



INSURANCE PROPOSAL for City of Denton

A. POLICY TERM:

October 1, 2017 to October 1, 2018

B. NAMED INSURED:

City of Denton

C. POLICY LIMIT:

This Company's total limit of liability, including any insured Business Interruption loss, will not exceed the Policy Limit of \$478,908,061 as a result of any one **occurrence** subject to the respective sub-limits of liability shown elsewhere in this policy.

D. POLICY TERRITORY:

Coverage provided by this policy is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

E. INSURANCE PROVIDED:

This Policy covers property, as described in this Policy, against ALL RISKS OF PHYSICAL LOSS OR DAMAGE, except as hereinafter excluded, while located as follows:

See Attached Location Schedule.

F. SUB-LIMITS:

Unless otherwise stated below or elsewhere in this Policy, the following sub-limits of liability, including any insured Business Interruption loss, will be the maximum payable and will apply on a per **occurrence** basis.

The sub-limits stated below or elsewhere in this Policy are part of and not in addition to the Policy Limit.

When a limit of liability applies to a **location** or property, such limit of liability will be the maximum amount payable for all loss or damage.

There shall be no liability under this Policy when "NOT COVERED" is shown as a sublimit.

- | | | |
|----|--------------|--|
| 1. | \$50,000,000 | Earth Movement annual aggregate for all coverages provided, and is the maximum amount payable for all loss or damage caused by or resulting from Earth Movement, not to exceed: |
| | \$50,000 | Earth Movement annual aggregate as respects Errors and Omissions, Off-Premises Data Services, Off-Premises Service Interruption, Unnamed Property and Supply Chain combined. |
| 2. | \$50,000,000 | Flood annual aggregate for all coverages provided, and is the maximum amount payable for all loss or damage caused by or resulting from Flood, not to exceed: |
| | \$1,250,000 | Flood annual aggregate for all coverages provided for the following locations : |
| | | 21. 215 East McKinney Street, Denton, TX, 76201 |
| | | 22. 502 Oakland Street, Denton, TX, 76201 |
| | | 34. 1100 South Mayhill Road, Denton, TX, 76208 |
| | \$50,000 | Flood annual aggregate as respects Errors and Omissions, Off-Premises Data Services, Off-Premises Service Interruption, Unnamed Property and Supply Chain combined. |
| 3. | \$5,000,000 | Motor Vehicles |





Additional Property Damage Coverage

\$5,000,000	Accounts Receivable
\$100,000	Arson or Theft Reward
Policy Limit	Brand Protection
\$100,000	Change of Temperature
\$100,000	Communicable Disease - Property Damage annual aggregate
\$1,000,000	Data, Programs or Software
Policy Limit	Debris Removal
Policy Limit	Decontamination Costs
\$100,000	Deferred Payment
Policy Limit	Demolition and Increased Cost of Construction
\$1,000,000	Errors and Omissions
\$250,000	Expediting Expenses
\$250,000	Fine Arts not to exceed \$10,000 per item for irreplaceable Fine Arts
\$50,000	Green Coverage not to exceed 25% of the amount of the property damage loss
\$100,000	Land and Water Clean Up Expense annual aggregate
\$100,000	Locks and Keys
\$100,000	Money and Securities
\$10,000,000	Newly Acquired Property
\$50,000	Off-Premises Data Services - Property Damage
\$1,000,000	Off-Premises Service Interruption - Property Damage
\$100,000	Professional Fees
Policy Limit	Property Removed from a Location
Policy Limit	Protection and Preservation of Property - Property Damage not to exceed \$250,000 for security costs
\$100,000	Tax Treatment
\$100,000	Tenants Legal Liability
	Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement
\$478,908,061	A. United States Certified Act of Terrorism coverage
\$100,000	B. Terrorism Coverage for Locations Outside of the United States annual aggregate but not to exceed \$100,000 annual aggregate for Property Removed from a Location, Unnamed Property and Flood
\$500,000	Transit not to exceed \$250,000 for Business Interruption
\$5,000,000	Unnamed Property
\$5,000,000	Valuable Papers and Records not to exceed \$10,000 per item for irreplaceable Valuable Papers and Records

