



May 4, 2021

Welch ISD #17  
P.O. Box 189  
Welch, OK 74369

Re: Commercial Package  
Oklahoma Schools Insurance Group  
Package Policy # OSIG-2021  
Policy Effective: 7/1/2021 to 7/1/2022

Dear Superintendent Highsmith:

Your Commercial Package and Workplace Violence policies will be renewing shortly. Attached is our quotation for coverage.

We are not aware of any changes in your exposures to loss, nor are we aware of any changes in your business operations that would necessitate additional coverage options. Please notify us immediately if you are planning any new business operations.

We would like to outline the following notable points for your consideration:

- Any entity not named in this proposal, may not be an insured entity. This may include affiliates, subsidiaries, LLC's, partnerships and joint ventures.
- The insurance carrier is Oklahoma Schools Insurance Group for the Package and Indian Harbor Insurance Company for the Workplace Violence policy.
- The renewal premium is \$73,890 for the OSIG Package Policy. The premium will be billed direct to you by the carrier. The renewal premium is \$2,776 for the Workplace Violence Policy plus a 6% tax and fee and will be an agency bill policy. Optional limits/premiums are provided on the Client Authorization to Bind Page.
- The premium is subject to a 25% minimum earned premium on the Package Policy.
- The OSIG premium is based upon the values reflected in the quote schedules.
- Defense costs are limited and included within the policy limits for Pollution Liability and the Workplace Violence Policy.
- Significant policy exclusions include but are not limited to the following:
  - o Property Coverage
  - o Government Action
  - o Nuclear Hazard, War and Military Action
  - o Computer Virus, Programming Errors or Omissions
  - o Collapse of Buildings
  - o General Liability Coverage
  - o Workers' Compensation, Disability Benefits Law, Unemployment Compensation and Similar Laws



- o Selling or serving of alcohol in any circumstances where a liquor license is required by law
- o Watercraft in excess of 26ft in length
- o Aircraft
- o War, military action, civil disturbance
- o Asbestos
- o Nuclear
- o Earthquake
- o Diving boards or starting blocks at swimming pools that do not meet current national and/or state
- o Minimum depths or other safety standards.
- o Any loss, cost or expense of the defense of any criminal proceeding
- o School Board Legal Liability
- o Assault and Battery
- o Claim seeking injunction or other non-pecuniary relief
- o ERISA
- o Fraud or dishonesty

- The School Board Legal Liability coverage is written on a “claims made” basis, Pollution Liability and Cyber Liability coverages are written on a claims-made and reported basis.
- Retroactive Date and/or Pending and Prior Litigation Date: No Retroactive Date Applies for School Board Legal Liability. Retroactive Date of July 1, 2014 for existing OSIG members on the July 1, 2014 policy at inception, for all other members, the retroactive date is the date of the addition to OSIG – applicable to Pollution Liability and Cyber Liability.

### **Definition of Claim – School Board Legal Liability**

Claim means a demand or civil Damage initiated against a Covered Party in a legal proceeding that can award those Damages (including but not limited to the filing of a suit or initiating arbitration) as a result of an Occurrence or Wrongful Act

### **Definition of Claim – Pollution**

Claim means the written assertion of a legal right received by the “insured” from a third-party, or from another “insured” that is party to an environmental indemnity obligation”, including, but not limited to, a “government action”, suits or other actions alleging responsibility or liability on the part of the “insured” for “bodily injury”, “property damage” or “remediation costs” arising out of “pollution conditions” or “indoor environmental conditions” to which this insurance applies.

### **Definition of Claim – Cyber Liability**

Claim means:

1. a written demand received by any **Insured** for money or services, including the service of a suit or institution of regulatory or arbitration proceedings;
2. a written threat or initiation of a suit seeking injunctive relief (meaning a temporary restraining order or a preliminary or permanent injunction); and,
3. with respect to coverage provided under Insuring Agreement I.C. only, institution of a **Regulatory Proceeding** against any **Insured**.



### **Incident or Claim Reporting Provisions – School Board Legal Liability**

The Covered Party against which or whom a Claim has been made, or the Member on behalf of the Covered Party, must give us written notice of any Claim as soon as reasonably practicable, but in no case later than 60 days after the end of the Coverage Period, promptly and fully give us such information with regard to that Claim as we may require, and cooperate with us in the investigation and defense of that Claim.

