



## Business Insurance Proposal

# ISD #709 Duluth Public Schools

4316 Rice Lake Road, Duluth, MN 55811

Presented By: Bob St. Arnold

Presented On: 06/29/2023

Policy Term: 08/01/2023 to 08/01/2024

Proposal Expires On: 08/01/2023

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# Risk Prevention Service Team

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## Business Insurance

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Olivia Schmidt	Client Representative			

## Management Liability Group

CONTACT	TITLE	PHONE	FAX	EMAIL
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## Risk & Safety Consulting

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## Claims Management

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# Premium Summary & Comparison

COVERAGE	CURRENT CARRIER	2022-2023 ANNUALIZED EXPIRING PREMIUMS	PROPOSED CARRIER	2023-2024 PROPOSED RENEWAL PREMIUMS
Package	Liberty		Liberty	
Property & Inland Marine		\$283,041		\$317,411
Builders Risk	Liberty	\$25,766		Included in property
Crime		\$3,988		\$3,988
General Liability		\$77,433		\$83,074
School Leaders E&O		\$78,986		\$102,642
Law Enforcement Legal Liability		\$1,515		\$1,515
Automobile	Liberty	\$68,821	Liberty	\$70,664
Workers' Compensation	Dakota Truck	\$524,386 <i>\$2,500 Deductible</i>	Dakota Truck	\$167,675 <i>\$100,000 Deductible</i>
Umbrella	Liberty	\$23,083	Liberty	\$27,409
Cyber	Beazley	\$77,280	Beazley	\$77,280
Terrorism		<u>Included</u>		<u>Included</u>
<b>Total Estimated Annual Premium:</b>		<b>\$1,164,299</b>		<b>\$851,658</b>

This is a summary of estimated premiums and is not a binding contract or a guarantee of issued costs. Additional limits of liability may be available upon request. If foreign coverage is proposed, the premium may be adjusted to reflect the currency rate at the time of the effective date.

Additional surplus lines tax and stamping fee will apply for policies written net of commission with non-admitted carriers. Refer to Surplus Lines Tax Procedure

### Request to Bind Insurance Coverage

Please bind insurance coverage as specifically quoted and identified in this proposal. I understand coverage is ONLY bound when written confirmation is received from the carrier(s).

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

# Marketing Results

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Listed below are the insurance companies approached to obtain quotations on your insurance program:

<b>CARRIER</b>	<b>COVERAGE</b>	<b>RESULT</b>
State Fund Mutual	Workers Compensation	Response pending – retention plan
ICW	Workers Compensation	Only could quote guaranteed cost option (\$2500 ded)
EMC	Package	Cannot compete on property due to high values
Church Mutual	Package	Cannot compete against Liberty
Hanover	Package	Could only quote the casualty lines, no property
Glatfelterr	Package	Declined, can't write the property due to high values
Chubb	Property Only	Pricing - cannot compete with Liberty Mutual

## Notable Material Changes in Terms and Conditions

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<b>COVERAGE:</b>	<b>EXPIRING TERM</b>	<b>RENEWAL TERM</b>
<b>Property Limit</b>	\$562,645,764	\$582,851,335
<b>Computer Limit:</b>	\$7,090,044	\$9,195,615
<b>General Liability:</b>		
<b>Student Count</b>	7705	8213
<b>Workers' Compensation:</b>		
<b>Experience Mod</b>	.85	.78
<b>Payrolls (incr 3%)</b>	\$76,118,000	\$78,401,540

*Property limit increase is due to adding DSC and Transportation building off builders risk to property effective 8/1/23 (if occupied)*

*The above is not inclusive of all material changes in terms and conditions. Please refer to your policies for a complete list.*

## Loss Control Services

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### MMA Loss Control Services provided during the 22-23 Policy term:

- Silica Sampling & Report in the Art Room
- Confined Space Survey onsite & report at:
  - Laura MacArthur
  - Lester Park Middle School
  - Piedmont
  - Rockridge Academy
  - Garfield
- JHA Assistance on Bandshells at Denfeld
- TueMeke Report during set up and tear down of Bandshells at Denfeld
- April Safety Committee Support
- Emergency Evacuation Q&A
- CO Monitoring Q&A

