



VERO INSURANCE
WE NEVER STOP WORKING FOR YOU



MARSH & MCLENNAN
AGENCY

COMMERCIAL INSURANCE PROPOSAL **HARBOR BRANCH OCEANOGRAPHIC** **INSTITUTE FOUNDATION, INC**

RENEWAL DATE: NOVEMBER 15, 2017

Presented by:

John D'Albora
Risk Advisor

3339 Cardinal Drive
Vero Beach, FL 32963
(772) 231-2022

This proposal expires on 11/15/2017

ACCOUNT MANAGEMENT TEAM

The Account Management Team is responsible for servicing your organization. The team concept promotes direct contact with our clients by those individuals charged with providing specific account services. This provides you with a direct contact in order for us to promptly handle your requests. Business hours are 8:15 A.M. to 5:00 P.M. Monday through Friday.

John D'Albora Risk Advisor (772) 226-6214 john@veroinsurance.com	<i>Responsible for the overall management of your account.</i>
Mary Campbell Director of Commercial Lines (772) 257-3437 mary@veroinsurance.com	<i>Responsible for negotiating pricing and coverage terms.</i>
Shawn Campbell Account Manager (772) 226-6211 shawn@veroinsurance.com	<i>Responsible for the daily service and administration of your account.</i>

DISCLAIMERS

General Disclaimer

Thank you for this opportunity to place insurance on your behalf.

BEFORE PROCEEDING WITH OUR PROPOSAL, IT IS ESSENTIAL THAT YOU REVIEW AND UNDERSTAND THIS EXPLANATION OF THE PROPOSAL'S PURPOSE AND EFFECT.

Generally, a Proposal is intended to provide an overview of an insurance program and touch on some, but not all, of the individual policy terms and conditions **for informational purposes only**. The Proposal does not provide a comprehensive explanation of any insurance policy as a whole and does not include all applicable policy terms and conditions. In all cases, the policy as issued and subsequently endorsed supersedes any statement made herein.

We strongly recommend that you review all policies from “cover to cover” when they are received, again as endorsements are received, and call us immediately if you have any questions or concerns. The actual policy wording will dictate the rights and duties of the parties to the insurance contract and must be reviewed to avoid any misunderstanding as to coverage provided by the policy in question. Be aware that the interpretation of contracts, including insurance policies, is a question of law. We, as insurance agents, can offer an interpretation of policy language as we understand it but cannot provide legal advice. Questions about the legal effect of any policy terms or conditions should be referred to your attorney.

Finally, we want to remind you that you provided Marsh & McLennan Agency with information about your organization and its exposures including, but not limited to, description of your business, business locations, projected sales and income, other financial information, number of employees, property values, owned automobiles, driver license information, etc. We have forwarded this information to the insurers on your behalf. The insurers have relied on this information in determining the nature of coverage offered and developing premium to be charged. You must make us aware immediately if any material information provided by you for underwriting purposes is incorrect or has otherwise changed. Actual exposures in existence during or at the end of the policy term may determine the actual final premium. Again, the insurance contract will prevail.

Trade Sanctions Compliance

Marsh & McLennan Agency is unable to provide insurance or reinsurance broking, risk consulting, claims or other services or provide any benefit to the extent that the provision of such services or benefit would violate applicable law or expose Marsh & McLennan Agency to any sanction, prohibition or restriction under UN Security Council Resolutions or under other trade or economic sanctions, laws or regulations.

Compensation Disclosure and Limitation of Liability

Marsh & McLennan Agency (“MMA”) prides itself on being an industry leader in the area of transparency and compensation disclosure. We believe you should understand how we are paid for the services we are providing to you. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance services provider, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client. Retail commission rates can vary from transaction to transaction.
- **Client Fees** – Some clients may negotiate a fee for MMA’s services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA’s engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client’s placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to brokers who meet set goals for all or some of the policies the brokers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on a broker’s performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker for certain transactions. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation** – From time to time MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at <http://res.cloudinary.com/mma/image/upload/v1437281898/ayzkoj0jzsqcy6rzom6.pdf>

MMA's aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

We appreciate your business and look forward to your instructions regarding the placement of your coverage on the terms outlined in this proposal.

Marsh & McLennan Agency's Role If Your Insurer Cancels Your Policy

Florida statute limits an insurer's right to cancel a policy and requires the insurer to provide notice to you when a policy is cancelled. We, as your agent, do not have authority to determine whether a policy will be cancelled, or reinstated if cancelled, and must rely solely on the insurer to make us aware of a policy cancellation.

