

Proposal

Canutillo Independent School District

09/01/2013 - 09/01/2014

Presented by:

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This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only. This is a quotation of coverage only. It is not a binder. This proposal does not amend or alter the insurance contract.

This Coverage Summary neither amends nor alters the insurance contract. Specific questions on all policy terms and conditions should be referred to your Wells Fargo Insurance representative, and the policy itself should be reviewed.

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Please refer to the policy contract for specific terms, conditions, limitations, and exclusions
Proposal date: 7/26/2013 Prepared for Canutillo Independent School District
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Transparency and Disclosure

Insurance is a highly regulated, competitive industry that fuels the US economy and protects individuals and commercial entities from losses. There is nothing more important to our industry and to Wells Fargo Insurance Services than maintaining the trust of our customers and conducting business with the utmost integrity. We believe that our leadership role on disclosure should tie directly to our core values. Among these we state that we:

- Value and reward open, honest, two-way communication
- Do what is right for the customer
- Talk and act with the customer in mind
- Exceed our customers' expectations

Wells Fargo Insurance Services is proactively providing customers with complete transparency on standard and contingent commission income. We receive compensation from the insurance companies we represent when placing your insurance. Our compensation is usually a percentage of the premium you pay for your insurance policy or bond (a "commission"), which is paid to us by the insurance companies for placing and servicing your insurance or bonds with them. We also may receive fees agreed to in writing from our customers. Intermediaries, such as wholesale brokers, may sometimes be used to access certain insurance companies. Such intermediaries will allocate a portion of the compensation from the insurance companies to us and may, in some cases, be an affiliated company.

We receive payments from insurance companies to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses.

Consistent with longstanding industry practice, we may earn interest on premiums received from you and forwarded to the insurance companies through our bank accounts. We may also earn interest when the insurance company issues you a refund and that refund is processed through our bank accounts. We retain the interest earnings on our bank accounts.

Some of the insurance companies we represent may pay us additional commissions, sometimes referred to as contingent or bonus commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with an insurance company for a designated period of time.

The amount of premium you pay for a policy may change over the term of the policy. For example, your endorsement requests will affect the premium. Should the premium for any of your policies change, the amount of compensation paid to us by the insurance company would change accordingly.

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Important disclosures

Products and services are offered through Wells Fargo Insurance Services USA, Inc. and Wells Fargo Insurance Services of West Virginia, Inc., non-bank insurance agency affiliates of Wells Fargo & Company.

Products and services are underwritten by unaffiliated insurance companies except crop and flood insurance, which may be underwritten by an affiliate, Rural Community Insurance Company. Some services require additional fees and may be offered directly through third-party providers. Banking and insurance decisions are made independently and do not influence each other.

The coverage and limits presented in this proposal are a simplified outline of the respective insurance policies. The actual policies issued by the insurance company govern the coverage provided, and should be read for coverage terms, limits of liability, definitions and conditions pertaining to your specific insurance program.

This proposal is based on exposures to loss and other underwriting information provided by the customer and made known to Wells Fargo Insurance Services USA, Inc. You must report all additions or corrections to these exposures so we may arrange the proper coverage.

All property values used in this proposal were provided by the customer and should be carefully reviewed and/or appraised for accuracy. Higher limits and additional coverages may be available upon request.

Wells Fargo Insurance Services USA, Inc. has attempted to place your business insurance with markets that have displayed evidence of being properly managed and of strong financial condition. For more information about Wells Fargo Insurance Services USA, Inc. insurance carrier selection and monitoring, please refer to the section on Evaluating Financial Strength and Capacity of Insurance Markets. In the pages that follow, there may be proposals from companies that are identified as Non-admitted or Surplus Lines insurers. This designation means the insurance company is not licensed to do business in your state of domicile. The facts you should consider before placing coverage with a Non-admitted insurance company are as follows:

- If the Insurance Company becomes insolvent, the state insolvency fund will **not** cover any claims.
- Non-admitted carriers do not have to file their rates with the state and therefore their rates are not regulated.