### RAS Loss Control Services provided during the 22-23 Policy term:

- May 2022: Provided MNOSHA violence statute info – currently applied to hospital-based healthcare providers. Matt was planning to use this statute information to encourage movement on increased student challenging behavior management.
- Oct 2022: Attended Health & Safety Meeting. STF and struck by injury trends and prevention ideas were discussed at length. The insured requested another 25 yard signs and re-committed to their plans to use our resources for a winter STF awareness campaign. Plans to move the bus barn to a new location were also discussed.
- Nov 2022: Local news reports indicated that the district was considering reducing School Support/Resource Officer presence in their schools. The disadvantages of needing staff to respond more directly to student fights was discussed and I was able to confirm that their number of SROs has remained unchanged.
- Dec 2022: Per Matt's request, 10 years plus 3.5 months of raw claim data (8-1-2012 to 11-10-2022) was pulled and provided to him, as well as specific ice/snow related claims by location. He was reportedly looking for claim trends based on locations.
- Dec 2022: More yard signs were provided and the RAS winter slip/fall video was provided to support the message.
- Jan 2023: Matt and the Supervisor of Child Nutrition attended the January 18th RAS School Safety Webinar, Get Smart ... How Old is "Old"? The Impact of Aging Workers on Injury Prevention & Management. Many strain prevention resources were sent in follow up and were downloaded by Matt.
- Jan 2023: STF and Challenging Behavior claim trend details were reviewed at the Health & Safety Meeting
- April 2023: Attended the Health & Safety Meeting. Recommended that reminders be sent out to staff to wear safe/appropriate shoes when participating in end of the year student activities, or to avoid participation altogether; tip sheet resources provided. STF and Challenging Behavior claim trend details were again reviewed.
- May 2023: Provided information on newly introduced legislation that would direct OSHA to issue a standard requiring employers in the health care and social services sector to develop and implement a workplace violence prevention plan. Not yet applied to public schools, but may at some point be considered. Matt was previously interested in the topic considering the nurses working at the schools.

## Named Insureds

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ISD #709 Duluth Public Schools

Management Liability:

ISD #709 Duluth Public Schools

# Loss Payee Schedule

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<b>Loss Payee</b>	<b>Entity</b>
215 North 1st Avenue East Duluth, MN 55802	Associated Trust Company, NA
Konica Minolta Bizhub Press & Konica Minolta Bizhub 658E & 458E Copier Systems	Leaf Capital Funding, LLC
4 Konica Minolta Black & White Copiers	Maro Technologies
Rented/Leased Equipment	First Western Bank & Trust DBA All Lines Leasing (additional insured and loss payee)
Driver's Ed Vehicles – (3) 2019 Kia Soul	Kia Motors Finance
2020 IC CE Bus #4370	Santander Bank NA
2020 IC CE Bus #4371	
ACAR	Van Rental

# Location Schedule

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**SEE STATEMENT OF VALUES**

# Property

**COVERAGE:**

Coverage is provided on a Special Cause of Loss basis subject to all Policy Conditions, Limitations and Exclusions.

<b>BLANKET BUILDINGS AND BUSINESS PERSONAL PROPERTY, COMPUTER</b>	\$500,000,000 per loss limit	<i>Total Values: \$582,851,335</i>
<b>BLANKET BUSINESS INCOME :</b>	\$1,122,000	
<b>BLANKET EXTRA EXPENSE</b>	\$1,000,000	
<b>EARTH MOVEMENT:</b>	\$1,000,000	
<b>FLOOD:</b>	\$1,000,000	Excl 301 N 40 <sup>th</sup> Location
<b>EQUIPMENT BREAKDOWN</b>	Included	
<b>DEDUCTIBLE:</b>	\$50,000 \$50,000 24 Hours 72 Hours	Property Flood Equipment Breakdown Business Income
<b>PROPERTY VALUATION:</b>	Replacement Cost	ALL LOC, except secondary tech is ACV
<b>COINSURANCE:</b>	Agreed Amount	Buildings, Business Personal Property and Business Income
<b>BUILDING ORDINANCE &amp; LAW: OPERATION OF BUILDING LAWS DEMOLITION INC COST OF CONSTRUCTION</b>	\$5,000,000 \$5,000,000 \$5,000,000	

## Crime

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<b>COVERAGE - LOSS SUSTAINED FORM</b>	<b>LIMIT</b>	<b>DEDUCTIBLE</b>
Employee Dishonesty – Blanket	\$500,000	\$250
Forgery Or Alteration	\$200,000	\$250
Money Orders and Counterfeit Currency	\$25,000	\$250
Robbery & Safe Burglary – Blanket		
Inside Premises	\$5,000	\$250
Safe Burglary	\$5,000	\$250
Outside Of Premises	\$5,000	\$250
Computer Fraud & Funds Transfer Fraud	\$1,500,000	\$250
Money & Securities		
Inside The Premises	\$25,000	\$250
Outside The Premises	\$25,000	\$250