### Any other continuity or specific dates/limits applicable to the claims made conditions

Full prior acts coverage provided except for claims already made at the first date of coverage or was subject of prior litigation, court order, settlement, agreement or any known circumstance prior to the first date of coverage any officer had any reasonable basis to believe might lead to a claim. Officer means the superintendent, any associate or assistant superintendent, principal, assistant principal, personnel director, dean, school attorney or administrator.

### **Incident or Claim Reporting Provisions – Pollution Conditions or Indoor Environmental Conditions**

Any such “claim” or “first-party claim” must be reported to the insurer, in writing, during the “policy” period or within 30 days after the expiration of the “policy period” or during any applicable “extended reporting period”. The “first named insured” shall have a ninety (90) days basic “extended reporting period” with no additional charge.

### **Incident or Claim Reporting Provisions – Cyber Liability**

Claims must be first made against the insured and reported to underwriters during the policy period

- **Immediately report all claims to:**
  - o Contact: Gallagher Claims Service Center
  - o 800-777-9418 (p)
  - o 877-372-3169(f)
- Gallagher is responsible for the placement of the following lines of coverage:  
Property, Automobile Physical Damage, Boiler, General Liability, School Board Liability, Automobile Liability, Crime, Cyber Liability, Excess Liability Act of Workplace Violence and Stalking Threat Insurance.
  - o It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative. It is recommended that you consider purchasing coverage for the following, which are not included in your insurance program:  
Increased Umbrella Limits
- Should you elect to change carriers (if a new retro-active date is provided) or non-renew this policy, a supplemental extended reporting endorsement may be available subject to policy terms and conditions.



## Extended Reporting Period Option (ERP) - “TAIL COVERAGE”

### School Board Legal Liability

<b>Premium Amount:</b> 200% of expiring premium
<b>Premium Due Date:</b> Within 60 days of coverage termination
<b>Length of Reporting Period:</b> 2 Year Term
<b>Request Requirements:</b> 60 Day Election Period. Request must be written
<b>Significant Restrictions to ERP availability</b> Available if coverage cancelled by OSIG or if coverage is not renewed

### Pollution Liability

<b>Premium Amount:</b> 200% of expiring premium
<b>Premium Due Date:</b> Payment due date TBD
<b>Length of Reporting Period</b> Up to 33 months
<b>Request Requirements:</b> Prior to the expiration of the “policy period” Request must be written
<b>Significant Restrictions to ERP availability</b> Available if first named insured has not purchased any other insurance to replace this policy

### Cyber Liability

<b>Premium Amount:</b> % of expiring premium
<b>Premium Due Date:</b> Within 30 days of coverage termination
<b>Request Requirements:</b> 30 Day Election Period Request must be written
<b>Significant Restrictions to ERP availability</b> Available if coverage cancelled by OSIG or if coverage is not renewed, except for non-payment of premium



**To renew the policies**, please refer to the “Client Authorization to Bind Coverage Documents” attached. For your convenience I have compiled all the signature documents into one attachment.

1. Note any changes you desire to be made.
2. Mark yes or no in the Policy Options columns, date and sign.
3. Return prior to the effective date of coverage.
4. Signed Resolution to be signed by your Board of Education.
5. Email all completed documents to [matt\\_mcclaran@ajg.com](mailto:matt_mcclaran@ajg.com)
6. Workplace Violence Application (it is a one page document and is attached to the expiring signed application the carrier has one file) the first page needs to be updated with any changes, signed and dated and emailed to [matt\\_mcclaran@ajg.com](mailto:matt_mcclaran@ajg.com) We will forward a new location listing for you to the carrier.

We appreciate your business and look forward to working with you in the coming year. Please contact me if you have any questions.