Flatiron Capital, a premium finance company, is an affiliate of Wells Fargo Insurance Services USA, Inc. The use of Flatiron Capital is not a requirement for the purchase of insurance.

The extension of credit or the provision of bank products or services through Wells Fargo Bank, N.A., or its affiliates is not conditioned on and does not require the purchase of insurance through Wells Fargo Insurance Services USA, Inc.

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When to Notify Wells Fargo Ins. Services USA, Inc.

It is important that you advise Wells Fargo Insurance Services USA, Inc. of any material changes in your operations which may have a bearing on your insurance program. Your insurers have evaluated and accepted the risks on the basis of the information given. Any variation of these details could lead to complication in the event of a loss.

These changes may include, but are not limited to:

- Changes of personnel affecting responsibility for insurance decisions.
- Personnel traveling overseas/on temporary assignment overseas/working on military bases.
- Acquisition or creation of new companies or subsidiaries and/or mergers in which you are involved or any legal change in the corporate structure.
- Purchase, sale, lease, construction, or occupancy of new premises; real estate alteration, vacating the premises or temporary unoccupancy; extension or demolition of existing premises. This applies for both domestic and foreign locations.
- Increase in values of building, business personal property, or inventory for both scheduled and unnamed locations.
- Removal of business personal property or stock to new or temporary locations.
- Addition of new locations, equipment or vehicles, whether hired, purchased, leased or borrowed.
- Changes in processes, occupancy, products, revenue, sales, or business operations.
- Addition, alteration or temporary disconnection of fire or burglary protection systems.
- Use of owned or non-owned aircraft or watercraft.
- Major changes in value or nature of goods being shipped.
- Employment of personnel in states in which you were previously not doing business.
- Election or appointment of a new C.E.O. or C.O.O., or change in control of either the Board of Directors or the stock ownership of the company.
- Changes in ERISA Plan Assets.
- Any written contracts executed with contractor, subcontractors, suppliers, or others.

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Service Team

SERVICE TEAM LEADER

If you have a question about coverage provided by your current insurance program or you need to discuss present or future changes in protection, please contact:

Name: Steve Allen

Title: Account Manager

Direct Dial #: 915.534.9488

Email address: steve.allen@wellsfargo.com

SERVICE TEAM LEADER

If you have a question about coverage provided by your current insurance program or you need to discuss present or future changes in protection, please contact:

Name: Jim Brundage

Title: Account Manager

Direct Dial #: 915.534.9457

Email address: jim.brundage@wellsfargo.com

POLICY CHANGES/ BILLING QUESTIONS

If you need to make a change during the policy term or have questions about invoices or charges on your account, please contact:

Name: Cristy Urquidi

Title: Primary Lead Servicer

Direct Dial #: 915.534.9456

Email address: cristy.urquidi@wellsfargo.com

CLAIMS

If you need to report a claim, find out the status of a claim, or need Workers' Compensation First Report of Injury forms, please contact:

Name: Randy Studdard

Title: Claims Consultant

Direct Dial #: 915.534.9476

Email address: randal.s.studdard@wellsfargo.com

LOSS CONTROL

If you need assistance with a safety program or advice on how to reduce losses and consequently the cost of your insurance, please contact:

Name: Scott Bellamy

Title: Senior Loss Control Consultant

Direct Dial #: 800.531.2034

Email address: scott.bellamy@wellsfargo.com

BONDS

If you have any questions about license or surety bonds and what is required to get them, contact:

Name: Cristy Urquidi

Title: Primary Lead Servicer

Direct Dial #: 915.534.9456

OFFICE HOURS

8:00 – 5:00 EST Monday – Friday

CERTIFICATES OF INSURANCE
Email: cristy.urquidi@wellsfargo.com
Office Phone: 915.534.9456
Fax: 866.494.6822

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Named Insureds

Note: Any entity not named as an insured may not be covered under this policy. This includes partnerships, joint ventures and newly formed entities of any type.