Recognizing the agent's lack of authority to cancel or reinstate a policy and inability to control the flow of information related to policy cancellation, Florida Statute does not require an agent to provide any notice of policy cancellation to a client. If we become aware of a policy cancellation and contact you about the cancellation, or attempt to persuade your insurer to reconsider the cancellation, you expressly acknowledge that:

1. We are not obligated to provide notice of cancellation to you or attempt to reinstate a cancelled policy;
2. You will pay policy premiums as required. There is no grace period; the insurer must receive the premium payment before the "due date;"
3. You are not relying on us to notify you of policy cancellation or attempt to set a cancellation aside;
4. Each and every policy cancellation is an independent event. Our involvement in any isolated cancellation does not create a duty to act in any other case;
5. To the extent that our voluntary involvement may create legal rights against us, you knowingly and voluntarily waive any such right in consideration of our efforts.

SCHEDULE OF NAMED INSUREDS

First Named Insured and Mailing Address

- Harbor Branch Oceanographic Institute Foundation, Inc
5600 US 1 North, Ft. Pierce, FL 34946

PROPERTY

Proposed Carrier:

Scottsdale Insurance Company
A.M. Best Rating: A+ XV as of October 02, 2017
(Non-Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Locations Covered

- 1) 5527 Old Dixie Highway, Fort Pierce, FL 34946
- 2) 5600 US Highway 1 North, Fort Pierce, FL 34946

Amounts of Insurance

Location No.	Building	Business/Personal Property	Business Income	Valuable Papers
1	\$150,000	N/A	N/A	N/A
2	N/A	\$30,000	N/A	\$200,000

Valuation

- Replacement Cost

Causes of Loss

- Special Causes of Loss

Deductibles

- \$1,000 Applicable to Other Covered Causes of Loss per Occurrence (Excluding Wind)
- \$500 per occurrence Valuable Papers

Coinsurance

* If you feel that the amount of insurance is not adequate to meet the policy requirement (that the amount is not less than 80% of the value of the property at the time of loss), please let us know. Failure to comply with this provision could result in a penalty in the settlement of a claim.

- 80% Coinsurance

Terms & Conditions

Including, but not limited to

- 25% Minimum Earned Premium Applies at Policy Inception
- Policy Fees are Fully Earned and are Non-Refundable
- 100% Minimum & Deposit
- Subject to No Change in Applicant\Risk Underwriting Information From Expiring Policy
- Subject to No Losses
- Types of Storage Containers Need to be Provided for Valuable Papers Coverage
- Valuable Papers Should Be Listed or Accounted in Some Way and When Possible Duplicates Should be Kept at a Separate Location
- Vacant Building Should be Locked and Secured at all Times and Checked Weekly
- Vandalism Claims are Submitted at \$25,000 on the Vacant Building Only

Exclusions

Including, but not limited to

- Loss Due to Virus or Bacteria
- Theft
- Water
- Terrorism ⁽¹⁾
- Flood
- Earthquake
- Wind/Hail Damage

⁽¹⁾ **Terrorism coverage for “certified acts” as defined by the Terrorism Risk Insurance Program Reauthorization Act of 2015 can be included for an additional premium of \$94.59.**

Flood coverage and/or deductibles will be determined based on the flood zone at the time of loss.

The Federal Emergency Management Agency (FEMA) determines the zones for rating flood insurance. Zone designations may change due to re-mapping by FEMA for various reasons including changes in water flow and drainage patterns that have changed over time due to surface erosion, land use and natural forces.

If your property is located in “Zone X” as determined by the National Flood Program (NFIP) your lender may not require flood coverage. Please keep in mind the National Flood Program (NFIP) states 30% of all flood losses occur in Non Special Flood Hazard Areas. Just because your property is located in a Non Special Flood Hazard Area does NOT mean you will never suffer a flood loss.