## Inland Marine

<b>COVERAGE</b>	<b>LIMIT</b>
<b>BAND UNIFORMS</b>	<b>\$100,000</b>
- subject to a \$1000 deductible at Replacement Cost	
<b>MUSICAL INSTRUMENTS</b>	<b>\$150,000</b>
- subject to a \$1000 deductible at Replacement Cost	
<b>COMMERCIAL ARTICLES</b>	<b>\$52,000</b>
- audio-visual equipment and supplies	
- subject to a \$1000 deductible at Replacement Cost	
<b>ATHLETIC EQUIPMENT</b>	<b>\$50,000</b>
- subject to a \$1000 deductible at Replacement Cost	
<b>FINE ARTS</b>	<b>\$100,000</b>
- subject to a \$500 deductible at Actual Cash Value	
<b>SIGNS (ATTACHED AND UNATTACHED)</b>	<b>\$10,000</b>
- subject to \$500 deductible at Replacement Cost	
<b>DWELLINGS UNDER CONSTRUCTION – Vocational Class-</b>	<b>\$100,000</b>
- subject to \$1000 deductible at Replacement Cost	
<b>ELECTRONIC DATA PROCESSING- subject to \$1000 Deductible per loss.</b>	
<b>COMPUTER HARDWARE LIMIT</b>	<b>\$9,195,615</b>
<b>COMPUTER SOFTWARE LIMIT</b>	<b>Included</b>
<b>COMPUTER EXTRA EXPENSE</b>	<b>\$5,000</b>
<b>PROPERTY IN TRANSIT (HARDWARE/SOFTWARE)</b>	<b>\$100,000/\$10,000</b>
<b>UNNAMED LOCATIONS (HARDWARE/SOFTWARE)</b>	<b>\$100,000/\$10,000</b>

## Scheduled Equipment

<b>COVERAGE</b>	<b>Limit</b>
Scheduled Equipment	\$196,818
Leased/Rented Equipment	\$125,000
Scoreboard at Denfeld High School	\$60,000
Scoreboard at East High School	\$100,000
Scoreboard at Ordean East Middle School	\$30,000
<b>COVERAGE:</b>	
Policy provides coverage on a Special Cause of Loss, subject to all policy conditions, limitations and exclusions.	
<b>VALUATION:</b>	ACTUAL CASH VALUE
<b>COINSURANCE:</b>	90% Scoreboards
<b>DEDUCTIBLE:</b>	\$1,000 Scheduled Equipment \$1,000 Scoreboards & Leased/rented Equipment

Year	Manufacturer / Model	Description / Type	Serial #	Value
1998	Bobcat		512226974	\$10,000
1999	Case		JAF0249069	\$12,000
2001	John Deere		TC1600X020392	\$18,000
2000	American Made	Pressure Washer		\$4,500
2004	John Deere		DW544JZ592759	\$90,000
	Bobcat Toolcat		AHG819*357	\$52,177
	Bobcat Attachment	Snowblower	713105383	\$5,875
	Bobcat Attachment	Broom	B4KZ02234	\$4,266
			<b>TOTAL:</b>	<b>\$196,818</b>

- NOTE: Mobile Equipment that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state it is licensed or garaged is now deemed an auto and must be scheduled under the Automobile Policy.

## General Liability

<b>COVERAGE - OCCURRENCE FORM</b>	<b>LIMIT</b>
General Aggregate	\$2,000,000
Products & Completed Operations Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Damage To Premises Rented to You	\$500,000
Medical Expense (excluding students)	\$15,000
Sexual Misconduct & Molestation Liability – Each Loss / Aggregate	\$1,000,000/\$1,000,000
Innocent Party Defense	\$300,000
Deductible	\$10,000
Violent Event Response Coverage – Aggregate	\$1,000,000
Violent Event Response Coverage – each personal limit	\$25,000
<b>COVERAGE – CLAIMS MADE FORM</b>	<b>LIMIT</b>
Employee Benefits Liability - Each Employee	\$1,000,000
Employee Benefits Liability - Aggregate	\$3,000,000
Retro Date	08/01/2016
Deductible	\$1,000

## General Liability (Continued)

CLASS CODE	CLASSIFICATION	22-23 PREMIUM BASIS	23-24 PREMIUM BASIS
47471	Public Schools – Grade K-8	5,132	5500
47473	Public Schools – Grade 9-12	2,573	2713
47469	Faculty Liability for Corporal Punishment of Students	731	731
48924	Swimming Pools – Commercially Operated	\$6,000 (S)	\$6,000 (S)
48925	Swimming Pools	2 Pools	2 Pools
	Grandstands or Bleachers	4	4
49451	Vacant Land	11.27 acres	11.27 acres

PREMIUM BASIS CODE:	(S) Gross Sales	(A) Area	(P) Payroll
	(C) Total Cost	(U) Unit	(T) Other

**COVERAGE FEATURES:**

- Employee Benefit Liability
- Law Enforcement Professional Liability Endorsement - \$1,000,000 limit each wrongful act/\$1,000,000 Aggregate, subject to \$5,000 Deductible

**COVERAGE EXCLUSIONS/LIMITATIONS** (Exclusions/Limitations included but not limited to the following. Please refer to your policy for a complete list of Exclusions/Limitations):

- Pollution Liability Exclusion
- Employment - Related Practices Exclusion
- Professional Liability Exclusion
- Fungi/Mold or Bacteria Exclusion
- Silica Exclusion
- Construction Defects Exclusion