Named Insured:

Canutillo Independent School District

Nature of Business:

Public School District

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Premium Comparison

Coverage	Expiring Premium	Renewal Premium	Renewal Premium
		Option 1 EPL w/\$10,000 Deductible	Option 2 EPL w/\$25,000 Deductible
Property	\$110,979	\$124,786	\$124,786
Inland Marine	Included	\$2,661	\$2,661
Crime	Included	Included	Included
Auto	\$25,099	\$29,116	\$29,116
General Liability	\$3,337	\$3,382	\$3,382
Educators Legal Liability	\$4,621	\$4,683	\$4,683
Employment Practices Liability	\$13,653	\$15,563	\$13,460
Excess Liability	\$2,452	\$2,699	\$2,437
Workers' Compensation Total- Unaudited - 4 Quarterly Installments	\$344,383.04	\$407,746.87 \$101,936.72	\$407,746.87 \$101,936.72
Total Premium	\$504,524.04	\$590,637	\$588,272

Workers' Compensation:

- Total Payroll increased from \$32,298,000 to \$32,995,376
- Payroll for highest rated class increased from \$3,187,000 to \$4,378,677
- Workers' Compensation Dividends Paid
 - 2012-2013 \$19,790.47

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● Property

- \$10,000 Deductible including Wind/Hail \$124,786 (.077)
- \$25,000 Deductible including Wind/Hail \$120,637 (.075)
- \$50,000 Deductible including Wind/Hail \$116,637 (.073)

❖ Other District Deductible Comparisons:

- EPISD - \$100,000 Deductible including Wind/Hail
- YISD - \$100,000 Deductible including Wind/Hail
- SISD - \$100,000 Deductible except 2% per building subject to minimum \$250,000 for Wind/Hail
- Clint ISD - \$50,000 Deductible including Wind/Hail
- EPCC - \$25,000 Deductible including Wind/Hail (.078)
- City of El Paso - \$250,000 Deductible including Wind/Hail
- County of El Paso - \$500,000 Deductible including Wind/Hail

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Travelers Insurance

Insurance Carrier: Texas Public Entity Group

Carrier Rating: A+ XV

Policy Term: 09/01/2013 to 09/01/2014

Coverage: Property insurance covers your interest against direct physical loss or damage by covered perils to named property that you own or are required to insure. **See attached schedule for locations to be covered.**

Valuation: Real Property – Replacement Cost Basis at site of loss

Property Disclaimer: Your Property carrier will provide Building, Business Personal Property, Business Income and Extra Expense coverage subject to policy conditions and exclusions. It is your responsibility to notify Wells Fargo’s personnel, in writing, if these limits are not adequate to rebuild and/ or replace, in today’s dollars, your current Building and Contents.
“Replacement Cost” does not mean replace at any cost.

PROPERTY

Limits of Insurance

	2012-2013	2013-2014	Blanket
\$	159,095,386	160,720,386	Building & Personal Property
\$	10,000	10,000	Deductible
\$	1,000	\$1,000	Deductible for Artificial Turf

Valuation: Replacement Cost Applies
Cause of Loss: Special

Other Perils

\$	2,000,000	Flood (1-13,15,16, 20-40, 42-52, 71-76)
\$	50,000	Flood Deductible
\$	2,000,000	Earthquake (All locations)
\$	25,000	Earthquake Deductible

Equipment Breakdown

\$	250,000	Spoilage
\$	250,000	Ammonia Contamination
\$	250,000	Hazardous Substance
\$	50,000	Utility Services –Direct Damage – Any one occurrence
\$	50,000	Additional Coverage: Water, Communication and Power Supply

Deluxe Extra Expense

\$	5,000,000	Extra Expense Limit (12 months at 100%)
\$	50,000	Extra Expense from Dependent Property
\$	25,000	Claim Data Expense
\$	100,000	Newly Acquired Locations
\$	50,000	Ordinance or Law – Increased Period of Restoration