CRIME

Proposed Carrier:

Travelers Casualty and Surety Company of America
 A.M. Best Rating: A++ XV as of October 05, 2017
 (Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Limits of Liability

Coverage	Limit	Deductible
Form A Employee Theft: ERISA Fidelity:	\$1,000,000 \$1,000,000	\$5,000 \$0
Form B Forgery or Alteration:	\$1,000,000	\$5,000
Form C Theft, Disappearance or Destruction Inside Premises:	\$1,000,000	\$5,000
Form D In Transit:	\$1,000,000	\$5,000
Form E Money Orders and Counterfeit Money:	\$1,000,000	\$5,000
Form F Computer Fraud: Computer Program and Electronic Data Restoration Expense:	\$1,000,000 \$25,000	\$5,000 \$5,000
Form G Funds Transfer Fraud:	\$1,000,000	\$5,000
Form I Claim Expense:	\$5,000	\$0

Kidnap and Ransom

Coverage	Limit	Deductible
Kidnap for Ransom	\$1,000,000 for Each Insured Event	\$0
Extortion for Ransom	\$1,000,000 for Each Insured Event	\$0
Legal Liability	\$1,000,000	\$0
Crisis Response Firm Fees and Expenses	Unlimited for Each Insured Event	

Terms & Conditions**Including, but not limited to**

- Coverage provided shall not apply to any loss or losses based upon or arising from the handling and/or sales of tickets, except for money collected from the sales of tickets.
- Definition of securities amended to securities means all negotiable and non-negotiable instruments or contracts representing either money or other property, including revenue and other stamps in current use, token but not including money or tickets.
- Policy does not cover any loss of money, securities or other property belonging to parties other than the insured unless the insured shall be liable therefore and unless such property shall be confide to the care, custody or control of the insured.
- Any loss covered under this coverage section involving money, securities or other property of any loss payee shall be payable by the company to the insured and loss payee as joint payees.

EXCESS CRIME

Proposed Carrier:

Executive Risk Indemnity, Inc
A.M. Best Rating: A++ XV as of 10/05/2017
(Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Limits of Liability

Coverage	Limit
Excess Crime:	\$1,000,000

Defense Limits: Inside the Limits of Liability

Excess Coverage may not be available if required underlying limits, as listed above, are not maintained.

FIDUCIARY LIABILITY

Proposed Carrier:

Travelers Casualty and Surety Company of America
A.M. Best Rating: A++ XV as of October 05, 2017
(Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Limits of Liability:	\$1,500,000 Each Policy Year
Settlement Program Limit of Liability:	\$50,000 Each Settlement Program Notice
HIPAA Limit of Liability:	\$100,000

Retention: \$0

Retroactive Date: January 28, 1992

EXCESS FIDUCIARY LIABILITY

Proposed Carrier:

Executive Risk Indemnity, Inc
A.M. Best Rating: A++ XV as of 10/05/2017
(Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Excess Pension & Welfare Benefit Plan Fiduciary Liability	\$1,500,000

Defense Limits: Inside the Limits of Liability

Excess Coverage may not be available if required underlying limits, as listed above, are not maintained.

DIRECTORS & OFFICERS LIABILITY

Proposed Carrier:

Travelers Casualty and Surety Company of America
A.M. Best Rating: A++ XV as of October 05, 2017
(Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

	Limit	Retention	Pending or Prior Date
Directors & Officers	\$5,000,000	\$5,000	January 28, 1985
Employment Practices	\$5,000,000	\$5,000	January 28, 1985

The limit of liability is a shared limit for Directors & Officers and Employment Practices Liability.

Defense Limits: Inside the Limits of Liability

Retention:

- \$0 for Insuring Agreement A
- \$5,000 for Insuring Agreement B
- \$5,000 for Insuring Agreement C
- \$12,500 for Social Engineering Fraud

Insuring Agreement A: the Insured Persons, Loss for Wrongful Acts, except for Loss which the Insured Organization pays to or on behalf of the Insured Persons as indemnification.

Insuring Agreement B: the Insured Organization, Loss for Wrongful Acts which the Insured Organization pays to or on behalf of the Insured Persons and indemnification.

Insuring Agreement C: the Insured Organization, Loss for Wrongful Acts.

Continuity Date: 01/28/1985

Claims Made Coverage

This policy responds only to those claims that are first made against the insured during the policy period and reported to the carrier pursuant to the conditions of the policy. EEOC Notices constitute a Claim under the policy and have to be reported to the carrier as soon as received.

The Insurer's Right and Duty to Defend

If you become a defendant in a lawsuit and the allegations in the complaint are potentially covered by your policy, the policy grants the "right and duty to defend" to your insurer. The right to defend includes the right to choose defense counsel however, the insurer may in its sole discretion agree to use the insured's preferred counsel.

