Lexington





# CIBA COMPREHENSIVE PROPERTY PROGRAM

## How Your Earthquake & Flood Insurance Works

Your Comprehensive CIBA insurance program provides earthquake coverage for your building(s), landlord's permanent fixtures & improvements, including loss of rental income/value. The earthquake and flood coverage limits indicated on the Evidence of Insurance are blanket annual aggregate limits applicable to **all properties** covered under this program.

All claims for loss, damage, expense or loss of rental income arising out of the same loss occurrence for each building covered under the Program shall be adjusted as a single claim, and each claim shall be subject to the following deductibles:

- **Earthquake:** 5% or greater of the combined value (real property, personal property, and rental income) per building, subject to a \$100,000 minimum deductible per location
- **Flood:** \$100,000




# CIBA'S EARTHQUAKE PROGRAM



In an effort to keep CIBA's agents and insureds informed of the CIBA Earthquake Program utilization, we will be publishing a monthly summary of the total insured values and the EQ sub-limit exposure for each EQ zone.

The Program is monitored closely to ensure that no single EQ zone sub-limit or 30% PML exposure exceeds the tower's aggregate limit in force.

If losses in any policy year exceed the group annual aggregate limits, the loss recoveries will be prorated among all loss participants.

# SAMPLE EVIDENCES OF INSURANCE

CIBA RESIDENTIAL		Basic Residential Property EVIDENCE OF PROPERTY INSURANCE	
THIS IS EVIDENCE THE INSURANCE IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS, TITLE, INTEREST, AND PRIVILEGES AFFORDED UNDER THE POLICIES TO THE INSURED AND ADDITIONAL INTERESTS NOTED HEREIN.			
CIBA Insurance Services 655 N. Central Ave., Suite 2100, Glendale, CA 91203 PH: 818-245-1010 FAX: 818-245-1750 License # 0D44433		CIBA-BASIC RESIDENTIAL PROGRAM: REFER TO APPENDIX "RI" ATTACHED HERETO FOR SCHEDULE OF PARTICIPATING INSURANCE COMPANIES AND POLICY NUMBERS	
Account:	Effective Date:	Expiration Date:	
Insured/Mailing Address: Commercial Industrial Building Owner's Alliance, Inc. & it's members		Additional Interest:	
SPECIMEN		NATURE OF INTEREST:	
PROPERTY LOCATION			
COVERAGE INFORMATION			
Blanket Building & Rental Income Value Coverage (including 12 month extended period of recovery) – All Risk Special Form Coverage including Earthquake Sprinkler Leakage, and Comprehensive Boiler & Machinery. Replacement Cost Coverage; Building Ordinance Coverages; Agreed Amount Clause; Liberalization Clause; Waiver of Subrogation/Transfer of Rights Recovery. Refer to CIBA master policies for complete terms, conditions, limitations and exclusions. POLICIES ARE AVAILABLE FROM YOUR AGENT.			
COVERAGES & PERILS			
	Limits	Deductibles	
Blanket Loss Per Occurrence (automatic reinstatement) – All Perils	\$ 500,000,000	\$ 5,000	
Terrorism is included - Group Annual Aggregate Limit (P)	\$ 250,000,000	\$ 5,000/Per loss	
Comprehensive Form Boiler & Machinery Coverages	\$ 15,000,000	\$ 5,000	
Building Ordinance, Demolition & Increased Costs of Construction, Subject to the Following Sub-Limits:			
- Buildings Built in or after 1970, or Buildings that Meet the 1976 CA UBC	\$ 10,000,000	\$ See above	
- Buildings Built in or before 1969 that Do Not Meet the 1976 CA UBC	\$ 500,000	\$ See above	
Asbestos Removal	\$ 25,000	\$ 5,000/Per loss	
IMPORTANT REMARKS (Including Special Conditions)			
- NOTE: ALL PERILS DEDUCTIBLE OR \$10,000, WHICHEVER IS GREATER, APPLIES TO EACH CLAIM FOR ANY VACANT OR UNOCCUPIED PROPERTIES			
- EARTHQUAKE AND FLOOD INSURANCE - CIBA "BASIC PROGRAM" DOES NOT PROVIDE COVERAGE AGAINST LOSS OR DAMAGE FROM EARTHQUAKE, LAND MOVEMENT AND/OR FLOOD.			
- TERRORISM IS DEFINED AS ANY ACT, INCLUDING BUT NOT LIMITED TO THE USE OF FORCE OR VIOLENCE AND/OR THE THREAT THEREOF, OF ANY PERSON OR GROUP(S) OF PERSONS, WHETHER ACTING ALONE OR ON BEHALF OF OR IN CONNECTION WITH ANY ORGANIZATION(S) OR GOVERNMENT(S), COMMITTED FOR POLITICAL, RELIGIOUS, IDEOLOGICAL OR SIMILAR PURPOSES INCLUDING THE INTENTION TO INFLUENCE ANY GOVERNMENT AND/OR TO PUT THE PUBLIC, OR ANY SECTION OF THE PUBLIC, IN FEAR.			
CANCELLATION			
THE POLICIES ARE SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY(IES) BE TERMINATED, THE COMPANY(IES) WILL GIVE THE INSURED INTERESTS IDENTIFIED ABOVE <b>30 DAYS</b> WRITTEN NOTICE <b>(10 DAYS FOR NON-PAYMENT)</b> , AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.			
SIGNATURE OF COMPANY OFFICERS:			
		Date: 3/2/2007	
, President			
		, Secretary	
Rev. Apr 2005			