 **PLEASE SEE ATTACHED STATEMENT OF VALUES**

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Deluxe Property Form

Additional Covered Property

	Personal Property at Undescribed Premises
\$	50,000 At any one Exhibition
\$	Not Covered At any one Installation
\$	50,000 At any other Not Owned, Leased or Regularly Operated Premises
	Personal Property in Transit
	In any one conveyance by:
\$	50,000 Common or Contract Carrier
\$	50,000 Railroad
\$	50,000 Air Carrier
\$	50,000 Insured's Vehicles
\$	50,000 Watercraft
\$	50,000 In any on occurrence

Additional Coverages & Coverage Extensions

\$	500,000	Accounts Receivable: On Premises
\$	100,000	Accounts Receivable: In Transit/undescribed premises
\$	100,000	Appurtenant Buildings and Structures
\$	25,000	Claim Data Expense
\$	100,000	Covered Leasehold Interest – Undamaged Improvements & Betterments, Lessor of Your Business Personal Property Limit
\$	250,000	Debris Removal (additional limit)
\$	25,000	Deferred Payments
\$	50,000	Duplicate Electronic Data Processing Data & Media
\$	50,000	Electronic Data Processing Data and Media at all described premises
		Employee Tools –
\$	25,000	- In any one occurrence
\$	2,500	- Any one item
\$	25,000	Expediting Expenses
\$	25,000	Extra Expense
\$		
		Fine Arts
\$	50,000	- At all described premises
\$	25,000	- In transit
\$	Included	Fire Department Service Charge
\$	Included	Fire Protective Equipment Discharge
		Green Building Alternatives – Increased Cost
	1%	- Percentage
\$	25,000	Green Building Reengineering and Recertification Expense
\$	25,000	Limited Coverage for Fungus, Wet Rot or Dry Rot Annual Aggregate
\$	25,000	Loss of Master Key
		Newly Constructed /Acquired Property:
\$	2,000,000	- Buildings Each
\$	1,000,000	- Personal Property at each location
\$	25,000	Non-Owned Detached Trailers
\$	250,000	Ordinance or Law
\$	50,000	Outdoor Property
\$	2,500	- Any one tree, shrub or plant
		Outside Signs
\$	100,000	- At all described premises
\$	5,000	- At all undescribed premises

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Wells Fargo Insurance Services

\$	50,000	Personal Effects
\$	50,000	Personal Property at Premises Outside of the Coverage Territory
\$	25,000	Personal Property in Transit Outside of the Coverage Territory
\$	100,000	Pollution Clean-Up and Removal – Aggregate
\$	250,000	Preservation of Property
	Included	- Direct Loss or damage to moved property
\$	25,000	Reward Coverage – 25% of covered loss up to a maximum of:
\$	25,000	Stored Water
\$	Included	Theft Damage to Rented Property
\$	50,000	Undamaged Parts of Stock in Process
		Valuable Papers and Records - Cost of Research
\$	500,000	- At all described premises
\$	100,000	- In transit or a undescribed premises
\$	Included	Water Damage, other liquids, powder or molten Material Damage

Public Sector Additional Coverages

\$	10,000	Spoilage Coverage Extension
\$	50,000	Sewer or Drain Backup Limitation
		Public Entity Property Extension
\$	100,000	Confiscated Property
\$	2,500	Street Lights – each item
\$	50,000	Street Lights – per occurrence
\$	2,500	Street Signs – each item
\$	50,000	Street Signs – per occurrence
\$	2,500	Traffic Signs and Lights – each item
\$	50,000	Traffic Signs and Lights – per occurrence
\$	2,500	Stadium Lights – each item
\$	50,000	Stadium Lights – per occurrence

Deluxe Property – Extra Expense

\$	5,000,000	Deluxe Extra Expense
	12 months @ 100%	Extra Expense – Restoration Period & Monthly Percentage Limit
		Civil Authority
	30 Days	- Coverage Period
	100 Miles	- Coverage Radius
\$	25,000	Claim Data Expense
\$	50,000	- At Premises within the Coverage Territory
\$	50,000	- At Premises Outside of the Coverage Territory
		Fungus, Wet Rot or Dry Rot
	30 Days	- Amended Period of Restoration Coverage Period
		Green Building Alternatives
	30 Days	- Increased Period of Restoration Coverage Period
\$	25,000	Ingress or Egress
	1 Miles	- Coverage Radius
\$	100,000	Newly Acquired Locations
\$	50,000	Ordinance of Law – Increased Period of Restoration
\$	25,000	Pollutant Cleanup and Removal – Annual Aggregate
\$	25,000	Transit Extra Expense
\$	25,000	Undescribed Premises