If you have a strong preference for a particular lawyer or law firm, we will ask the insurer to agree to your choice of counsel as part of the agreement to bind coverage. If the insurer does not agree, it is understood that you will not have choice of counsel going forward.

EXCESS DIRECTORS AND OFFICERS

Proposed Carrier:

Executive Risk Indemnity, Inc
A.M. Best Rating: A++ XV as of 10/05/2017
(Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Directors & Officers	\$5,000,000

Deductible: Underlying \$5,000,000 Limits Plus Underlying Deductible

Claims Made Coverage

This policy responds only to those claims that are first made against the insured during the policy period and reported to the carrier pursuant to the conditions of the policy.

Excess Coverage may not be available if required underlying limits, as listed above, are not maintained.

EXCESS DIRECTORS AND OFFICERS

Proposed Carrier:

Landmark American Insurance Company
A.M. Best Rating: A+ XIII as of 09/29/2017
(Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Directors & Officers	\$10,000,000 Aggregate Limit of Liability Each Period \$10,000,000 Underlying Limits of Liability

Deductible: Underlying \$10,000,000 Limits Plus Underlying Deductibles

Exclusions:

- Employment Practice Liability
- Prior and/or Pending Litigation
- Fiduciary Liability
- Crime
- Kidnap & Ransom
- Identity Fraud Reimbursement

Claims Made Coverage

This policy responds only to those claims that are first made against the insured during the policy period and reported to the carrier pursuant to the conditions of the policy. EEOC Notices constitute a Claim under the policy and have to be reported to the carrier as soon as received.

Excess Coverage may not be available if required underlying limits, as listed above, are not maintained.

GENERAL LIABILITY

Proposed Carrier:

AIX Specialty Insurance Company
 A.M. Best Rating: A XV as of May 25, 2017
 (Non-Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

General Aggregate Limit: Applies to all policy coverages other than Products/Completed Operations.	\$2,000,000
Products / Completed Operations Aggregate Limit:	Excluded
Each Occurrence Limit: Subject to General Aggregate Limits for Bodily Injury and Property Damage, including Fire Damage Legal Liability subject to per fire limit, and Medical Expense subject to per person limit.	\$1,000,000
Personal And Advertising Injury Limit: Any one person or organization, (subject to General Aggregate Limits).	\$1,000,000
Fire Damage Legal Liability Limit: Any one fire subject to Each Occurrence Limit and General Aggregate Limits.	\$50,000
Medical Expense Limit: Any one person, subject to the General Aggregate Limit.	\$1,000
Employee Benefit Liability: Each Claim Limit: \$1,000,000 Annual Aggregate: \$1,000,000 <i>This is a Claims-Made Form * Retroactive Date 05/28/2016</i>	
Hired \ Non-Owned Auto:	\$1,000,000

* Please refer to the Claims-Made Coverage disclaimer for additional information and important reporting requirements.

Deductibles

- \$500 Each Occurrence Each Claim

Premium Basis

Class Code	Description	Exposure Basis	Exposure	Rate
49452	Vacant Land – Not For Profit	Acre	1	\$1,850
68607	Vacant Buildings – Not For Profit	Area	1,428	\$208
61227	Buildings or Premises – Not For Profit	Area	2,000	\$600
68707	Warehouses – Private – Not For Profit	Area	8,335	\$667
45539	Land – Occupied By Persons Other Than Insured – Lessor's Risk Only	Acre	20	\$100
49451	Vacant Land	Acre	61	\$305
49451	Vacant Land	Acre	30	\$150

Coverage Includes

- Occurrence Form Claims-Made Form Retro. Date:05/28/2016
- Premises / Operations Liability
- Premises Medical Payments Coverage
- Fire Damage Legal Liability
- Personal Injury Liability
- Advertising Injury Liability
- Employee Benefits Liability

Terms & Conditions**Including, but not limited to:**

- Satisfactory loss control inspection and compliance with any recommendations.
- Certificates of Insurance must be verified and maintained by your office, for all subcontractors, vendors, suppliers and/or manufacturers. Limits must be greater than or equal to your policy limits.
- 25%, \$1,255.42 Minimum Earned Premium at inception
- Policy Fees are Fully Earned and are Non-Refundable
- No Flat Cancellations
- Require That all Tenants Name Insured as Additional Insured on Their General Liability Policy and Carry a Minimum of \$1/2/2M Limits – Must be Confirmed at Binding

Exclusions

Including, but not limited to:

- Nuclear Energy Liability
- Asbestos
- Injury to Independent Contractors
- Injury to Voluntary Labor
- Lead
- Punitive and Exemplary Damage
- Recording and Distribution of Material or Information in Violation of Law
- Products / Completed Operations Hazard
- Employment – Related Practices
- Total Pollution
- Fungi or Bacteria
- Silica or Silica – Related Dust

(1) Terrorism coverage for “certified acts” as defined by the Terrorism Risk Insurance Program Reauthorization Act of 2015 can be included for an additional premium of \$475.00

Notice of Additional Insured Status

Please note that Additional Insured status is not automatically conveyed to any individual or entity. This is a negotiated coverage that is dependent on the policy form and endorsements attached thereto. Additional provisions in the policy may require that a *written* contract be in force to convey Additional Insured status. Please read your policy and contracts carefully and discuss with your Agent. Marsh & McLennan Agency cannot issue certificates of insurance with Additional Insured status listed for anyone unless a written agreement is in force if required by your insurance policy.

We recommend that you provide your Agent copies of any written contracts you may have in force or may negotiate in the future to ensure that proper coverage is in place.

RAILROAD LIABILITY

Proposed Carrier:

Steadfast Insurance Company
A.M. Best Rating: A+ XV as of December 01, 2016
(Non-Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

Any One Occurrence Limit:	\$2,000,000
Policy Aggregate:	\$6,000,000

Defense Limits: Outside the Limits of Liability

Coverage Includes

- Occurrence Form Claims-Made Form Retro. Date: _____
- Premises / Operations Liability

Terms & Conditions

Including, but not limited to:

- Satisfactory loss control inspection and compliance with any recommendations.
- Certificates of Insurance must be verified and maintained by your office, for all subcontractors, vendors, suppliers and/or manufacturers. Limits must be greater than or equal to your policy limits.
- 100% Minimum Retained Premium in the Event of Cancellation
- No Flat Cancellations
- Fees are 100% Fully Earned
- Coverage Subject to GL Policy Maintained by Insured and Naming Railroad as Additional Insured Along with Removing the Exclusion for Coverage Within 50 Feet of Railroad
- Full Compliance with All Project Insurance Related Contractual Requirements

⁽¹⁾ Terrorism coverage for “certified acts” as defined by the Terrorism Risk Insurance Program Reauthorization Act of 2015 can be included for an additional premium of \$240.00.

EXCESS LIABILITY

Proposed Carrier:

AIX Specialty Insurance Company
 A.M. Best Rating: A XV as of May 25, 2017
 (Non-Admitted Carrier)

Proposed Policy Term:

11/15/2017 – 11/15/2018

LIMITS OF LIABILITY *	
Each Occurrence:	\$5,000,000
General Aggregate:	\$5,000,000
Products / Completed Operations Aggregate:	Excluded
SELF INSURED RETENTION	
Each Occurrence:	\$0
REQUIRED UNDERLYING INSURANCE	
Commercial General Liability:	
Each Occurrence – Bodily Injury & Property Damage:	\$1,000,000
General Aggregate:	\$2,000,000
Personal Injury & Advertising:	\$1,000,000
Business Automobile Liability (Hired / Non – Owned):	
Combined Single Limit:	\$1,000,000
Employee Benefits Liability:	\$1,000,000

Excess Coverage may not be available if required underlying limits, as listed above, are not maintained.

Terms & Conditions

Including, but not limited to:

- 25% Minimum Earned Premium Applies at Policy Inception
- Policy Fees are Fully Earned and are Non-Refundable
- No Flat Cancellations

Exclusions

Including, but not limited to:

- Employers Liability Stop Gap Exclusion
- Foreign Liability
- Liquor Liability
- Products Completed Operations Hazard
- Residential Construction Operations Exclusion

PREMIUM SUMMARY

Proposed Coverage	Annual Premium
Property	\$1,926.28
Package (Crime, Directors & Officers, and Fiduciary)	\$10,755.00
Excess Crime	\$750.00
Excess Fiduciary Liability	\$685.00
Excess Directors & Officers	\$7,300.00
Excess Directors & Officers – Landmark American	\$18,954.79
General Liability	\$5,021.68
Railroad Liability	\$5,051.11
Excess Liability	\$3,032.00
Total	\$53,475.86

Notes

- (1) Includes all applicable taxes and fees
- (2) 25% minimum earned premium at inception
- (3) Non-Admitted Companies are NOT protected by the Florida Insurance Guaranty Fund

