



MarshMcLennan
Agency

Business Insurance Proposal

ISD #709

Duluth Public Schools

709 Portia Johnson Drive, Duluth, MN 55811

Presented By: Bob St. Arnold

Presented On: 06/18/2026

Policy Term: 08/01/2026 to 08/01/2027

Proposal Expires On: 08/01/2026

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Risk Prevention Service Team

Business Insurance

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Risk & Safety Consulting Claims Management

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Premium Summary & Comparison

COVERAGE	CURRENT CARRIER	2025-2026 ANNUALIZED EXPIRING PREMIUMS	PROPOSED CARRIER	2026-2027 PROPOSED RENEWAL PREMIUMS
Package	Liberty Mutual		Liberty Mutual	
Property & Inland Marine		\$456,844		\$448,889
Crime	Hanover	\$3,205	Hanover	\$3,205
General Liability		\$118,214		\$136,783
School Leaders E&O		\$154,806		\$164,390
Law Enforcement Legal Liability		\$1,500		\$1,500
Automobile	Liberty Mutual	\$88,765.50	Liberty Mutual	\$99,355
Workers' Compensation	Dakota Truck	\$150,199	Dakota Truck	\$143,394
Agency Fee – WC	MMA	\$25,000	MMA	\$25,000
Umbrella	Liberty Mutual	\$33,593	Liberty Mutual	\$36,450
Cyber	TMHCC	\$38,871.84 <i>Includes SLT/Fees</i>	TMHCC	\$38,871.84 <i>Includes SLT/Fees</i>
Terrorism		<u>Rejected</u>		
Total Estimated Annual Premium:		\$1,070,998.34		\$1,097,837.84

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

Cyber Subjectivities:

- Written Request to Bind Coverage
- Signed Non-Admitted Carrier Acknowledgement Form
- *Within 7 days of binding*-Application signed within 45 days of Inception by CEO, COO, CFO, CTO, President, Owner, Executive members- Example: Vice President, General Managers/Operation Managers /Partners,
- *Within 7 days of binding*-Confirmation of the approximate number of unique records the Applicant collects, stores, hosts, processes, controls, uses or shares that contain any private or sensitive information in electronic form.

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: _____

Notable Material Changes in Terms and Conditions

COVERAGE:	EXPIRING TERM	RENEWAL TERM
Building and Contents Values:	\$625,571,170 <i>2% increase in values</i>	\$644,114,418 3% increase in values, except the transportation building increased 11% per Liberty's replacement cost estimator
Computer Hardware Value:	\$9,870,195	\$9,657,755
Mobile Equipment Values	\$260,574	\$196,818 (removed 2023JD 3039R on renewal)
Workers' Compensation Changes:		
Experience Mod	.67	.62
Payrolls	\$90,239,458	\$84,199,894
Aggregate	\$440,000	\$500,000
Dividend	None	Added Table A Slides to 16% / 0-5% Loss Ratio

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

Named Insureds

ISD #709
Duluth Public Schools

Location Schedule

SEE STATEMENT OF VALUES

Property

COVERAGE:

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

BLANKET BUILDINGS AND BUSINESS PERSONAL PROPERTY, COMPUTER HARDWARE	\$500,000,000 per loss limit	<i>Total Values: \$654,894,173</i>
BLANKET BUSINESS INCOME :	\$1,122,000	
BLANKET EXTRA EXPENSE	\$1,000,000	
EARTH MOVEMENT:	\$1,000,000	
FLOOD:	\$1,000,000	Excludes High Hazard Flood Zones
EQUIPMENT BREAKDOWN	Included	
DEDUCTIBLE:	\$50,000	Property including computer hardware – all other perils
	\$100,000	Wind & Hail Deductible (<i>at each covered location</i>)
	\$100,000	Flood & Earthquake
	24 Hours	Equipment Breakdown waiting period
	72 Hours	Business Income waiting period
PROPERTY VALUATION:	Replacement Cost	Buildings, Contents
	Actual Cash Value	Roofs (except Administration & Transportation buildings)
COINSURANCE:	Agreed Amount	Buildings, Business Personal Property and Business Income
BUILDING ORDINANCE & LAW:	\$5,000,000	
OPERATION OF BUILDING LAWS	Included	
DEMOLITION	Included	
INC COST OF CONSTRUCTION	Included	