# School Leaders Errors & Omissions Liability

<b>COVERAGE – CLAIMS MADE FORM</b>	<b>LIMIT</b>
Each Wrongful Act	\$1,000,000
Aggregate	\$1,000,000
Deductible – One Wrongful Act	\$10,000
Retro Date	08/01/2009
Aggregate Defense Expense Amount – Non-Monetary Relief	\$100,000

**WHO IS PROTECTED:**

- Educational Institutions
- Trustees, Board Members or Commissioners
- Employees and Student Teachers
- Volunteer Workers
- Administrators

**AREAS OF COVERAGE:**

Wrongful acts reported during the policy period, subject to policy conditions and exclusions

**DEFENSE COSTS:**

Defense costs are in addition to the limit of liability for an amount equal to the limit of liability

**EXCLUSIONS:**

- Libel, Slander, Defamation of Character
- Bodily Injury or Property Damage
- Sexual Abuse or Molestation of Students
- Cross Claims or Counter Claims
- Hazardous Properties of Nuclear Material
- Pending & Prior Litigation
- Intentional Fraudulent, Dishonest or Criminal Acts
- Asbestos
- Pollution
- Lead
- Punitive Damages
- Salary Awards

# Automobile

COVERAGE	VEHICLES COVERED	LIMIT
Liability	Any Auto	\$1,000,000
Personal Injury Protection	All Autos Subject to No-Fault Laws	Basic
Uninsured Motorist	Owned Autos	\$1,000,000
Underinsured Motorist	Owned Autos	\$1,000,000
Hired/Non-Owned Liability	Hired/Non-Owned Autos	\$1,000,000
Physical Damage		
Comprehensive Coverage	Owned Autos	\$1,000
Collision Coverage	Owned Autos	\$1,000
Hired Car Physical Damage	Hired Autos	\$50,000
Comprehensive		\$100
Deductible		\$500
Collision Deductible		
Garage Keepers (primary)	Comprehensive & Collision Limit	\$45,000
	Comprehensive Deductible	\$500/\$2,500
	Collision Deductible	\$500
Coverage Enhancement:	Form #: Auto Extension Endorsement	

**COVERED AUTOS: 71 UNITS**

YEAR	MAKE	MODEL	VIN #	GARAGING LOCATION	COMP	COLL
			See Attached Vehicle Schedule			

NOTE: Mobile Equipment that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state it is licensed or garaged is now deemed an auto and must be scheduled under the Automobile Policy.

## Workers' Compensation (\$2500 Deductible Option)

### EMPLOYER'S LIABILITY:

Bodily Injury by Accident:	Each Accident	\$2,000,000
Bodily Injury by Disease:	Per Policy	\$2,000,000
Bodily Injury by Disease:	Each Employee	\$2,000,000

### STATES:

MN

Includes: Other States Coverage except Monopolistic States

### SCHEDULE OF OPERATIONS:

STATE	CODE	CLASSIFICATION	22-23 PAYROLL	23-24 PAYROLL	22-23 RATE	23-24 RATE	PREMIUM
MN	8868	Professional	\$70,000,000	\$72,100,000	.58	.59	\$425,390
MN	9101	Maintenance/Food Service	\$5,000,000	\$5,150,000	5.45	5.24	\$269,860
MN	7382	Bus Drivers	\$1,000,000	\$1,030,000	5.03	5.15	\$53,045
MN	8385	Bus Mechanics	\$118,000	\$121,540	3.02	2.87	\$3,488
MN	7380	Delivery Drivers & Helpers	\$0	\$0	7.40	7.32	\$0
<b>Manual Premium</b>							<b>\$751,783</b>
Increased Limit Factor (1.4%)							\$10,525
\$2500 Medical Deductible (10.04%)							-75,479
Experience Mod (.78) (was .85)							-151,102
Scheduled Credit (15%)							-80,359
Premium Discount (12.1%)							-55,100
Expense Constant							\$220
Terrorism (1%)							\$7,840
<b>Estimated Annual Premium</b>							<b>\$408,328</b>
MN Special Compensation Fund Assessment							\$11,301
<b>*Total Estimated Cost</b>							<b>\$419,629</b>

\* This Workers' Compensation policy is subject to an annual audit. The final premium is determined after the audit has been completed.

## Workers' Compensation Deductible Options

<b>Program</b>	<b>\$2500 Ded</b>	<b>\$50,000 Ded</b>	<b>\$100,000 Ded</b>
Aggregate	\$0	\$420,000	\$440,000
Premium	\$419,629	\$187,395	\$123,475
Claim Handling Fee	\$0	\$ 15,500	\$ 16,200
Loss Control Fee	\$0	\$ 3,000	\$ 3,000
Agency Fee		\$ 25,000	\$ 25,000
<b>* Cost of Program</b>	<b>\$419,629</b>	<b>\$230,895</b>	<b>\$167,675</b>