CIBA RESIDENTIAL		Residential Liability EVIDENCE OF LIABILITY INSURANCE	
THIS IS EVIDENCE THE INSURANCE IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS, TITLE, INTEREST, AND PRIVILEGES AFFORDED UNDER THE POLICIES TO THE INSURED AND ADDITIONAL INTERESTS NOTED HEREIN.			
CIBA Insurance Services 655 N. Central Ave., Suite 2100, Glendale, CA 91203 PH: 818-245-1010 FAX: 818-245-1750 License # 0D44433		CIBA-RESIDENTIAL PROGRAM: REFER TO APPENDIX "L" ATTACHED HERETO FOR SCHEDULE OF PARTICIPATING INSURANCE COMPANIES AND POLICY NUMBERS	
Account:	Effective Date:	Expiration Date:	
Insured/Mailing Address: Commercial Industrial Building Owner's Alliance, Inc. & it's members		Additional Interest:	
SPECIMEN		NATURE OF INTEREST:	
PROPERTY LOCATION			
COVERAGE INFORMATION			
Primary Commercial General Liability Policy, including Premises & Operations; Products & Completed Operations; Owner's Contractors Protective Liability; Personal & Advertising Injury Liability; Designated Premises Endorsement; Non-Owned & Hired Automobile Liability, and Umbrella/Excess Liability Coverage over Primary Commercial General Liability. Refer to CIBA master policies for complete terms, conditions, limitations and exclusions. POLICIES ARE AVAILABLE FROM YOUR AGENT.			
COVERAGES & PERILS			
	Limits	Deductibles	
Commercial General Liability Coverage Per Occurrence – Per Loss	\$ 1,000,000	\$ 1,000	
Commercial General Liability Coverage General Aggregate Limit – Per Location	\$ 2,000,000	\$ 1,000/Per loss	
Coverage A – Bodily Injury & Property Damage – Premises & Operations Liability	\$ 1,000,000	\$ See above	
Owner's/Contractors Protective Liability	\$ 1,000,000	\$ See above	
Products & Completed Operations Liability/Annual Aggregate Limit	\$ 1,000,000	\$ See above	
Coverage B – Personal Injury & Advertising Injury Liability	\$ 1,000,000	\$ See above	
Non-Owned & Hired Automobile Liability	\$ 1,000,000	\$ See above	
Commercial Excess Liability Coverages/Per Occurrence Limit	\$ 75,000,000	\$ See above	
Commercial Excess Liability Coverages/Annual Aggregate Limit	\$ 75,000,000	\$ See above	
Lead, Asbestos & Formaldehyde Legal Liability (Claims Made)	\$	\$	
- Individual Annual Aggregate Limit (LAF)	\$ 250,000	\$ 5,000	
- Group Annual Aggregate Limit (LAF)	\$ 500,000	\$	
Pollution & Pollution Remediation Liability (Claims Made)	\$	\$	
- Individual Annual Aggregate Limit (POL)	\$ 250,000	\$ 25,000	
- Group Annual Aggregate Limit (POL)	\$ 500,000	\$	
Terrorism for Commercial GL (L) is included	\$ Included	\$ 1,000/Per loss	
IMPORTANT REMARKS (Including Special Conditions)			
- TERRORISM IS DEFINED AS ANY ACT, INCLUDING BUT NOT LIMITED TO THE USE OF FORCE OR VIOLENCE AND/OR THE THREAT THEREOF, OF ANY PERSON OR GROUP(S) OF PERSONS, WHETHER ACTING ALONE OR ON BEHALF OF OR IN CONNECTION WITH ANY ORGANIZATION(S) OR GOVERNMENT(S), COMMITTED FOR POLITICAL, RELIGIOUS, IDEOLOGICAL OR SIMILAR PURPOSES INCLUDING THE INTENTION TO INFLUENCE ANY GOVERNMENT AND/OR TO PUT THE PUBLIC, OR ANY SECTION OF THE PUBLIC, IN FEAR.			
CANCELLATION			
THE POLICIES ARE SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY(IES) BE TERMINATED, THE COMPANY(IES) WILL GIVE THE INSURED INTERESTS IDENTIFIED ABOVE <b>30 DAYS</b> WRITTEN NOTICE <b>(10 DAYS FOR NON-PAYMENT)</b> , AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.			
SIGNATURE OF COMPANY OFFICERS:			
		Date: 3/2/2007	
, President			
		, Secretary	
Rev. Apr 2005			