Inland Marine

COVERAGE	LIMIT
MISCELLANEOUS SCHOOL PROPERTY	\$300,000
- subject to a \$1000 deductible at Replacement Cost	
Includes: band uniforms and equipment, instruments, theatrical property including scenery and costumes and athletic equipment	
MISCELLANEOUS UNNAMED LOCATIONS	
- subject to a \$1000 deductible at Replacement Cost	\$100,000
Includes: computer hardware, cellular phones, laptops computers, and other personal electronic devices, cameras, audio/visual equipment while in possession of you, our employees or students	
FINE ARTS	\$100,000
- \$10,000 max per item	
- Subject to \$50,000 deductible at Actual Cash Value	
SIGNS WITHIN 1250' OF PREMISES	Covered under the building limit
- subject to \$50,000 deductible at Replacement Cost	
DWELLINGS UNDER CONSTRUCTION – Vocational Class-	\$500,000
- subject to \$50,000 deductible at Replacement Cost	
- 90 days of coverage from beginning of construction	
ELECTRONIC DATA PROCESSING- subject to \$50,000 Deductible per loss.	
COMPUTER HARDWARE LIMIT	\$9,657,755
COMPUTER SOFTWARE LIMIT	\$25,000

Scheduled Equipment

COVERAGE		Limit
Scheduled Equipment		\$196,818
Leased/Rented Equipment		\$100,000
COVERAGE:		
Policy provides coverage on a Special Cause of Loss, subject to all policy conditions, limitations and exclusions.		
VALUATION:		
ACTUAL CASH VALUE		
DEDUCTIBLE:		
\$1,000		

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

			TOTAL:	\$196,818
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- 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

COVERAGE – OCCURRENCE FORM	LIMIT
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	\$100,000
Medical Expense (excluding students)	\$5,000
Sexual Misconduct & Molestation Liability – Each Loss / Aggregate	\$1,000,000/\$1,000,000
Innocent Party Defense	\$300,000
Deductible	\$25,000
Violent Event Response Coverage – Aggregate	\$1,000,000
Violent Event Response Coverage – each personal limit	\$25,000
COVERAGE – CLAIMS MADE FORM	LIMIT
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	25-26 PREMIUM BASIS	26-27 PREMIUM BASIS
47471	Public Schools – Grade K-8 (# of studentr)	5422	5784
47473	Public Schools – Grade 9-12 (# of students)	2993	2986
47469	Faculty Liability (# of faculty)	885	923
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
	Solar Panels (operated by insured)	2	2

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 \$10,000 Deductible*
- Student Professional Liability Included for Health Occupation Training
- Additional Insured status for students while in internship or work study program
- Public Entity Immunity and Tort Cap Preservation Endorsement

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
- Firearms Exclusion
- Trampoline (60" or more in diameter)
- Equestrian & Riding Operations
- Wildfire Exclusion

School Leaders Errors & Omissions Liability

COVERAGE – CLAIMS MADE FORM	LIMIT
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	Intentional Fraudulent, Dishonest or Criminal Acts
Bodily Injury or Property Damage	Asbestos
Sexual Abuse or Molestation of Students	Pollution
Cross Claims or Counter Claims	Lead
Hazardous Properties of Nuclear Material	Punitive Damages
Pending & Prior Litigation	Salary Awards
Firearms	

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	\$2,500
Collision Coverage	Owned Autos	\$2,500
Hired Car Physical Damage	Hired Autos	\$50,000
Comprehensive Deductible		\$2,500
Collision Deductible		\$2,500
Garage Keepers (primary)	Comprehensive & Collision Limit	\$45,000
	Comprehensive Deductible	\$500/\$2,500
	Collision Deductible	\$500
Coverage Enhancement:	Form #: Auto Extension Endorsement	