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INLAND MARINE

Limits of Insurance:

\$	250,000	Lease or Rented Items – Per Item
\$	250,000	Newly Acquired Contractors Equipment
\$	250,000	Unlisted Items
\$	35,073	Listed Items
\$	500,000	Cameras and Musical Instruments
\$	1,000	Deductible
Replacement Items		
\$	5,000	Rental Cost – per item
\$	100,000	Loss to any one Replacement Item – per item
\$	535,073	Maximum Amount of Payment
\$	535,073	Flood Limit of Insurance
\$	535,073	Flood Annual Aggregate Limit of Insurance
\$	535,073	Earth Movement Limit of Insurance
\$	535,073	Earth Movement Annual Aggregate Limit of Insurance
\$	1,000	Basic Deductible
\$	1,000	Flood Deductible
\$	1,000	Earth Movement Deductible
\$	1,000	Windstorm Deductible
Scheduled Property		
\$	250,000	Unscheduled Items
\$	10,000	Not to Exceed
\$	250,000	Flood Limit of Insurance
\$	250,000	Flood Annual Aggregate Limit of Insurance
\$	250,000	Earth Movement Limit of Insurance
\$	250,000	Earth Movement Aggregate Limit of Insurance
\$	1,000	Basic Deductible
\$	1,000	Flood Deductible
\$	1,000	Earth Movement Deductible
\$	1,000	Windstorm Deductible

 **PLEASE UPDATE ATTACHED INLAND MARINE SCHEDULE**

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CRIME

Limits of Insurance:

\$	100,000	Employee Theft
\$	100,000	Forgery or Alteration
\$	100,000	Theft, Disappearance and Destruction – Inside/Outside
\$	100,000	Money Orders & Counterfeit Paper Currency
\$	2,500	Deductible

Higher Limits Recommended

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AUTO

Limits of Insurance:

\$	1,000,000	Single Limit Liability
\$	100,000	Texas Bodily Injury each Person Limit – Statutory Cap
\$	300,000	Texas Bodily Injury Total Limit – Statutory Cap
\$	100,000	Texas Property Damage or Pollution Cost or Expense Limit – Statutory Cap
\$	30,000	Garagekeepers @ 6675 South Desert Road
\$	500/2,500	Garagekeepers Comprehensive Deductible
\$	2,500	Garagekeepers Collision Deductible
\$	500	Comprehensive Deductible
\$	500	Collision Deductible
\$	50,000	Hired and Non-Owned Liability – Estimated Cost per Hire
\$	500	HNOA Comprehensive Deductible
\$	500	HNOA Collision Deductible



PLEASE UPDATE ATTACHED FLEET SCHEDULE

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Trident Insurance Company

Insurance Carrier: Argonaut Insurance
Carrier Rating: A XII
Policy Term: 09/01/2013 to 09/01/2014

GENERAL LIABILITY

Limits of Insurance:

\$ 1,000,000 General Aggregate Limit
 \$ 1,000,000 Products-Completed Operations Aggregate Limit
 \$ 1,000,000 Personal & Advertising Injury Limit
 \$ 1,000,000 Each Occurrence Limit
 \$ 100,000 Damage to Premises Rented to You
 \$ Included Employee Benefits

RATING BASIS

	2012-2013	2012-2013
Average Daily Attendance	5,553	5,624
Number of Employees	828	899
Number of Police Officers with Arrest Authority	0	0
Number of Swimming Pools	0	0
Number of Pre-Kindergarten Day Care Students (enter Early Ed plus Pre-K)	227	254

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EDUCATORS LEGAL LIABILITY

Limits of Insurance:	Claims Made	
	\$ 1,000,000	Each Wrongful Act
	\$ 1,000,000	Annual Aggregate
	\$ 10,000	Deductible