Business Interruption Coverage

\$5,000,000	Gross Earnings not to exceed 30 days for ordinary payroll
\$5,000,000	Gross Profits for 12 months Period of Liability not to exceed 30 days for ordinary payroll
\$5,000,000	Rental Income
\$5,000,000	Extra Expense





Business Interruption Coverage Extensions

\$100,000	Attraction Property
30 Days	Civil or Military Authority
\$100,000	Communicable Disease - Business Interruption annual aggregate for a 12 Month Period of Liability
\$250,000	Computer Systems Non-Physical Damage annual aggregate
\$100,000	Contractual Penalties
\$100,000	Crisis Management not to exceed 30 Days
30 Days	Extended Period of Liability
\$500,000	Ingress/Egress
\$250,000	Leasehold Interest
\$100,000	Logistics Extra Cost
\$50,000	Off-Premises Data Services - Business Interruption
\$1,000,000	Off-Premises Service Interruption - Business Interruption
\$5,000,000	Protection and Preservation of Property - Business Interruption
\$250,000	Research and Development
\$100,000	Soft Costs
\$500,000	Supply Chain

G. DEDUCTIBLE AMOUNT:

This Company will not be liable for loss or damage, including any insured Business Interruption loss, in any one **occurrence** until the amount of loss or damage exceeds the deductible amount shown below and then this Company will only be liable for its share of the loss or damage in excess of the deductible amount. If two or more deductibles apply to a single **occurrence**, then no more than the largest deductible amount will apply. However, this Policy allows for the application of separate and distinct deductibles and deductibles for specific loss or damage as shown below.

The following deductible amounts shall apply per **occurrence**, unless otherwise stated, for insured loss or damage under this Policy:

1. \$100,000 Earthquake (per **location** for all coverages provided).

2. Flood (per **location** for all coverages provided).

A. \$100,000 at all **locations**

Except:

B. \$500,000 at the following **locations**:

21. 215 East McKinney Street, Denton, TX, 76201

22. 502 Oakland Street, Denton, TX, 76201

34. 1100 South Mayhill Road, Denton, TX, 76208

1. \$ 50,000 Wind and/or Hail per location, but not to exceed \$250,000 per **occurrence** for all coverages provided.

2. Off Premises Service Interruption Qualifying Period:

The Company will not be liable for business interruption loss unless the period of liability exceeds 24 hours. Should the period of liability exceed this time period, the loss will be calculated beginning from the time of loss, subject to the applicable deductible(s) causing the interruption of services.





3. Wind and/or Hail (per **location** for all coverages provided in this policy)

This Company will not be liable for loss or damage unless the amount of loss or damage exceeds 2% of the combined value of the property and annual business interruption value that would have been earned at the time such loss or damage at the **location** where loss or damage occurs plus that proportion of the 100% business interruption value at all other **locations** where business interruption loss ensues, in accordance with the valuation and business interruption sections of this policy, subject to a minimum deductible amount of \$50,000 per **location**, but not to exceed \$2,000,000 per **occurrence**. If coverage is provided for more than one **location**, this deductible percentage or minimum deductible amount will be applied separately to each **location**.

4. Boiler and Machinery.

A. \$50,000 at all **locations**

Except

B. Transformers \$2.00/ KVA, subject to \$50,000 minimum.

5. Communicable Disease Property Damage and Business Interruption:

Qualifying Period: This Company will not be liable for loss or damage unless access is limited, restricted or prohibited in excess of 48 hours.

Should this time be exceeded, the insured costs will be calculated beginning from the time access is limited, restricted or prohibited subject to a deductible of \$50,000.