Sincerely,

**Matt McClaran**

Assistant Program Manager – Loss Control & Underwriting  
Oklahoma School Insurance Group

D 918.764.7182

M 918.497.8282

[matt\\_mcclaran@ajg.com](mailto:matt_mcclaran@ajg.com)

<http://linkedin.com/in/mattmcclaran>

**Gallagher**

1300 South Main | Tulsa, OK 74119

[www.ajg.com](http://www.ajg.com)



### Compensation Disclosure Schedule

Coverage(s)	Carrier Name(s)	Wholesaler, MGA, or Intermediary Name 1	Estimated Annual Premium 2	Comm % or Fee 3	Gallagher U.S. owned Wholesaler, MGA or Intermediary %
Property, Automobile Physical Damage, Boiler, General Liability, School Board Liability, Automobile Liability, Crime, Cyber Liability and Excess Liability	Oklahoma Schools Insurance Group	N/A	\$73,890	8%	N/A
Option 1 / Workplace Violence \$1,000,000 Limit	Indian Harbor Ins. Co.	AmWins	\$2,776 Plus 6% tax	10% 0%	N/A
Option 2 / Workplace Violence \$2,000,000 Limit	Indian Harbor Ins. Co.	AmWins	\$3,926 Plus 6% tax	10% 0%	N/A
Option 3 / Workplace Violence \$3,000,000 Limit	Indian Harbor Ins. Co.	AmWins	\$4,808 Plus 6% tax	10% 0%	N/A
Option 4 / Workplace Violence \$4,000,000 Limit	Indian Harbor Ins. Co.	AmWins	\$5,552 Plus 6% tax	10% 0%	N/A
Option 5 / Workplace Violence \$5,000,000 Limit	Indian Harbor Ins. Co.	AmWins	\$6,208 Plus 6% tax	10% 0%	N/A

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.
2. If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
3. The commission rate is a percentage of annual premium excluding taxes & fees.



## Important Disclosures

**IMPORTANT:** The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

**TRIA/TRIPRA Disclaimer** – If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.



## Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary based on market conditions and the insurance product placed for the client.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.
3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.
4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third-parties, please contact Gallagher via e-mail at [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or by regular mail at:

Chief Compliance Officer  
Gallagher Global Brokerage  
Arthur J. Gallagher & Co.  
2850 Golf Rd.  
Rolling Meadows, IL 60008



### CARRIER RATINGS AND ADMITTED STATUS

<b>Proposed Insurance Companies</b>	<b>A.M. Best's Rating &amp; Financial Size Category *</b>	<b>Admitted/Non-Admitted **</b>
Oklahoma Schools Insurance Group (OSIG)	NR	N/A
Indian Harbor Insurance Company	A+ XV	Non-Admitted

\*Gallagher companies use A.M. Best rated insurers and the rating listed above was verified on the date the proposal document was created.

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\*\*If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

**WELCH ISD #17**

**CLIENT AUTHORIZATION TO BIND COVERAGE**

After careful consideration of Gallagher’s proposal dated **May 4, 2021**, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

**POLICY OPTIONS:**

YES	NO	OPTION DESCRIPTION
		<b>Bind All Policies As Shown Herein Except As Listed Below:</b>
		Option 1 - \$73,890 (With \$2,000,000 Excess Liability)
		<b>Workplace Violence – Select One</b>
		Option 1 - \$1,000,000 Limit Workplace Violence - \$2,776 + 6% taxes
		Option 2 - \$2,000,000 Limit Workplace Violence - \$3,926 + 6% taxes
		Option 3 - \$3,000,000 Limit Workplace Violence - \$4,808 + 6% taxes
		Option 4 - \$4,000,000 Limit Workplace Violence - \$5,552 + 6% taxes
		Option 5 - \$5,000,000 Limit Workplace Violence - \$6,208 + 6% taxes
		<b>Confirm there have been no changes from the information on the submitted application (attached) and that there have been no prior violent events as of the renewal binding date</b>
		<b>Provide Quotations or Additional Information on the following Coverage Considerations</b>
		Increased Limits of Excess Liability, Increased Limits Workplace Violence

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

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**EXPOSURES AND VALUES**

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from our records and we acknowledge it is our responsibility to see that they are maintained accurately. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

Gallagher’s liability to Client arising from any acts or omissions of Gallagher shall not exceed \$20 million in the aggregate. Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages or attorneys’ fees. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any Services provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher’s Privacy Policy located at <https://www.ajg.com/privacy-policy/>

I have read, understand and agree that the above-information is correct and has been disclosed to us prior to authorizing Gallagher to bind coverage and/or provide services to us.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Dated