<b>Projected Cost of Risk</b>	<b>\$2500 Ded</b>	<b>\$50,000 Ded</b>	<b>\$100,000 Ded</b>
Projected Losses within Ded.	\$ 54,881	\$172,483	\$180,324
Cost of Program	\$419,629	\$230,895	\$167,675
<b>Total Cost of Risk</b>	<b>\$475,510</b>	<b>\$403,378</b>	<b>\$347,999</b>

\*cost of program includes RAS fees, MN Special Comp Fund premium of \$11,301, terrorism and expense constant

## Workers' Compensation (Continued)

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**EXPERIENCE MODIFICATION FACTOR HISTORY:**

POLICY TERM	EXPERIENCE MOD.
2023-2024	.78
2022-2023	.85
2021-2022	1.38
2020-2021	1.37
2019-2020	1.46
2018-2019	1.11
2017-2018	1.15

# Umbrella

<b>LIMIT OF LIABILITY</b>	<b>LIMIT</b>
Each Occurrence	\$5,000,000
Annual Aggregate	\$5,000,000
Retention	\$10,000

**COVERAGE:**

The policy agrees to *pay on behalf of* the Insured for all sums, which they are obligated to pay as damages resulting from all operations. The Limit of Liability is over the policy limits of the primary insurance.

**COMMENTS:**

- This policy includes a Fungi/Mold or Bacteria Exclusion.
- Excluded: Law Enforcement Legal Liability
- Excluded: Uninsured & Underinsured Motorists
- Excluded: Cyber Liability

**UNDERLYING SCHEDULE:**

<b>COVERAGE</b>		<b>LIMIT</b>
General Liability	Each Occurrence	\$1,000,000
	General Aggregate	\$2,000,000
	Products Aggregate	\$2,000,000
	Personal and Advertising Injury	\$1,000,000
School Leaders E&O	Each Loss	\$1,000,000
	Aggregate	\$1,000,000
Sexual Misconduct	Each Loss	\$1,000,000
	Aggregate	\$1,000,000
Automobile Liability	Combined Single Limit	\$1,000,000
Employers Liability	B.I. Each Accident	\$2,000,000
	B.I. by Disease Policy Limit	\$2,000,000
	B.I. by Disease each Employee	\$2,000,000
Employee Benefits Liability	Each Employee	\$1,000,000
	Aggregate	\$3,000,000

## Network Security & Privacy Liability

<b>INSURED:</b>	ISD #709 Duluth Public Schools
<b>INSURER:</b>	Syndicate 2623/623 at Lloyd's – Beazley ( <b>Non-Admitted</b> )
<b>AM BEST RATING:</b>	A XIV ( <b>Excellent</b> )
<b>POLICY FORM:</b>	F00653 (11/17)
<b>POLICY TERM:</b>	August 1, 2023 to August 1, 2024

CLAIMS MADE COVERAGE	2022-2023 EXPIRING	2023-2024 RENEWAL
<b>LIMITS:</b>		
<b>Breach Response*</b>		
Number of Notified Individuals	250,000	250,000
Legal, Forensic & Public Relations / Crisis Management	\$ 1,000,000	\$ 1,000,000
<b>Additional Breach Response Costs</b>		
Additional Breach Response Costs	\$ 2,000,000	\$ 2,000,000
<b>First Party Loss</b>		
Business Interruption Loss		
<i>Resulting from Security Breach</i>	\$ 2,000,000	\$ 2,000,000
<i>Resulting from System Failure</i>	\$ 2,000,000	\$ 2,000,000
Dependent Business Loss		
<i>Resulting from Dependent Security Breach</i>	\$ 1,000,000	\$ 1,000,000
<i>Resulting from Dependent System Failure</i>	\$ 1,000,000	\$ 1,000,000
Cyber Extortion	\$ 2,000,000	\$ 2,000,000
Data Recovery Costs	\$ 2,000,000	\$ 2,000,000
<b>Liability</b>		
Data & Network Liability	\$ 2,000,000	\$ 2,000,000
Regulatory Defense & Penalties	\$ 2,000,000	\$ 2,000,000
Payments Cards Liabilities & Costs	\$ 250,000	\$ 250,000
Media Liability	\$ 2,000,000	\$ 2,000,000
<b>eCrime</b>		
Fraudulent Instruction	\$ 250,000	\$ 250,000
Funds Transfer Fraud	\$ 250,000	\$ 250,000

## Network Liability & Privacy Liability (Continued)

Telephone Fraud	\$ 250,000	\$ 250,000
<b>Criminal Reward</b>		
Criminal Reward	\$ 50,000	\$ 50,000
<b>Policy Aggregate Limit of Liability</b>	\$ 2,000,000	\$ 2,000,000
<b>RETENTION: (PER CLAIM)</b>		
Each Incident, Claim or Loss	\$ 100,000	\$ 100,000
Forensic & Public Relations / Crisis Management	\$ 50,000	\$ 50,000
Legal Services Only	\$ 25,000	\$ 25,000
Notified Individuals Threshold	100	100
Waiting Period	10 Hours	10 Hours
<b>ANNUAL PREMIUM:</b>	<b>\$ 75,000.00</b>	<b>\$ 75,000</b>
Surplus Lines Tax	\$ 2,250	\$ 2,250
Surplus Lines Fee	\$ 30	\$ 30
<b>TOTAL ANNUAL PREMIUM</b>	<b>\$ 77,280</b>	<b>\$ 77,280</b>