6. Computer Systems Non-Physical Damage:

Qualifying Period: This Company will not be liable for loss resulting from the failure of the Insured's electronic data processing or media to operate as a direct result of a malicious act directed at the Named Insured, unless the Period of Liability exceeds 48 hours.

The Qualifying Period for the cost to temporarily protect under Item 4. b) shall be waived.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to a Business Interruption Day Equivalent Deductible:

The business interruption deductible will be determined by multiplying the one hundred percent day equivalent (DEQ) by 2.

The day equivalent is the 100% actual annual business interruption value that would have been earned had no loss occurred at the **location** where the physical damage happened plus that proportion of the 100% annual business interruption value at all other **locations** where business interruption loss ensues, divided by the number of annual working days.





7. Data, Programs, or Software:

Qualifying Period: This Company will not be liable for loss or damage caused by the malicious introduction of a machine code or instruction, unless the time to recreate or restore physically damaged property exceeds 48 hours.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to a deductible of:

A. Property Damage: \$50,000

B. Business Interruption Day Equivalent Deductible:

The business interruption deductible will be determined by multiplying the one hundred percent day equivalent (DEQ) by 2.

The day equivalent is the 100% actual annual business interruption value that would have been earned had no loss occurred at the **location** where the physical damage happened plus that proportion of the 100% annual business interruption value at all other **locations** where business interruption loss ensues, divided by the number of annual working days.

8. Off-Premises Data Services Property Damage and Business Interruption:

Qualifying Period: This Company will not be liable for loss or damage unless the Period of Liability exceeds 48 hours.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to a deductible of \$50,000.

9. Off Premises Service Interruption Property Damage and Business Interruption:

Qualifying Period: This Company will not be liable for loss or damage unless the Period of Liability exceeds 24 hours.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to the deductible(s) that would have applied to the cause of the interruption of services, but not less than \$50,000.

10. \$10,000 Mobile Equipment/Contractors' Equipment

11. \$50,000 All Other Losses.

H. SPECIAL TERMS AND CONDITIONS:

1. United States Certified Act of Terrorism 2015

As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico, the definition of terrorism contained in DEFINITIONS is declared null and void and it is agreed that an event defined as a Certified Act of Terrorism under the terms of the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT attached to this policy shall be considered terrorism within the terms of this policy. Notwithstanding anything contained in this policy to the contrary, this policy provides coverage for direct physical loss or damage to insured property and any resulting Business Interruption loss, as provided in the policy, caused by or resulting from a Certified Act of Terrorism only to the extent coverage is provided under the terms and conditions of the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT attached to this policy. Any difference in limit between loss recoverable under the





SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT and this policy is not recoverable under this policy.

2. Business Interruption Coverage Sub-Limit

The **Business Interruption Coverage** in **SUB-LIMITS** are amended to the following:

Business Interruption Coverage

This Company's total limit of liability for insured Business Interruption loss, will not exceed Business Interruption Limit of \$10,000,000 as a result of any one **occurrence** subject to the respective sub-limits of liability shown below.

\$5,000,000	Gross Earnings not to exceed 30 days for ordinary payroll
\$5,000,000	Gross Profits for 12 months Period of Liability not to exceed 30 days for ordinary payroll
\$5,000,000	Rental Income
\$5,000,000	Extra Expense

3. Transmission and Distribution Systems Exclusion - PRO 132 (04/15)

PROPERTY EXCLUDED is amended to include:

Transmission and distribution systems, including poles, towers and fixtures, overhead conductors and devices, underground or underwater conduit, underground or underwater conductors and devices, line transformers, service meters, street lighting and signal systems.