COVERED AUTOS: PER ATTACHED SCHEDULE

YEAR	MAKE	MODEL	VIN #	GARAGING LOCATION	COMP	COLL
			61 Units - 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

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	25-26 PAYROLL	26-27 PAYROLL
MN	8868	Professional	\$83,819,726	\$78,104,763
MN	9101	Maintenance/Food Service	\$5,103,003	\$4,596,907
MN	7382	Bus Drivers	\$1,194,590	\$1,387,383
MN	8385	Bus Mechanics	\$122,139	\$110,841
			Manual Premium	\$108,757
			Expense Constant	\$220
			Terrorism	\$8,420
		MN Special Compensation Fund		\$7,797
		Claim Handling Fees		\$15,200
		Loss Control Fee		\$3,000
		MMA Agency Fee		\$25,000
		Total Cost of Program		\$168,394

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

Cost of program based on \$100,000 per claim deductible

Award Table A (≥ 5 years tenure)						
Incurring Loss Ratio	Under \$25,000 ⁽¹⁾	\$25,001 to \$50,000 ⁽¹⁾	\$50,001 to \$75,000	\$75,001 to \$100,000	\$100,001 To \$250,000	> \$250,001
0% to 5.0%	7.0%	8.0%	10.0%	13.0%	16.0%	20.0%
5.1% to 10%	6.0%	7.0%	9.0%	11.0%	13.0%	17.0%
10.1% to 15%	6.0%	7.0%	8.0%	9.0%	11.0%	14.0%
15.1% to 20%	5.0%	6.0%	7.0%	8.0%	10.0%	11.0%
20.1% to 25%	5.0%	5.0%	6.0%	7.0%	8.0%	9.0%
25.1% to 30%	5.0%	5.0%	5.0%	6.0%	7.0%	8.0%
30.1% to 35%	4.0%	4.0%	4.0%	5.0%	6.0%	6.0%
35.1% to 40%	4.0%	4.0%	4.0%	4.0%	5.0%	5.0%
40.1% to 45%	4.0%	4.0%	5.0%	4.0%	4.0%	4.0%
45.1% to 50%	3.0%	3.0%	3.0%	3.0%	4.0%	3.0%
50.1% to 55%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
55.1% to 60%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
> 60%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Workers' Compensation Renewal Exhibit

Program	2025/2026 \$100,000 Deductible	2026/2027 \$100,000 Deductible
Aggregate	\$440,000	\$500,000
Premium	\$131,699	\$125,194
Claim Handling Fee	\$ 15,500	\$ 15,200
Loss Control Fee	\$ 3,000	\$ 3,000
Agency Fee	\$ 25,000	\$ 25,000
* Cost of Program	\$175,199	\$168,394
Estimated Payrolls	\$90,239,458	\$84,199,894
Composite Rate/\$100 (excluding TRIA)	\$ 0.1254	\$ 0.1292

Policy Term	23/24	24/25	25/26	26/27
Projected Cost of Risk as of: 5/11/2026				
Projected Losses within Ded.	\$104,381	\$76,946	\$398,925	\$151,560
Cost of Program	\$167,675	\$183,638	\$175,199	\$168,394
Total Cost of Risk	\$272,056	\$260,584	\$310,558	\$319,954

\$2500 Deductible 5 year average annual premium = \$503,766

Projected Cost of Risk is based on the most recent 5 years loss history

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

25/26 cost of program is unaudited

Workers' Compensation (Continued)

EXPERIENCE MODIFICATION FACTOR HISTORY:

POLICY TERM	EXPERIENCE MOD.
2026-2027	.62
2025-2026	.67
2024-2025	.68
2023-2024	.78
2022-2023	.85
2021-2022	1.38
2020-2021	1.37