**RETROACTIVE DATE:** Full Prior Acts

**CONTINUITY DATE:** August 29, 2014

**TERMS AND CONDITIONS IN ADDITION TO THE POLICY FORM:**

*(Per Expiring, Unless Noted)*

1. Lloyd's Certificate
2. Choice of Law and Service of Suit – New York
3. Sanction Limitation and Exclusion Clause
4. Nuclear Incident Exclusion Clause – Liability – Direct (Broad) (U.S.A.)
5. Radioactive Contamination Exclusion Clause – Liability – Direct (U.S.A.)
6. Lloyd's Security Schedule 2022
7. Asbestos, Pollution, and Contamination Exclusion Endorsement
8. State Consumers Privacy Statutes Endorsement
9. War and Civil War Exclusion
10. Cap on Losses Arising Out of Certified Act of Terrorism
11. Employee Device Endorsement
12. Amend Definition of Fraudulent Instruction
13. Invoice Manipulation Coverage – \$100,000 Sublimit
14. Reputation Loss – \$1,000,000 Sublimit
15. Post Breach Remedial Services Endorsement – 100 Hours
16. Amend Data Recovery Costs
17. GDPR Cyber Endorsement
18. Computer Hardware Replacement Cost – \$100,000 Sublimit
19. Amend Definition of Data
20. Contingent Bodily Injury Endorsement with Sublimit – \$100,000
21. Voluntary Shutdown Coverage
22. Cryptojacking Endorsement – \$100,000 Sublimit

## Network Liability & Privacy Liability (Continued)

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**TERMS AND CONDITIONS IN ADDITION TO THE POLICY FORM (continued):**

- 23. Public Schools Amendatory Endorsement
- 24. MMA Amendatory Endorsement
- 25. Optional Extension Period and Optional Extension Premium
  - Policyholder Disclosure Notice of Terrorism Insurance Coverage
- 26. Amend Continuity Date (08/01/2018 for \$1M excess of \$1M)

**SUBJECT TO:**

- Completed Acknowledgement Form

**PAYMENT TERMS:**

- Agency Bill: Annual Premium due at policy inception; Premium Financing Available Upon Request

## Non-Admitted Carriers Disclosure

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“Non-admitted Carriers” were developed for high-risk or unique exposures which conventional companies refuse to supply. A “Non-admitted Carrier” is not supported by state guarantee funds, meaning that if they fail, your premium and your insurance is probably lost. “Non-admitted Carriers” are generally not subject to regulation by your individual state insurance department therefore, the financial rating for a “Non-admitted Carrier” is of importance.

This proposed insurance coverage is being quoted to you under your State’s Surplus Lines Insurance Act. The insurer is an eligible Surplus Lines Insurer, but is not otherwise licensed by your State.

In case of insolvency of the insurer after you purchase the proposed insurance coverage, payment of claims is not guaranteed.

This policy is not included for coverage under your State’s Insurance Guaranty Association.

Name of Insurer:

I have read the foregoing notice and received a copy for my records this \_\_\_\_\_ day  
of \_\_\_\_\_.

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_

## Minimum Earned & Deposit Premiums

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We are providing clarification of the following terms as they are often misunderstood.

### **Minimum and Deposit**

This is the amount of premium due at inception. Although the policy is “ratable” that is, subject to adjustment based on a rate per exposure unit, under no circumstances will the annual earned premium be less than the minimum premium. In other words, the policy may generate an additional premium on audit, but not a return.

If such a policy is cancelled mid-term, the earned premium is the greater of the annual minimum multiplied by the short rate or pro-rate factor, or the actual earned as determined by audit, subject to a short rate penalty if applicable.

### **Minimum Earned Premium**

A minimum earned premium endorsement can be attached to either a flat charge policy or an adjustable policy. In either case, this amount is the least that will be retained by the carrier once the policy goes into effect. The amount retained would be the greater of the actual earned premium whether calculated on a pro-rate or short-rate basis, or the minimum earned premium.

### **Flat Cancellations**

Surplus lines carriers almost never allow flat cancellations. Once the policy is in effect, some premium will be earned.

## Credit Policy

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Marsh & McLennan Agency strives to offer the highest quality of service at the most competitive price possible. Accordingly, we have the following credit policy in place to assure that your coverage is not interrupted during the policy term.