# CIBA LIABILITY PROGRAM

## Quarterly Status Report as of August 1, 2007

To: Authorized CIBA Agents and Associates

As of August 1, 2007, there has been no use or anticipated use of the first excess layer of coverage.

CIBA's Liability Program protocol requires that CIBA's agents and associates be notified quarterly of the status of the Liability Program's remaining aggregate or immediately should a loss be reported which potentially could require the use of the first excess layer.

Prior to the dedicated primary \$1,000,000 per occurrence / \$2,000,000 per location limits for the 2007/2008 policy period, coverage includes an additional non aggregated dedicated \$1,000,000 per occurrence / \$1,000,000 per location limit in the event all excess coverage aggregates are exhausted.

Sincerely,

**Michael Marino**   **Dwain F. Bender**  
**CEO/President**   **Chief Operating Officer**

LAYER	POLICY AGGREGATE	CURRENT AGGREGATE AVAILABLE
<b>Policy Period: 3-31-07 to 3-31-08</b>		
Program Loss Fund	\$6,000,000	\$5,996,110
Primary Coverage	\$2,000,000(*)	N/A
First Excess Coverage	\$25,000,000	\$25,000,000
Second Excess Coverage	\$25,000,000	\$25,000,000
Third Excess Coverage	\$25,000,000	\$25,000,000
<b>Policy Period: 3-31-06 to 3-31-07</b>		
Program Loss Fund	\$7,000,000	\$6,576,572
Primary Coverage	\$10,000,000	\$10,000,000
First Excess Coverage	\$25,000,000	\$25,000,000
Second Excess Coverage	\$25,000,000	\$25,000,000
Third Excess Coverage	\$25,000,000	\$25,000,000
<b>Policy Period: 3-31-05 to 3-31-06</b>		
Program Loss Fund	\$3,500,000	\$2,087,705
Primary Coverage	\$10,000,000	\$10,000,000
First Excess Coverage	\$25,000,000	\$25,000,000
Second Excess Coverage	\$25,000,000	\$25,000,000
Third Excess Coverage	\$25,000,000	\$25,000,000
<b>Policy Period: 3-31-04 to 3-31-05</b>		
Program Loss Fund	\$3,000,000	\$0
Primary Coverage	\$10,000,000	\$8,708,655
First Excess Coverage	\$25,000,000	\$25,000,000
Second Excess Coverage	\$25,000,000	\$25,000,000
Third Excess Coverage	\$25,000,000	\$25,000,000

Note: Current Aggregate Available is based on losses paid and does not include reserves or claims expense.

(\*) - Per Location



# ASSOCIATION BENEFITS

- Client Loyalty Premium Credit Program
- Claims Adjusting Costs, Including Legal Defense Costs For Covered Litigated Claims
- Large Account Premium Payment Plans
- Online Broker and Insured Access To Specimen Policies, Legal Q&A & Other Coverage Information
- Association Sponsored Commercial Real Estate & Insurance Related Legal Seminars
- Loss Prevention Bulletins & Seminars
- Broad Coverages
- Group Purchasing Power
- Packaged Underwriting
- Property Inspection & Loss Control Services

# PROPERTY INSPECTION & LOSS CONTROL SERVICES

## Property Inspections

- Performed within 45 days of binding a location to verify application information, property conditions and general valuation
- An Inspection Report is prepared for underwriting and loss control files

## Loss Control

- Reviews all underwriting reports for accuracy and completeness
- Determines if loss control recommendations are warranted
- Forwards a copy of the report with comments to insured's agent
- Follows up on any outstanding loss control recommendations within 30 days



# CIBA CLIENT LOYALTY PROGRAM

CIBA's Client Loyalty Program is location specific. Insureds with locations that have been in the CIBA Program for at least one renewal will receive a credit on subsequent renewals, if coverage is uninterrupted, of up to 3%.