Except for the following substations:

3. 1988 Kings Row, Denton, TX, 76208
4. 101 South Bonnie Brae Street, Denton, TX, 76201
5. 1304 South Locust Street, Denton, TX, 76201
6. 3400 North Bonnie Brae Street, Denton, TX, 76207
7. 8401 Jim Christal Road, Denton, TX, 76207
8. 1868 Geesling Road, Denton, TX, 76208
9. 4109 & 4110 North Locust Street, Denton, TX, 76207
11. Pockrus Page Road & I-35E, Denton, TX, 76210
64. 1221 North Bonnie Brae Street, Denton, TX, 76201
65. 2428 Hickory Creek Road, Denton, TX, 76210
66. 4171 Fort Worth Drive, Denton, TX, 76205
68. 750 Precision Drive, Denton, TX, 76207
69. Shady Oaks Drive & Woodrow Lane, Denton, TX, 76205
70. Shady Oaks Drive & Woodrow Park, Denton, TX, 76205
73. 2230 Audra Lane, Denton, TX, 76209
74. 2520 McKinney Street, Denton, TX, 76209
81. New ARCO Substation/Main Cntrl bldg, Dist. bldg #1, 1900 Geesling Road, Denton, TX, 76208
82. New Kings Substation/Main Cntrl bldg, Dist. bldg #1, 2505 Kings Row, Denton, TX, 76209





4. **Business Interruption Exclusion**

Business Interruption coverage is excluded at all substations including but not limited to:

3. 1988 Kings Row, Denton, TX, 76208
4. 101 South Bonnie Brae Street, Denton, TX, 76201
5. 1304 South Locust Street, Denton, TX, 76201
6. 3400 North Bonnie Brae Street, Denton, TX, 76207
7. 8401 Jim Christal Road, Denton, TX, 76207
8. 1868 Geesling Road, Denton, TX, 76208
9. 4109 & 4110 North Locust Street, Denton, TX, 76207
11. Pockrus Page Road & I-35E, Denton, TX, 76210
64. 1221 North Bonnie Brae Street, Denton, TX, 76201
65. 2428 Hickory Creek Road, Denton, TX, 76210
66. 4171 Fort Worth Drive, Denton, TX, 76205
68. 750 Precision Drive, Denton, TX, 76207
69. Shady Oaks Drive & Woodrow Lane, Denton, TX, 76205
70. Shady Oaks Drive & Woodrow Park, Denton, TX, 76205
73. 2230 Audra Lane, Denton, TX, 76209
74. 2520 McKinney Street, Denton, TX, 76209
81. New ARCO Substation/Main Cntrl bldg, Dist. bldg #1, 1900 Geesling Road, Denton, TX, 76208
82. New Kings Substation/Main Cntrl bldg, Dist. bldg #1, 2505 Kings Row, Denton, TX, 76209

5. **Motor Vehicle Coverage at the Insured's Locations - PRO 143 (4/15)**

This Policy covers:

- a) Motor vehicles;
- b) Trucks; and
- c) Trailers;

Licensed for highway use while at a **described location**.

PROPERTY EXCLUDED, item 7., is amended to:

7. Motor vehicles licensed for highway use owned by directors, officers and employees of the Insured except while at a described location.

Motor Vehicle Coverage Exclusion: With respect to Motor Vehicle Coverage, the following additional exclusions apply:

This Policy does not cover loss or damage resulting from:

- i) Collision; or
- ii) Overturn;

While such motor vehicles, trucks, and trailers are being operated under their own power; or being towed (whether or not in motion at the time of loss).





Motor Vehicle Coverage Valuation: On property insured under this coverage, the loss amount will not exceed the **actual cash value**.

INDEX OF FORMS:

The following forms are made part of this policy:

<u>Title</u>	<u>Form No.</u>	<u>Edition</u>
Declarations Page	PRO DEC 4100	(04/15)
Declarations	PRO S-1 4100	(01/17)
All Risk Coverage	PRO AR 4100	(01/17)
Supplemental United States Certified Act of Terrorism Endorsement	7312	(1/15)
Texas Special Mandatory Endorsement	AFM 6810	(04/15)

Total Premium **including** the United States Certified Act of Terrorism coverage: \$309,323

Total Premium for the United States Certified Act of Terrorism: \$6,000 at

If the option to purchase coverage for the United States Certified Act of Terrorism is elected, the Additional Coverages Sub-Limit for Terrorism Coverage part A. will be amended to A. \$478,908,061

Engineering Fees: \$10,000

Applicable state taxes, surcharges and fees are not included in this proposal. Applicable state taxes, surcharges and fees will be added to the invoice.