RATING BASIS

	2012-2013	2013-2014
Average Daily Attendance	5,553	5,624
Number of Employees	828	513
Number of Teachers	400	386
Number of Special Ed Hearing Sought	0	0
Number of EEOC Hearings Sought	0	0

EMPLOYMENT PRACTICE LIABILITY

Limits of Insurance:	Claims Made	
	\$ 1,000,000	Each Wrongful Act
	\$ 1,000,000	Annual Aggregate
	\$ 50,000	Back Wages Limit
	\$ 10,000	Each Wrongful Act
	\$ 10,000	Back Wages

- Option 2 Available with a \$25,000 deductible

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Edwards Risk Management

Insurance Carrier: Public Workers' Compensation Program

Carrier Rating: A

Policy Term: 09/01/2013 to 09/01/2014

WORKERS COMPENSATION

Limits of Insurance:

\$ 1,000,000 Each Accident
 \$ 1,000,000 Disease – Policy Limit
 \$ 1,000,000 Disease – Each Employee

Estimated Payrolls:

Class	Description		2012-2013 Policy Term	2013-2014 Policy Term
7380	Drivers, Chauffeurs & Helpers	\$	357,000	492,777
8868	Professional Employees	\$	28,754,000	28,122,922
9101	All Other Employees	\$	3,187,000	437,867

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Coverages to Consider

In evaluating your exposures to loss, we have been dependent upon information provided by you. If there are other areas that need to be evaluated prior to binding of coverage, please bring these areas to our attention.

Specifically, we ask that you review the following items:

Higher Limits:	In today's litigious society, many businesses have found it necessary to increase the limits of liability to ensure they are adequate to protect their assets in the event of a loss. Higher limits of liability may be available. Please carefully review the limits to ensure your level of comfort with the limits.
Employment Practices Liability:	The relationship between the employer and employee has become increasingly complex, and this has given rise to new insurance coverages to protect the employer. These coverages include wrongful termination, sexual harassment, and other coverages. It is important that you understand your exposures to loss in these critical areas.
Building Ordinance:	Provides coverage in the event there are building codes that mandate you to demolish remaining undamaged portions of the structure after partial damage. Coverage for increased cost of construction would also be included. Building codes have become more stringent as a result of City, State or Federal ordinances or laws (Americans With Disabilities Act {ADA}). An optional quote can be provided, and coverage should be considered.
Business Interruption:	Protection against loss of earnings of a business during the time required to rebuild or repair property damaged or destroyed by an insured peril.
Extra Expense:	Coverage for those expenses over and above normal operating expenses incurred to continue the insured's operations in the event of direct physical loss to property.
Contingent Business Interruption:	Protection against loss of earnings during the time required to rebuild or repair property damaged or destroyed by an insured peril at a supplier's location or other key location which your operations are dependent upon.
Kidnap, Ransom & Extortion Including Dependent Child Coverage:	This provides coverage for kidnappings and other events through a combination of financial indemnification and expert crisis management. A basic policy can cover items such as ransom payment, loss of income, interest on bank loans, etc. This insurance provides assistance to the family and business with regard to independent investigations, negotiations, arrangement and delivery of funds.
Directors & Officers Liability:	This coverage agreement provides protection for the directors and/or officers of the insured corporation against claims resulting from alleged breach of duty, negligence, error or omission while acting in their capacities as directors and/or officers.

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Coverages to Consider (Cont.)

Cyber Liability/Network Security:

Inadvertent transmission of a computer virus, trojan horse, keylogger, etc. Sending an email that crashes another party's network.

Failure to prevent unauthorized access to computer systems by a third party or an unauthorized employee

Disclosure of or misuse of confidential information

Allegations of infringement of copyright, trademark, trade name, title, or slogan

Allegations of defamation as a result of emails, web content, blog or forum postings

Privacy Liability: covers liability of the company arising out of the unintentional and unauthorized disclosure or loss of non-public personal information or confidential corporation information in any format. This provides protection against a violation of any privacy regulations including the HITECH Act, HIPAA, GLBA and Massachusetts 201 CMR 17 or the failure to comply with the company's own privacy policies.