Renewal Years Location In Program	Location Renewal Premium Credit
ONE	1 %
TWO	2 %
THREE	3 % (maximum)

Credit calculated and applied to property and liability insurance premium billed to the agents. Earthquake and terrorism premium and all fees excluded.

# CIBA MEMBER FEE SCHEDULE 2007/2008 Policy Period

## Association Fee

Each new associate is assessed a one-time Association Fee of \$250 upon the initial location bound for coverages. This fee allows for up to four locations to be included in the Program.

Each additional location will be assessed a one time \$25 fee.

## Inspection Fee

In order to ensure the accuracy of applications and to provide loss control recommendations, each location joining the Program is assessed an Inspection Fee.

Each location is assessed an initial Inspection Fee of between \$175 and \$750, depending on the number of buildings included in the location.

Multiple location accounts' initial Inspection Fees are discounted and quoted separately.

Each location is subject to a Re-inspection Fee of \$60 per year, charged at renewal for carrier mandated re-inspections every three years.

## Tenant Certificate Monitoring Fee (TCM)

Participation in the Tenant Certificate Monitoring Program is voluntary and quoted separately for each location depending on the number of tenants. TCM assists insureds in verifying tenant's compliance with lease insurance requirements to allow loss subrogation.

# LIST OF CARRIERS 2007/2008 POLICY PERIOD

AM Best Ratings • August 2, 2007

AMBEST NO.	INSURANCE COMPANY	RATING	FINANCIAL SIZE CATEGORY
<b>Primary Carriers</b>			
00103	Affiliated FM	A+	XV
12515	Axis Surplus Ins. Co.	A	XV
02267	Interstate Fire & Casualty (Fireman's Fund)	A	XV
48932	Lloyds London (Cathedral, Syndicate #2010)	A	XV
<b>Excess &amp; Specialty Carriers</b>			
12523	ARCH Specialty Ins. Co.	A	XV
12558	AXIS Specialty Ins. Co.	A	XV
86954	Brit Insurance Ltd.	A	XI
11766	Commonwealth Ins. Co.	A-	IX
02148	Empire Indemnity Ins. Co.	A	XV
13131	Endurance American Ins. Co.	A-	XV
02213	Great American Ins. Co.	A	XIV

AMBEST NO.	INSURANCE COMPANY	RATING	FINANCIAL SIZE CATEGORY
<b>Excess &amp; Specialty Carriers (continued)</b>			
10604	Homeland Ins. Co. of New York	A	XV
02967	ICW	A-	IX
78528	Ironshore Insurance Ltd.	A-	XI
78390	Lancashire Insurance Co. (UK) Ltd.	A-	XIII
12619	Landmark American Ins.	A	XI
02350	Lexington Ins. Co.	A+	XV
85202	Loyds of London	A	XV
18259	Munich Re	A	XV
02706	Nutmeg Insurance Co.	A+	XV
03557	Steadfast Insurance Co.	A	XV
85010	Swiss Re	A+	XV
12553	Tokio Marine Pacific Ins. Ltd. (Millea)	A+	XV
11027	Travelers Property & Casualty	A+	XV
04433	Westchester Surplus	A+	XI



# CIBA PROGRAM LENDER ACCEPTANCE

The following is a partial list of Lenders who have accepted the CIBA Program for Commercial Real Estate financing:

## Building Owners

1. Citibank
2. Washington Mutual
3. Bank of New York
4. Wells Fargo
5. MMA Financial
6. Nationwide Life Insurance
7. United Commercial Bank
8. Affinity Bank
9. Imperial Capital
10. World Saving & Loan

## Condo Unit Owners

1. Bank of America
2. Wells Fargo
3. Greenpoint Mortgage
4. ABM AMRO
5. Citibank / CitiMortgage
6. Washington Mutual
7. Countrywide Home Loans
8. Argent Mortgage
9. World Savings & Loan
10. First Horizon