Any variations between this proposal letter and AFM forms versus your application are not provided.

This proposal expires 10/1/17.





Location Schedule

1. 5000 & 5003 Airport Road, Denton, TX, 76207
2. 300 South Woodrow Lane, Denton, TX, 76205
3. 1988 Kings Row, Denton, TX, 76208
4. 101 South Bonnie Brae Street, Denton, TX, 76201
5. 1304 South Locust Street, Denton, TX, 76201, Index No. 002960.92
6. 3400 North Bonnie Brae Street, Denton, TX, 76207
7. 8401 Jim Christal Road, Denton, TX, 76207
8. 1868 Geesling Road, Denton, TX, 76208
9. 4109 & 4110 North Locust Street, Denton, TX, 76207
10. 1701 Spencer Road, Denton, TX, 76205, Index No. 074302.29
11. Pockrus Page Road & I-35E, Denton, TX, 76210
12. 604 East Hickory Street, Denton, TX, 76205
14. 332 East Hickory Street, Denton, TX, 76201, Index No. 000666.19
15. 3309 East McKinney Street, Denton, TX, 76209
16. 1204 McCormick Street, Denton, TX, 76201
17. 2110 East Sherman Drive, Denton, TX, 76209
18. 2230 West Windsor Drive, Denton, TX, 76207
19. 3232 Teasley Lane, Denton, TX, 76210
20. 801 Texas Street, Denton, TX, 76209, Index No. 074301.38
21. 215 East McKinney Street, Denton, TX, 76201, Index No. 074301.78
22. 502 Oakland Street, Denton, TX, 76201, Index No. 074301.37
23. 3020 North Locust Street, Denton, TX, 76209, Index No. 000172.99
24. 3228 Teasley Lane, Denton, TX, 76210, Index No. 074309.09
25. 321 East McKinney Street, Denton, TX, 76201, Index No. 074301.33
26. 509 North Bell Avenue, Denton, TX, 76209, Index No. 074301.33
27. 1001 Parvin Street, Denton, TX, 76205
28. 2001 West Windsor Drive, Denton, TX, 76207
29. 400 East Hickory Street, Denton, TX, 76201
30. 2400 Long Road, Denton, TX, 76207, Index No. 000660.39
31. 1300 Wilson Street, Denton, TX, 76205
32. 1527 South Mayhill Road, Denton, TX, 76208
33. FM 2181 Old Alton Road, Denton, TX, 76210
34. 1100 South Mayhill Road, Denton, TX, 76208, Index No. 074301.82
36. 1720 Riney Road, Denton, TX, 76207
37. 705 Thomas Street, Denton, TX, 76201
38. 1/4 mile west of I-35, Denton, TX, 76210
39. 5945 Florence Road, Justin, TX, 76247
40. 9401 Lake Ray Roberts Dam Road, Aubrey, TX, 76227, Index No. 000654.04
41. 221 North Elm Street, Denton, TX, 76201
42. 601 East Hickory Street, Denton, TX, 76205, Index No. 074302.40
43. 804 Texas Street, Denton, TX, 76209
44. 2009 West Windsor Drive, Denton, TX, 76207
45. 629 Lakey Street, Denton, TX, 76205
46. 4109 Lakeview Blvd., Denton, TX, 76208
47. 1201 North Mayhill Road, Denton, TX, 76208
49. Airport Road, Denton, TX, 76207
50. 901 Texas Street, Denton, TX, 76209
51. 1117 Riney Road, Denton, TX, 76207
52. 3021A North Bonnie Brae Street, Denton, TX, 76207