- All premiums are due on the invoice date or effective date of the insurance, whichever is later. Always submit the remittance copy with your payment. If a remittance copy is not submitted, we will apply the cash to the oldest item on the account. Also, credit memos that cannot be applied against the original invoice will be applied to the oldest items on the account unless you direct us otherwise.
- If installment payments are available and provided under insurance policy terms, you will receive an invoice for each installment. Installments are due on the effective date of the invoice. Marsh & McLennan Agency does not finance annual or installment premiums. However, should you wish to finance your premium, we can place your financing with an approved insurance premium finance company.

Your Service Team maintains the online access to all of your coverage, premium and accounting detail and will be able to answer most billing questions. Any other questions will be referred directly to our accounting department for immediate response. We thank you for your support and business.

## Terrorism Risk Insurance Act

Effective November 26, 2002, Terrorism coverage provided by the Terrorism Risk Insurance Act of 2002 (TRIA) was made available in your policy(ies). In 2007, the federal government signed the version that was passed by the Senate and House. The bill eliminates the distinction between foreign and domestic acts of terrorism and otherwise keeps the program in tact under roughly its current terms through December 31, 2027.

The premium charged for the terrorism coverage is outlined below:

COVERAGE	PREMIUM IF PURCHASED
Property	\$6,175
General Liability	\$1,173
Law Enforcement Legal	\$15
School Leaders E&O	\$1,026
Workers' Compensation (Cannot reject coverage)	\$7,840
Umbrella/Excess	\$685

- With the exception of Workers' Compensation, the Act gives you the right to reject the offer of terrorism coverage. You may waive such coverage by signing a written statement. (See Affirmation Waiver from insurance company.)
- The Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) retains most of the provisions of the original program, however, the following coverages are not included under the federal program.
  - Commercial Automobile, Garage Liability, Dealer's Blanket, Professional Liability Surety/Crime, Burglary & Theft and Farm Owner's Multi-Peril.

**NOTE:**

- Actual coverage provided by your policy for acts of terrorism, as defined in the Terrorism Insurance Act of 2015 are limited by the terms, conditions, exclusions, limits, other provisions of your policy, and/or any endorsements to the policy and are subject to applicable laws.

## Compensation Disclosure & Limitation of Liability

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Marsh & McLennan Agency LLC (“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 producer, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. As an independent insurance agent, MMA may have authority to obligate an insurance company on behalf of our clients and as a result, we may be required to act within the scope of the authority granted to us under our contract with the insurer. 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 engages with clients on behalf of itself and in some cases as agent on behalf of its non-US affiliates with respect to the services we may provide. For a list of our non-US affiliates, please visit: <https://mma.marshmma.com/non-us-affiliates>. In those instances, MMA will bill and collect on behalf of the non-US Affiliates amounts payable to them for placements made by them on your behalf and remit to them any such amounts collected on their behalf;

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.
- **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 insurance producers who meet set goals for all or some of the policies the insurance producers 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.

## Compensation Disclosure & Limitation of Liability (Continued)

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- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer’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. 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.
- **Medallion Program and Sponsorships** – Pursuant to MMA’s Medallion Program, participating carriers sponsor educational programs, MMA events and other initiatives. Depending on their sponsorship levels, participating carriers are invited to attend meetings and events with MMA executives, have the opportunity to provide education and training to MMA colleagues and receive data reports from MMA. Insurers may also sponsor other national and regional programs and events.
- **Other Compensation & Sponsorships** – 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. Additionally, insurers may sponsor MMA training programs and events.

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 <https://www.marshmma.com/us/compensation-guide.html>.

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.

## Disclaimer

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No coverage is provided by this summary, nor can it be construed to replace any provision of the policy. Refer to the actual policy for complete information on the coverages provided. If there is a conflict between the policy and this summary, the provisions of the policy shall govern.

This proposal contains a brief outline of coverages and not a complete explanation of insurance being presented. It is intended to provide a summary of coverage for your review. Only the policy itself can provide a detailed description of the terms conditions, exclusions and endorsements of coverage. A complete specimen policy form will be made available upon your request. For details of coverage refer to the policy itself when issued. This document is neither a binder nor a legal interpretation of the insurance coverage.

In evaluating your exposures to loss, we are dependent upon information provided by you. You ultimately choose the values elected. If there are any areas that need to be evaluated prior to binding coverage, or should any of your exposures change after coverage is bound, such as the beginning of new operations, hiring employees in new states, buying additional property, autos, equipment, etc., please let us know so coverage can be discussed. While we will strive to place your insurance with reputable, highly rated companies, we cannot guarantee the financial stability of an insurance company.

In order to ensure that your important changes are properly communicated, please contact us as questions arise and or exposure changes occur. We must discuss how they affect your insurance program.