Internet Liability: Damages arising when your internet service provider goes down or is hacked.

Web Content Liability: Damages and defense costs arising from claims of libel, copyright or trademark infringement, or defamation; damages to a website by a hacker or disgruntled employee

Electronic Communications: Damages and defense costs arising as a result of electronic communications, such as breach of confidence or infringement of any right to privacy, intellectual property rights or any statutory duty (Example: some states now require notification to those affected by a loss of private information and provision of credit monitoring services at your cost).

Intangible Assets: Damages to code, data, etc.

Network Extortion Threat and Reward Payments: Reimburses the company for any extortion expense, and reward paid by the company as a direct result of network extortion threat.

Environmental Pollution:

Increasing regulations and environmental disasters have prompted companies to consider purchasing pollution insurance coverage. However, the coverage that exists in today's insurance marketplace can be limited, costly, and written by only a few insurers. Many companies elect not to purchase the coverage that exists. These companies incorporate techniques which prevent and reduce losses. We understand that Canutillo Independent School District commits substantial resources to controlling and monitoring pollutants. Canutillo Independent School District should be aware, however, that pollution claims may still arise out of activities even if Canutillo Independent School District complies with the current environmental standards. We suggest that Canutillo Independent School District continue incorporating procedures which prevent future pollution episodes. In addition, we can obtain quotations for insurance, if desired.

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Coverages to Consider (Cont.)

- Crime:** Covers moneys, securities or property belonging to you or for which you are legally liable. In the event of a loss, the burden of proof rests with you. The policy does not cover inventory losses based on an inventory computation.
- Employee Dishonesty:** Insures against loss resulting from the dishonest acts of your employees. You must prove the loss was caused by the dishonest act of one or more employees.
- Forgery or Alteration:** Insures against loss caused by forged or altered checks or other financial instruments.
- Robbery and Safe Burglary:** Provides protection in the event of loss of stock or property (other than money and securities) in which you or your employees are forced to relinquish goods, or where a safe is burglarized.
- Computer Fraud:** Insures against theft of money, securities or property by using a computer to transfer property from your premises or bank to another person or place.
- Fiduciary:** The Employee Retirement Income Security Act of 1974 imposes personal liability on Fiduciaries of employee welfare plans for acts of mismanagement or errors in judgment. This policy will pay on your behalf all sums you become legally obligated to pay as a result of any Wrongful Act. Wrongful Act means a breach of fiduciary duty, including negligence, by you in the discharge of duties as respects Trusts or Employee Benefit Plans.
- Foreign package Policy:** Provides coverage for occurrences and suits brought in foreign countries. Whereas, most domestic policies only cover suits brought in the U.S. Provides Foreign GL, Auto, Voluntary Workers' Compensation and Employers Liability, Travel Accident and Sickness.
- Foreign Workers' Compensation provides coverage for endemic disease such as Malaria or Avian Flu.
- Emergencies while traveling, such as security evacuation.
- Electronic Data Processing Equipment Coverage:** Coverage insures against loss or damage to electronic data processing equipment and the media and data owned, leased or used by the insured. Computerized production equipment may also be insured in addition to conventional computer equipment. Coverage may or may not include breakdown and power interruption and can provide Loss of Income coverage as well as Extra Expense coverage.

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Client Authorization To Bind Coverage

To: Wells Fargo Ins Services USA, Inc. (EPT)
2505 E. Missouri Avenue
El Paso, TX 79903-3918
Direct: (915) 544-3111

Re: Canutillo Independent School District

Please check one

- After Careful review of your proposal dated August 1, 2013 we have decided to accept your proposal as presented
- After careful review of your proposal dated August 1, 2013 we have decided to accept your proposal with the following changes:

Customer's Signature: _____

Date: _____

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Non Traditional Notice

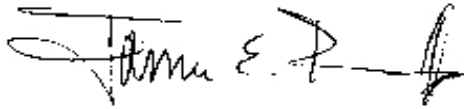
We have offered you insurance coverage with Public Workers' Compensation Program. This letter is to advise you that this is a non-traditional market for your risk. The Security Committee's function is to review the financial security of insurers with which Wells Fargo Insurance Services USA Inc. agents/brokers place coverage.