53. 1659 Spencer Road, Denton, TX, 76205
54. 4201 Vintage Boulevard, Argyle, TX, 76226
55. 869 South Woodrow Lane, Denton, TX, 76205
56. 1022 North Ruddell Street, Denton, TX, 76209
57. 1521 South Mayhill Road, Denton, TX, 76208
59. 1685 Spenser Road, Denton, TX, 76205
60. Swisher Road, Denton, TX, 76210
61. 9800 John Payne Road, Argyle, TX, 76226, Index No. 002763.32
62. 3322 Roselawn Drive, Denton, TX, 76205, Index No. 002610.98
63. 651 South Mayhill Road, Denton, TX, 76208
64. 1221 North Bonnie Brae Street, Denton, TX, 76201, Index No. 074302.46
65. 2428 Hickory Creek Road, Denton, TX, 76210
66. 4171 Fort Worth Drive, Denton, TX, 76205
67. 5200 Loop 288, Denton, TX, 76209
68. 750 Precision Drive, Denton, TX, 76207, Index No. 002763.34
69. Shady Oaks Drive & Woodrow Lane, Denton, TX, 76205
70. Shady Oaks Drive & Woodrow Park, Denton, TX, 76205
72. 1001 South Mayhill Road, Denton, TX, 76208
73. 2230 Audra Lane, Denton, TX, 76209, Index No. 002960.93
74. 2520 McKinney Street, Denton, TX, 76209, Index No. 003115.35
75. 3537 South Interstate 35 East Suite 317, Denton, TX, 76210
76. 2009 West Windsor Drive, Denton, TX, 76207
77. 3717 North Elm Street, Denton, TX, 76207
78. Transmission Engineering Department (TED) Bldg, 1671 Spencer Road, Denton, TX, 76205
79. 603 Lakey Street, Denton, TX, 76205
80. 1027 Scott Drive, Denton, TX, 76205
81. New ARCO Substation/Main Cntrl bldg, Dist. bldg #1, 1900 Geesling Road, Denton, TX, 76208, Index No. 074301.50
82. New Kings Substation/Main Cntrl bldg, Dist. bldg #1, 2505 Kings Row, Denton, TX, 76209, Index No. 003270.43
83. Station 8-Leased Location, 3535 S Interstate 35 E, Denton, TX, 76210





POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Insured Name: City of Denton

Date: 9/18/17«Eff_Date»

Account Number: 1-56362

Insurer Name: Affiliated FM Insurance Company

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2005, 2007 and again in 2015, gives you the right as part of your property insurance program to elect or reject insurance coverage for locations within the United States or any territory or possession of the United States for losses arising out of acts of terrorism, as defined and certified in accordance with the provisions of the act.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 85% (AND BEGINNING ON JANUARY 1, 2016, SHALL THEN DECREASE BY 1 PERCENTAGE POINT PER CALENDAR YEAR UNTIL EQUAL TO 80 PERCENT) OF COVERED TERRORISM LOSSES EXCEEDING A STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER REFERENCED ABOVE. **ALSO, THERE IS A \$100,000,000,000 CAP ON THE FEDERAL AND INSURER SHARE OF LIABILITY STATING THAT IF THE AGGREGATE INSURED LOSSES EXCEED \$100,000,000,000 DURING ANY CALENDAR YEAR, NEITHER THE UNITED STATES GOVERNMENT NOR ANY INSURER THAT HAS MET ITS INSURER DEDUCTIBLE SHALL MAKE PAYMENT OR BE LIABLE FOR ANY PORTION OF THE AMOUNT OF SUCH LOSSES THAT EXCEED \$100,000,000,000.** THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE: UNDER FEDERAL LAW, YOU HAVE THE RIGHT TO ACCEPT OR REJECT THIS OFFER OF COVERAGE FOR TERRORIST ACTS COVERED BY THE ACT AS PART OF YOUR PROPERTY INSURANCE PROGRAM. IF WE DO NOT RECEIVE THIS SIGNED DISCLOSURE FORM PRIOR TO PROPERTY INSURANCE PROGRAM INCEPTION DATE OF 10/1/17, THEN YOUR PROPERTY INSURANCE PROGRAM WILL REFLECT YOUR DECISION NOT TO PURCHASE THE TERRORISM COVERAGE PROVIDED BY THE ACT.