*HIGHER LIMITS AND OPTIONAL COVERAGES MAY BE AVAILABLE.
PLEASE CONTACT US FOR FURTHER DETAILS.*

PREMIUM COMPARISON

Coverage	Expiring Premium	Proposed Renewal Premium	Premium Increase/Decrease (%)
Property	\$2,021.83	\$1,926.28	(4.73%)
Package	\$10,318.00	\$10,755.00	4.24%
Excess Crime	\$715.00	\$750.00	4.90%
Excess Fiduciary Liability	\$685.00	\$685.00	-
Excess Directors & Officers	\$6,975.00	\$7,300.00	4.66%
Excess Directors & Officers	\$12,764.16	\$18,954.79	-
General Liability	\$5,294.30	\$5,021.68	(5.15%)
Railroad Liability	\$6,047.18	\$5,051.11	(16.47%)
Excess Liability	\$2,980.00	\$3,032.00	1.74%
Total	\$47,800.47	\$53,475.86	11.87%

RECOMMENDATIONS

We include the following recommendations as examples to enhance coverage presented in the attached proposal in an effort to minimize your firm's exposure to financial loss. Such exposures include decreasing the wind deductible; purchasing excess flood coverage to the actual value of property, over the maximum limit provided by the National Flood Insurance Program; ensuring exposures and limits are accurate and adequate. While you cannot identify every situation that may represent a potential claim, we strongly recommend that you consider your firm's exposure to any potentially uncovered events.

Please take the time to review the following recommendations and discuss each with your Agent. Please indicate which additional coverage(s) you are interested in having Marsh & McLennan Agency secure for you.

Property

- Verify adequate building and contents limits; consider coinsurance requirements and current appraisals
- Include ordinary payroll in business income limit.
- Cover Increase limits exposure for ordinance or law including demolition costs, increased costs of construction and debris removal
- Add Flood coverage for buildings and contents
- Ensure flood limits are provided to maximum allowable per N.F.I.P.
- Provide excess limits over N.F.I.P. policy(ies) to total building and contents limits
- Include boiler and machinery coverage including equipment breakdown and spoilage
- Include outdoor property.
- Include inland marine floater coverage for owned and/or leased/borrowed equipment.
- Purchase coverage for certified acts of terrorism as quoted.

Automobile

Crime

- Ensure limits provide adequate coverage

Workers' Compensation

Miscellaneous Liability

- Pollution, including Mold
- Foreign Liability Coverage
- Internet/Cyber Liability
- Kidnap and Ransom
- Employment Practices Liability Insurance

Cyber Liability: Do you know the risks?

Every single business in America has private information they have been entrusted to protect. This information can belong to employees or customers and can range from social security and credit card numbers to medical records and business trade secrets.

An emerging business concern is the liability that may arise when private or confidential information is put at risk due to failure of computer security or a wrongful release or disclosure of information by the insured, the insured's employee or another third party the insured has a relationship with.

Currently 45 states, including Florida, have passed laws creating requirements for a business in the event of an information breach. Many times, failing to comply with these laws can result in financial penalties of substantial amounts. Important questions to reduce the risk of significant penalties are:

- Do you know what to do in the event of a breach?
- Is your company protected from the liability they may suffer?
- Do you have the financial and logistical capability to comply with breach notice laws?

Marsh & McLennan Agency can help you! We have access to the markets that can tailor a program for your specific needs.

Cyber Liability Coverage Highlights:

- Defense Costs and Indemnity Payments for a Security Failure or Privacy Event
 - Security Failure: a failure or violation of the security of a Computer System that results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code
 - Privacy Event: any failure to protect Confidential Information that results in an identity theft or other wrongful emulation of the identity of an individual or corporation
- Defense Costs and Fines and Penalties for a Regulatory Action brought by state, local or industry regulators (Defense costs included in form; fines and penalties coverage available by endorsement)
- Notification Costs and Credit Monitoring for individuals affected by a breach
- Costs to investigate a breach to determine the cause & origin
- Costs to restore an electronic database
- Costs for a PR firm to advise how to minimize harm and restore public confidence
- Contractual fines and penalties assessed by card associations (VISA, Mastercard, etc)

Indications for pricing can be provided.