The changes in exposure that have an impact on your insurance program include, but are not limited to, those listed below:

1. Changes to any operation such as expansion to another state, new products, etc.
2. Mergers and/or acquisitions of new companies
3. Any assumed contractual liability, granting of indemnities, or hold harmless agreements
4. Circumstances which may require an increase in liability insurance limits
5. Any changes to fire or theft protection, such as installation or disconnection of sprinkler system, burglar alarms, etc. This includes alterations to same.
6. Any changes to scheduled equipment such as contractors' equipment, computer equipment, etc.
7. Property, of yours that is in transit, unless we have previously arranged for this insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises purchased, constructed, or occupied.
9. Any new exposures or plans for foreign travel or operations

Your insurance program will only be as good as the communication between your organization and Marsh & McLennan Agency.

# Best Financial Rating

COMPANY	A.M. BEST RATING	WEBSITE	RATING DATE
Accident Fund	A XIII	www.accidentfund.com	11/17/2021
Acuity	A+ XV	www.acuity.com	1/12/2022
Affiliated FM Insurance Co.	A+ XV	www.affiliatedfm.com	1/13/2022
Allied Insurance Group	A+ XV	www.alliedinsurance.com	12/17/2020
American Compensation Ins Co. (RTW)	A XIV	www.rtw.com	3/2/2022
American Interstate	A IX	www.amerisafe.com	6/24/2021
Capitol Indemnity	A IX	www.capitolindemnity.com	9/17/2021
AXA XL / Catlin	A+ XV	www.xlcatlin.com	9/17/2021
AIG	A XV	www.aig.com	10/7/2021
Chubb	A++ XV	www.chubb.com	12/10/2020
Cincinnati Insurance Company	A+ XV	www.cinfin.com	2/2/2022
CNA	A XV	www.cnacentral.com	7/8/2021
Community Insurance Corporation	Not Rated	www.communityinsurancecorporation.com	N/A
Continental Western	A+ XV	www.continentalwestern.com	6/8/2022
Crum & Forster	A XIV	www.cfins.com	7/14/2021
Dakota Truck Underwriters (member of Dakota Group)	A- VII	www.rascompanies.com	7/21/2021
EMC	A XIV	www.emcinsurance.com	12/17/2021
Fidelity & Deposit of Maryland	A+ XV	www.zurichna.com	10/1/2021
Firemans Fund	A+ XV	www.firemansfund.com	6/2/2021
Hanover	A XV	www.hanover.com	6/21/2022
Harleysville	A+ XV	www.harleysvillegroup.com	12/22/2021
Hartford	A+ XV	www.thehartford.com	7/29/2021
Hartford Steam Boiler	A++ X	www.hsb.com	8/6/2021
Indiana Insurance (member of Liberty Mutual)	A XV	www.indiana-ins.com	6/29/2021
Indiana Lumbermens Mutual	A- VIII	www.plmilm.com	6/6/2022
Lexington	A XV	www.intactspecialty.com	10/7/2021
Liberty Mutual	A XV	www.aig.com	6/29/2021
Markel	A XV	www.libertymutualgroup.com	9/15/2021
Medmarc	A XIII	www.markelcorp.com	4/26/2022
Intact / Atlantic Specialty	A+ XV	www.medmarc.com	5/2/2022
Pennsylvania Lumbermens Mutual	A- VIII	www.plmins.com	6/16/2022
Philadelphia	A++ XV	www.phly.com	12/10/2020
QBE	A XV	www.qbena.com	3/11/2021
SFM	A- VIII	www.sfmic.com	3/3/2021
Society Insurance	A- VIII	www.societyinsurance.com	6/16/2022
Travelers	A++ XV	www.travelers.com	11/4/2021
United Fire & Casualty	A XI	www.ufginsurance.com	12/16/2021
United Heartland (see Accident Fund)	A XIII	www.accidentfund.com	11/17/2021
Virginia Surety	A XIV	www.assurant.com	7/22/2021
Wausau (member of Liberty Mutual)	A XV	www.wausau.com	6/29/2021
West Bend Mutual Insurance/NSI	A XIV	www.thesilverlining.com	6/2/2022
Western National Mutual Insurance Company	A+ X	www.wnins.com	7/22/2021
Westfield National Insurance Company	A XV	www.westfieldinsurance.com	1/20/2022
Zurich	A+ XV	www.zurichna.com	10/1/2021

**Secure Best's Ratings Scale**

A++ and A+	Superior	B and B-	Fair
A and A-	Excellent	C++ and C+	Marginal
B++ and B+	Very Good	C and C-	Weak
		D	Poor

**Vulnerable Best's Ratings**

**Financial Size Category (per million)**

FSC I less than 1	FSC V 10 to 25	FSC IX 250 to 500	FSC XIII 1,250 to 1,500
FSC II 1 to 2	FSC VI 25 to 50	FSC X 500 to 750	FSC XIV 1,500 to 2,000
FSC III 2 to 5	FSC VII 50 to 100	FSC XI 750 to 1,000	FSC XV greater than 2,000
FSC IV 5 to 10	FSC VIII 100 to 250	FSC XII 1,000 to 1,250	



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715 833-7000

**Grand Rapids**

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(218) 248-8396

**Hayward**

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