Umbrella

LIMIT OF LIABILITY	LIMIT
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:

COVERAGE		LIMIT
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

INSURED:	ISD #709 Duluth Public Schools
INSURER:	<i>Houston Casualty Company (TMHCC) (Non-Admitted)</i>
AM BEST RATING:	A++ XV (Superior)
POLICY FORM:	NetGuard Policy <u>NGP 1000 (4.2020)</u>
POLICY TERM:	August 1, 2026 to August 1, 2027

CLAIMS MADE COVERAGE	EXPIRING	RENEWAL
LIMITS:		
Maximum Policy Aggregate	\$ 2,000,000	\$ 2,000,000
Third Party Liability		
Multimedia Liability Coverage	\$ 2,000,000	\$ 2,000,000
Security and Privacy Liability Coverage	\$ 2,000,000	\$ 2,000,000
Privacy Regulatory Defense and Penalties Coverage	\$ 2,000,000	\$ 2,000,000
PCI DSS Liability Coverage	\$ 2,000,000	\$ 2,000,000
Bodily Injury Liability Coverage	\$ 250,000	\$ 250,000
Property Damage Liability Coverage	\$ 50,000	\$ 50,000
TCPA Defense Coverage	\$ 50,000	\$ 50,000
First Party Insuring Agreements		
Breach Event Costs Coverage	\$ 2,000,000	\$ 2,000,000
Post Breach Remediation Costs Coverage	\$ 25,000	\$ 25,000
BrandGuard Coverage	\$ 2,000,000	\$ 2,000,000
System Failure Coverage	\$ 2,000,000	\$ 2,000,000
Dependent System Failure Coverage	\$ 2,000,000	\$ 2,000,000
Cyber Extortion Coverage	\$ 2,000,000	\$ 2,000,000
Cyber Crime Coverage		
Financial Fraud	\$ 500,000	\$ 500,000
Telecommunications and Utilities Fraud	\$ 500,000	\$ 500,000
Phishing Fraud Sublimits		
-Your Phishing Fraud Loss	\$ 500,000	\$ 500,000
-Client Phishing Fraud Loss	\$ 250,000	\$ 250,000
-Phishing Fraud Aggregate	\$ 250,000	\$ 250,000
Cyber Crime Aggregate	\$ 500,000	\$ 500,000
Bricking Loss Coverage	\$ 2,000,000	\$ 2,000,000
Property Damage Loss Coverage	\$ 50,000	\$ 50,000
Reward Expenses Coverage	\$ 100,000	\$ 100,000
Court Attendance Costs Coverage	\$ 25,000	\$ 25,000
Additional Defense Costs Limit	N/A	N/A
Breach Event Costs Outside the Limit	Included	Included

Network Security & Privacy Liability (Continued)

RETENTION:		
Court Attendance Costs Coverage		None
System Failure Waiting Period	8 Hours	8 Hours
Dependent System Failure Waiting Period	12 Hours	10 Hours
BrandGuard Waiting Period	14 Days	14 Days
All Others, Each Claim	\$ 25,000	\$ 25,000
ANNUAL PREMIUM:	\$ 37,530	\$ 37,530
Policy Fee	\$ 195	\$ 195
Surplus Lines Tax	\$ 1,131.75	\$ 1,131.75
Surplus Lines Fee	\$ 15.09	\$ 15.09
TOTAL ANNUAL PREMIUM	\$ 38,871.84	\$ 38,871.84

RETROACTIVE DATE: Full Prior Acts

KNOWLEDGE DATE: August 1, 2024

TERMS AND CONDITIONS IN ADDITION TO THE POLICY FORM:

(Per Expiring, Unless Noted)