Cyber Liability: Claims Examples

Type of Claim	Incident	Claims Payment
Confidential Corporate Information	Insured was sued when an employee misappropriated confidential information from a competitor.	Settled and paid approximately \$200,000.
Hacker Attack	Payment card processor's system was hacked compromising credit card data	Paid over \$160,000 in legal defenses.
Personal Health Information	Rogue employee at a large medical provider stole and sold over 40,000 patient records containing personally identifiable information	Reimbursed the insured over \$675,000 for notification costs.
Personal Health Information	Insured lost tapes containing medical insurance information and social security numbers.	Reimbursed the insured \$400,000 for call center services and credit monitoring costs. Further expenses pending.
Personally Identifiable Information	Rogue employee at a large consumer reporting agency illegally stole and sold personal information of over 3,000,000 customers	Paid over \$5,100,000 in damages, over \$1,000,000 in legal defense costs and reimbursed the insured \$1,000,000 for notification and credit monitoring costs
Personally Identifiable Information	A hotel's network was hacked compromising the safety of personally identifiable information	Reimbursed the insured over \$420,000 for forensic investigation, crisis management, notification, and credit monitoring costs. Further expenses pending.
Personally Identifiable Information	Insured accidentally published non-public student information on their website.	Reimbursed the insured over \$100,000 for notification and credit monitoring costs.
Personally Identifiable Information	Employee of a college accidentally mass e-mailed the personal information of over 20,000 students.	Reimbursed the insured over \$38,000 for call center and notification costs.
Personally Identifiable Information	A printer wrongfully provided credit card information to a third party resulting in unauthorized transactions for its customers	Paid over \$440,000 in legal defenses.

Pollution Coverage

Marsh & McLennan Agency recommends you consider the addition of a separate pollution liability policy to protect your firm from unforeseen or unknown circumstances. The addition of such coverage will not only assist in protecting your interests, but with the right coverage it can provide additional assistance in case a claim arises. While pollution claims do not occur regularly, they can have severe consequences.

Typical Exposures include:

- Leakage from above ground storage tanks
- Inadequate testing of below grade tanks
- Discovery of previously buried fuel or septic tanks, drums or other waste at your facility
- Improper handling of material containers by employees
- Radioactive material contaminants exposure
- Exposed Asbestos or Lead Paint
- Contamination of ground water supply or sewer systems from spills or improperly disposed of products
- Fungus or Mold creating a bacterial or infectious air release from air handling units including outside contaminants entering the air system.
- Medical Waste Products

Typical costs associated with such claims:

- Containment
- Evacuation
- Business Interruption
- Clean-Up
- Third party bodily injury or property damage claims and the defense of these claims
- Other legal costs
- Loss of earnings due to damage to reputation
- Civil Fines Imposed

Pollution exposures vary widely based on use and occupancy of your facilities or specific operations performed by your firm. This list is meant to give you some samples of the types of exposures and costs associated with pollution liability claims.

A.M. BEST RATING SUMMARY

Note: Insurance Carrier ratings listed in this proposal were obtained from A.M. Best & Co. Marsh & McLennan Agency **makes no warranty, nor representation, as to the financial solvency or claims paying ability of any insurer.** This summary is provided for informational purposes only in an effort to summarize rating definitions.

Rating Guide: A++ to C – Financial Stability Rating – (Highest to Lowest Rating)
 XV to I – Financial Size - Assets/Surplus Rating – (Largest to Smallest)

FINANCIAL STABILITY KEY

Secure Ratings		Vulnerable Ratings	
Superior	A++, A+	Fair	B, B-
Excellent	A, A-	Marginal	C++, C+
Very Good	B++, B+	Weak	C, C-
			Poor
			Under State Supervision
			In Liquidation
			D
			E
			F
			Not Rated NR

FINANCIAL SIZE KEY

Mainly based on Insurer's Assets, Surplus and Conditional Reserve Funds

XV	\$2,000,000,000 or more	X	\$500,000,000 to \$750,000,000	V	\$10,000,000 to \$25,000,000
XIV	\$1,500,000,000 to \$2,000,000,000	IX	\$250,000,000 to \$500,000,000	IV	\$ 5,000,000 to \$10,000,000
XIII	\$1,250,000,000 to \$1,500,000,000	VIII	\$100,000,000 to \$250,000,000	III	\$ 2,000,000 to \$ 5,000,000
XII	\$1,000,000,000 to \$1,250,000,000	VII	\$ 50,000,000 to \$100,000,000	II	\$ 1,000,000 to \$ 2,000,000
XI	\$ 750,000,000 to \$1,000,000,000	VI	\$ 25,000,000 to \$ 50,000,000	I	Up to \$1,000,000

The A.M. Best Guide is the guidebook the insurance industry uses to determine the financial stability of an insurance company. A complete report of the insurance companies quoted is available upon request.