_____ I hereby elect to purchase coverage for terrorist acts covered by the act for an annual premium of \$6,000. This premium does not include applicable taxes or surcharges.

_____ I hereby decline this offer of coverage for terrorist acts covered by the act.

Policyholder/Applicant Signature

Date

Print Name



Disclaimer

The following summary of coverages is to be used only as an overview of each policy written and in no way should it be used, nor is intended to be used, as a substitute for the original policy provisions. It has been prepared as a guideline for your reference only.

The policy/policies contain conditions, limitations and exclusions which may affect or limit coverage to be provided and should be reviewed by the insured to verify that coverage has been written as requested.

All of the information contained in this proposal is subject to the terms, conditions and limitations contained in the policies. Values are based on information provided by the client.

this document is proprietary, confidential and/or privileged and is intended to be reviewed only by the individual and/or entity to which it is addressed. if you are not the intended recipient or a representative of the intended recipient, you are hereby notified that any review, copying, disclosure and/or dissemination of this document or the information contained herein is prohibited.

McGRIFF, SEIBELS & WILLIAMS, INC.

COMPENSATION STATEMENT

Our principal remuneration for the placement and service of your insurance policy(ies) will be by commission (a proportion of the premium paid that is allowed to us by the insurance company(ies)) and/or a mutually agreed fee.

You should be aware that we may receive additional income from the following sources:

- **Interest or Investment Income** earned on insurance premiums.
- **Expense Allowances or Reimbursements** from insurance companies and other vendors for (a) educational and professional development programs; (b) managing and administering certain binding authorities and other similar facilities, including claims which may arise, and (c) attendance at insurance company meetings and events; all of which we believe enable us to provide more efficient service and competitive terms to those clients for whom we consider the use of such facilities appropriate.
- **Contingent Commission** (sometimes referred to as “profit sharing”) which can be based on profitability, premium volume and/or growth. If any part of your account is on a fee basis, we will not accept contingent commissions related to your account.

If you have questions or desire additional information about remuneration and other income, please contact your Agent who will put you in touch with our Senior Insurance Market Conduct Officer for assistance. If any part of your insurance program is placed through any BB&T-owned companies (including wholesale insurance brokers CRC Insurance Services, Inc. and Crump Life Insurance Services, Inc.; Florida domiciled insurance company, American Coastal Insurance Company; managing general underwriter AmRisc, LP; insurance premium finance company, Prime Rate Premium Finance Corporation, Inc. or affiliates; or BB&T Assurance Company, Ltd.), disclosure of that income will also be included.

McGRIFF, SEIBELS & WILLIAMS, INC.

PROVIDER SECURITY STANDARDS

The following is a brief summary of the measures that we have taken as your broker to review and report to you objectively on the financial security of your insuring companies. Information is included on A.M. Best Company, our primary security rating source, and the internal policies and standards, which we have established to address this important issue for our customers.

MSW Security Review - McGriff, Seibels & Williams has established an internal "Security Review Committee" composed of senior management representatives from the Finance, Marketing, Branch, Wholesale and Administrative Divisions of the company. This committee's purpose is to develop and implement all policies, procedures and standards for the financial security of all insurers, intermediaries and associations used by MSW and its subsidiary companies.

This committee meets periodically to review the current listing of all companies, intermediaries and associations, which are actively used by MSW. It will also act on any pending requests received from throughout the company to have new Providers activated, and to deactivate any Providers that do not meet current MSW standards.