1. Amendment of Other Insurance Provisions: Excess Insurance
2. Biometric Claims Sublimit
 - \$250,000 Each Biometric Claim/\$250,000 Aggregate
 - Deductible to Match Policy
 - Full Prior Acts
3. Dependent System Failure Non-IT Service Provider Sublimit: \$2,000,000 Per Claim & Aggregate
4. Nuclear Incident Exclusion
5. Policyholder Disclosure Notice of Terrorism Insurance Coverage
6. Service of Suit
7. War and Cyber Operation Exclusion
8. Cyber Crime Amendatory Undelivered Goods or Services
9. Cyber Extortion Amendatory: Pay on Behalf
10. Missed Bid Loss Sublimit-\$250,000-**New**
11. Unlawful Collection of Data Exclusion-**New**
12. Marsh-MMA Amendatory-**New**
13. Deepfake Response Sublimit-\$250,000 **New**

Removed:

- Amendment of Created or Acquired Subsidiaries Clause-Acquisition Threshold: 10% **Policy provisions cover up to 30%**

SUBJECT TO:

- Written Request to Bind Coverage
- Signed Non-Admitted Carrier Acknowledgement Form
- *Within 7 days of binding*-Application signed within 45 days of Inception by CEO, COO, CFO, CTO, President, Owner, Executive members- Example: Vice President, General Managers/Operation Managers /Partners,
- *Within 7 days of binding*-Confirmation of the approximate number of unique records the Applicant collects, stores, hosts, processes, controls, uses or shares that contain any private or sensitive information in electronic form.

Crime

INSURED:	ISD #709 Duluth Public Schools
INSURER:	The Hanover Insurance Company (Admitted)
AM BEST RATING:	A (Excellent)
POLICY FORM:	CR 00 26 11 15
POLICY TERM:	August 1, 2025 to August 1, 2028

LOSS DISCOVERED	2025-2028
(LIMITS (PER CLAIM):	
Employee Theft	\$ 500,000
Client Property	\$ 500,000
Forgery or Alteration	\$ 200,000
Inside the Premises- Theft of Money & Securities; Robbery or Safe Burglary or Other Property	\$ 10,000
Outside the Premises	\$ 10,000
Computer and Funds Transfer Fraud	\$ 1,500,000
False Pretenses	\$ 50,000
Telephone Toll Fraud	\$ 100,000
DEDUCTIBLE: (PER CLAIM)	
False Pretenses	\$ 25,000
Employee Theft, Client Property, Forgery or Alteration, Computer and Funds Transfer Fraud & Telephone Toll Fraud	\$ 10,000
Premises	\$ 1,000
All Other	N/A
ANNUAL PREMIUM INSTALLMENT:	\$ 3,205
TOTAL 3 YEAR PREMIUM:	\$ 9,615

TERMS AND CONDITIONS IN ADDITION TO THE POLICY FORM:

- Signature Page
- 1. Minnesota Changes
- 2. Telephone Toll Fraud - \$100,000 Limit with \$10,000 Deductible
- 3. Faithful Performance of Duty - \$500,000 Limit
- 4. Include Expense Incurred to Establish Amount of Loss - \$50,000 Limit
- 5. Exclude Cyber Extortion CW
- 6. Clients Property – Blanket (Government) - \$500,000 Limit
- 7. False Pretenses Coverage - \$50,000 Limit / \$25,000 Retention
- 8. Amend Computer and Funds Transfer fraud Insuring Agreement - \$1,500,000 Limit
- 9. Include Volunteer Workers as Employees

SUBJECT TO:

- Written Request to Bind Coverage

Non-Admitted Carriers Disclosure-Cyber

“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: Tokio Marine/Houston Casualty Company

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

Minimum Earned & Deposit Premiums

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

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.
- For direct bill policies: Notices you receive from your insurer regarding past due premiums or cancellations due to non-payment of premium shall be considered notice from Marsh & McLennan Agency LLC (MMA). Because your bill comes directly from your insurer, MMA does not provide notice of potential lapse of coverage due to non-payment of premium to clients where coverage is written on a direct bill basis.