In the event this market becomes insolvent, the provisions of the state insurance guaranty associations **will not** apply. State insurance guaranty associations provide a mechanism for the payment of covered claims under certain insurance policies in order to avoid excessive delay in payment and to lessen financial loss to claimants or policyholders because of the insolvency of an insurer.

We are providing you with this information so you can make a more informed judgment about whether to have your insurance placed with Public Workers' Compensation Program. If you wish to have your insurance placed with this market, please sign the acknowledgement below. We must receive a signed copy of this letter before your insurance can be placed.

Thank you for your careful consideration of this matter.

Sincerely,



Jim Brundage, CIC, CSR

ACKNOWLEDGMENT

The undersigned hereby acknowledges that he has instructed Wells Fargo Insurance Services USA Inc. to place insurance coverages with the non-traditional market shown above that is authorized by the Wells Fargo Insurance Services USA Inc. Security Committee. The undersigned understands that the insurance coverage written is not subject to the protection and benefit of the state insurance guaranty associations.

By: _____

Title: _____

Date: _____

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Evaluating Financial Strength and Capacity of Insurance Markets

Wells Fargo Insurance Services' objective is to place customer risks with insurers that are financially sound. Wells Fargo Insurance Services authorizes insurers that it believes, at the time of placement, have the financial ability to fulfill their claim payment obligations to our customers. This recommendation is based on financial and other relevant information that is available at the time of placement.

Wells Fargo Insurance Services has appointed a group of experienced insurance professionals to serve on a Market Security Committee. This Security Committee is responsible for establishing and utilizing guidelines for the selection of insurers and supporting Wells Fargo Insurance Services team members in their efforts to utilize financially sound insurers. In assessing the financial strength of insurers, the Security Committee relies upon the opinions and assessments of recognized rating agencies and other carrier review companies.

Wells Fargo Insurance Services is not a guarantor of the solvency of insurers with which its agents place business. The goal is to use all reasonable measures to do business with financially healthy insurers.

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Insurance Company Financial Information

Objective Assessments Help Insurance Buyers Make Informed Decisions

As your insurance broker, one of our objectives is to provide you with information and assessments published by rating agencies on the financial stability of the insurers currently underwriting your coverage's, or of those insurers we recommend you consider.

The A.M. Best rating for the insurance companies represented in this proposal are as follows:

Name	Admitted	Rating Agency Assessment	Surplus
Travelers Insurance	A+XV	Superior	
Trident Insurance	A XII	Excellent	
Edwards Risk Management	NR		

Financial Strength Ratings

A.M. Best Rating	S&P Rating	Rating Agency Assessment
A++, A+	AAA	Superior
A, A-	AAA, AA, AA-	Excellent
B++, B+	A+, A, A-	Good
B, B-	BBB+, BBB, BBB-	Fair, Vulnerable to adverse conditions
C++, C+	BB+, BB, BB-	Marginal, Financial security may be adequate
C, C-	B+, B, B-	Weak, vulnerable
D, E, F	CCC, CC, C	Poor, Extremely Vulnerable or Failed

Financial Size Ratings

A.M. Best also assigns categories to insurance companies to indicate levels of statutory surplus and related funds.

AM Best Financial Size Category	Adjusted Policyholder Surplus (in millions)	AM Best Financial Size Category	Adjusted Policyholder Surplus (in millions)
I	Less than \$1	IX	\$250 - \$500
II	\$1- \$2	X	\$500 - \$750
III	\$2 - 5	XI	\$750 - \$1,000
IV	\$5 - \$10	XII	\$1,000 - \$1,250
V	\$10 - \$25	XIII	\$1,250 - \$1,500
VI	\$25 - \$50	XIV	\$1,500 - \$2,000
VII	\$50 - \$100	XV	Above \$2,000
VIII	\$100 - \$250		

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