Insurance Carriers that are listed as Not Rated (NR) may not be reviewed by A.M. Best or comparable rating bureaus to determine their financial stability. Admitted Insurers and Workers' Compensation Insurers for policies issued for a Florida based risk are subject to specific State Insurance Funds. These Funds were established to assist with claim payments in the event an insurer is deemed insolvent by the Florida Department of Financial Services. Limits provided may not cover all costs associated with a claim or demand for payment.

ACKNOWLEDGMENTS & DISCLOSURES

Claims-Made Notification

This brief explanation is provided to assist you in complying with the claim reporting requirements imposed by your insurance policy. However, it is not a substitute for review of your policy. The actual policy wording will dictate your duty to report a claim and must therefore be reviewed to avoid any misunderstanding or loss of coverage for failure to report a claim as required.

Interpretation of contracts, including insurance policies, is a question of law. We, as insurance agents, can offer an interpretation of policy language as we understand it but cannot provide legal advice. Questions about the legal effect of any policy terms or conditions should be referred to your attorney.

The policy/coverage referenced in this proposal contains Claims Made reporting Requirements as follows:

- **Claims Made (Retro Date):** A version of a claims made policy where coverage applies when the occurrence/event occurred after the retroactive date *and* the claim/lawsuit is first made against the insured during the policy period and reported to the insurer during the policy period (or any applicable extended reporting period).

Compensation Disclosure

Marsh & McLennan Agency ("MMA") prides itself on being an industry leader in the area of transparency and compensation disclosure. We believe you should understand how we are paid for the services we are providing to you. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance services provider, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client. Retail commission rates can vary from transaction to transaction.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to brokers who meet set goals for all or some of the policies the brokers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on a broker's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker for certain transactions. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation** – From time to time MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at

<http://res.cloudinary.com/mma/image/upload/v1437281898/ayzkoj0jzsqcy6rzom6.pdf>

MMA's aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

We appreciate your business and look forward to your instructions regarding the placement of your coverage on the terms outlined in this proposal.

Minimum Earned Premium Acknowledgment

Client understands that once coverage is bound, the Minimum Earned Premium plus applicable policy fees and taxes are immediately earned, fully accrued, due, and owing regardless of subsequent cancellation. In other words, even if the coverage is in force for only one day, the Insurance Carrier will be owed the entire Minimum Earned Premium and related fees and taxes will apply.

Marsh & McLennan Agency will invoice you for the Deposit Premium following your request to bind coverage. You agree to submit said amount to us at time of binding. We shall be entitled to recover all costs of collection, including reasonable attorney's fees, in the event payment on this or any other amount due is not paid when due.

Punitive Damages Exclusion

The General Liability quote enclosed within our proposal from AIX Specialty Insurance Company contains an *exclusion* for any claims resulting from Punitive, Exemplary and Multiple Damages. This is not a negotiable item with the insurance carrier; as such, we offer this quotation to you with the understanding that when you sign the Acknowledgment page within this proposal you have read and certify the following:

I understand that the Commercial General Liability policy that I am purchasing does not include coverage for loss, injury or damage arising out of, or as a consequence of Punitive and/or Exemplary Damages I agree that no claims will be brought against my agent, Marsh & McLennan Agency, for this limitation of coverage.

For more information concerning the insurability of Punitive & Exemplary Damages you may refer to http://www.mcandl.com/puni_frame.html

FLORIDA

Directly assessed punitive damages are not insurable in Florida. See *U.S. Concrete Pipe Co. v. Bould*, 437 So. 2d 1061 (Fla. 1983); *Morgan International Realty, Inc. v. Dade Underwriters Insurance Agency, Inc.*, 617 So. 2d 455 (Fla. Dist. Ct. App. 1993); *Country Manors Association, Inc. v. Master Antenna Systems, Inc.*, 534 So.2d 1187 (Fla. Dist. Ct. App. 1988)

Vicariously assessed punitive damages, however, are insurable in Florida. *U.S. Concrete Pipe Co. v. Bould*, 437 So. 2d 1061 (Fla. 1983); *Highlands Insurance Co. v. McCutchen*, 486 So. 2d 4 (Fla. Dist. Ct. App. 1986)