Your Service Team maintains the on-line 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	\$2,529
General Liability	\$1.857
Law Enforcement Legal	\$15
School Leaders E&O	\$1,644
Workers' Compensation (Cannot reject coverage)	\$8,420
Umbrella/Excess	\$0

- 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

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: [Leading the Way in Transparency | Marsh](#). 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. If MMA places business through an affiliated wholesale broker or managing general agent, MMA will advise the client of this at or prior to placement.
- **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

- **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 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. MMA may also have arrangements with vendors who compensate MMA for referring clients for vendor services.

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 one times annual revenue, 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.

Rev. May 18, 2025

Disclaimer

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 XIV	www.accidentfund.com	12/7/2022
Acuity	A+ XV	www.acuity.com	1/25/2023
Affiliated FM Insurance Co.	A+ XV	www.affiliatedfm.com	1/127/2023
Allied Insurance Group	A+ XV	www.alliedinsurance.com	12/1/2022
American Compensation Ins Co. (RTW)	A XV	www.rtw.com	7/27/2022
American Interstate	A IX	www.amerisafe.com	7/14/2022
Capitol Indemnity	A VIII	www.capitolindemnity.com	1/10/2023
AXA XL / Catlin	A+ XV	www.xlcatlin.com	11/9/2022
AIG	A XV	www.aig.com	12/16/2022
Chubb	A++ XV	www.chubb.com	12/1/2022
Cincinnati Insurance Company	A+ XV	www.cinfin.com	2/9/2023
CNA	A XV	www.cnacentral.com	8/4/2022
Community Insurance Corporation	Not Rated	www.communityinsurancecorporation.com	N/A
Continental Western	A+ XV	www.continentalwestern.com	6/1/2023
Crum & Forster	A XV	www.cfins.com	7/14/2022
Dakota Truck Underwriters (member of Dakota Group)	A- VIII	www.rascompanies.com	7/27/2022
EMC	A XIV	www.emcinsurance.com	12/21/2022
Fidelity & Deposit of Maryland	A+ XV	www.zurichna.com	10/21/2022
Firemans Fund	A+ XV	www.firemansfund.com	3/8/2023
Hanover	A XV	www.hanover.com	6/22/2023
Harleysville	A+ XV	www.harleysvillegroup.com	12/1/2022
Hartford	A+ XV	www.thehartford.com	8/25/2022
Hartford Steam Boiler	A++ XI	www.hsb.com	7/29/2022
Indiana Insurance (member of Liberty Mutual)	A XV	www.indiana-ins.com	7/27/2022
Indiana Lumbermens Mutual	A- VIII	www.plmilm.com	6/16/2022
Lexington	A XV	www.intactspecialty.com	12/16/2022
Liberty Mutual	A XV	www.aig.com	7/27/2022
Markel	A XV	www.libertymutualgroup.com	9/30/2022
Medmarc	A XIII	www.markelcorp.com	5/23/2023
Intact / Atlantic Specialty	A+ XV	www.medmarc.com	5/18/2023
Pennsylvania Lumbermens Mutual	A- VIII	www.plmins.com	6/16/2022
Philadelphia	A++ XV	www.phly.com	12/14/2022
QBE	A XV	www.qbena.com	5/5/2023
SFM	A- IX	www.sfmic.com	4/18/2023
Society Insurance	A- VIII	www.societyinsurance.com	6/23/2023
Travelers	A++ XV	www.travelers.com	7/29/2022
United Fire & Casualty	A- X	www.ufginsurance.com	8/18/23
United Heartland (see Accident Fund)	A XIV	www.accidentfund.com	12/7/2022
Virginia Surety	A XIV	www.assurant.com	8/26/2022
Wausau (member of Liberty Mutual)	A XV	www.wausau.com	7/27/2022
West Bend Mutual Insurance/NSI	A XIV	www.thesilverlining.com	6/14/2023
Western National Mutual Insurance Company	A+ XI	www.wnins.com	8/12/2022
Westfield National Insurance Company	A XV	www.westfieldinsurance.com	1/31/2023
Zurich	A+ XV	www.zurichna.com	10/21/2022

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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