MSW Provider Classifications:

"Approved Provider" is any Provider whose A.M. Best's rating is **A-** or higher. The Best's rating of an "approved" Provider must be printed on all MSW Confirmations of Coverage (Binders) and proposals delivered to clients or prospects.

"Restricted Provider" is any Provider whose A.M. Best's rating is lower than A-, or any Provider who is "NOT RATED BY A.M. BEST" and that Provider has not been designated an exception by the Security Review Committee. A copy of the latest Best Financial Overview Report, if available, on the Provider in question will be printed and attached at the time of proposal and at binding. Restricted Providers will be bound only upon presentation of a Standard Disclaimer Letter and signed by the client acknowledging they are authorizing MSW to place their coverage with the Provider.

"Exception Provider" is certain Providers with a rating lower than A-, including those companies "not rated by A.M. Best" which after review by the Security Review Committee will be acceptable security. As an exception "approved" Provider, the client will not be required to sign a Standard Disclaimer Letter. A copy of the latest Best Financial Overview Report on the Provider in question will be printed and attached to the proposal and Confirmation of Coverage (binder).

Any Provider approved by MSW receiving an A.M. Best downgrade of rating will be posted on our website (www.mcgriff.com). A downgrade that results in an "Approved" Provider moving to a "Restricted" Provider will be communicated to you in writing.

A.M. Best Company

Ambest Road

Oldwick, New Jersey 08858

History - A.M. Best Company was incorporated in 1899 as the first rating agency in the world to offer reliable information on the financial condition of U.S. insurance companies. The **Best's Rating Guide** was first published in 1900, and has since become a cornerstone of the security review process by continuously evaluating the financial integrity of over 4,100 insurance companies. In 1984, the first edition of the **Best's International Rating Guide** was published, reporting on the claims-paying ability of over 950 international insurers.

The information used by Best to rate insurance carriers is provided by the companies themselves as a part of their normal filings with the National Association of Insurance Commissioners, those states in which the company is licensed, the SEC and/or with its shareholders. Rating reviews are performed annually on each insurance company, and on an interim basis as conditions dictate.

Best's Rating System - The Best's rating system is designed to evaluate a wide range of objective and subjective factors that affect the overall performance of an insurance company (not applicable to associations or intermediaries). These factors deal with the company's financial strength, its operating performance and its ability to meet its financial obligations to policyholders, as follows:

- * Profitability
- * Spread of risk
- * Quality of reinsurance program
- * Leverage/Capitalization
- * Quality and diversification of assets
- * Liquidity
- * Adequacy of policy loss reserves
- * Adequacy of policyholder's surplus
- * Capital structure
- * Management experience and objectives

Best's Rating Symbols - A typical Best's rating is composed of two parts. The "**Security**" portion provides an alphabetical indication of the quality of the security provided by a company to its policyholders. This rating is further defined in three categories, "Secure", "Vulnerable" or "Not Assigned". The "**Financial Size**" (FSC) portion of the Best's rating uses Roman numerals to rank companies based on the dollar amount of their policyholder's surplus and contingent reserve funds. While comparative rankings for security or financial size by themselves may not adequately portray the complete financial health of a company, the combination of the two has proven to be reliable in predicting the ability of a company to meet its claims obligations in a timely manner, both now and in the near future. The actual rating symbols used by Best and their meanings are:

"Secure" Ratings	A++ or A+	Superior
A or A-	Excellent	
B++ or B+	Good	
"Vulnerable" Ratings	B or B-	Fair
C++ or C+	Marginal	
C or C-	Weak	
D	Poor	
E	Under Supervision	
F	In Liquidation	
S	Suspended	

"NR" Not Rated Designation – Assigned to companies not rated by A.M. Best.

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Financial Size Categories

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

Source: *Best's Key Rating Guide* - 2013 Edition