

# Village of Long Grove

3110 Old McHenry Road  
Long Grove, IL 60047

## Proposal of Insurance

Revised: November 15, 2012

Property, Inland Marine, Automobile, General Liability, Public Officials Liability, Employee Benefits Liability, Employment Practices Liability, Crime, Umbrella, Workers Compensation, and Boiler & Machinery

Effective: December 31, 2012 to December 31, 2013



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This proposal of coverage is intended to facilitate your understanding of the insurance program we have arranged on your behalf. It is **not** intended to replace or supersede your insurance policies.

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## Confidentiality Statement

We consider as confidential any information presented by Arthur J. Gallagher Risk Management Services, Inc. in our Proposal of Insurance and Risk Management Services, as well as subsequent verbal and written communications between our organizations.

We ask that other brokers not have access to our material and that information presented in this proposal be shared only with those who have a need to know within your city.

We make our commitment to you that information already received from you, and any additional to follow, will be treated with the same high level of respect and confidentiality.

### ATTENTION

This proposal of coverage is intended to facilitate your understanding of the insurance program we have arranged on your behalf. It is **not** intended to replace or supersede your insurance policies.





*You deserve a broker  
who places the client first.*



## Gallagher Ranked #1 In Client Satisfaction!



### Normally, we don't like to pat ourselves on the back.

But every so often our clients or someone in the industry will share with us how they feel about our partnership, the services we provide, or how we conduct business. And at Arthur J. Gallagher & Co. we're especially proud of two recent announcements.

### Greenwich Associates Ranks Gallagher #1 in Overall Client Satisfaction.<sup>1</sup>

Gallagher ranked #1 in overall client satisfaction among the five largest brokers in Greenwich Associates 2012 Large Corporate Insurance Survey. More than 700 clients were surveyed, and we placed first or second in every category, including #1 in "likelihood to recommend" - which means our clients are more likely to recommend us than any of our competitors' clients.

Gallagher also ranked first in the following 10 categories:

- #1 IN UNDERSTANDING CLIENTS' BUSINESS NEEDS
- #1 IN ETHICALITY
- #1 IN TRANSPARENCY IN COMPENSATION & PRICING
- #1 IN PROMPT FOLLOW-UP ON REQUESTS
- #1 IN KNOWLEDGE OF INSURANCE PRODUCTS
- #1 IN FLEXIBILITY
- #1 IN ABILITY TO INNOVATE
- #1 IN SATISFACTION WITH VISIT FREQUENCY
- #1 IN GLOBAL COORDINATION AND MANAGEMENT
- #1 IN THOUGHT LEADERSHIP

2012 Large Corporate Insurance Survey  
Broker Rankings



The Top 5 brokers by market share (listed alphabetically) are Aon, Gallagher, Lockton, Marsh, and Willis.

### Gallagher named one of the World's Most Ethical Companies for 2012.<sup>2</sup>

Arthur J. Gallagher & Co. was also recently named one of the World's Most Ethical Companies for 2012 by The Ethisphere Institute. Gallagher joins a small but distinguished list of companies committed to operating at the highest standards.



### You manage your business. Let Gallagher manage your risk.

Arthur J. Gallagher & Co. operates differently than most insurance brokers. Our expert advisors are ready to get inside your business and truly understand your operations, your thinking, your past experiences and future plans. Only then can we architect solutions that truly support your objectives.



Arthur J. Gallagher & Co.

<sup>1</sup> Rankings based on Greenwich Associates Large Corporate Insurance Study (January 2012) of more than 700 companies. The top 5 brokers (by market share, listed alphabetically) are Aon, Gallagher, Lockton, Marsh and Willis.

<sup>2</sup> Ethisphere Institute, March 2012.

# The Gallagher Way

Shared values at Arthur J. Gallagher & Co. are the rock foundation of the Company and our Culture. What is a Shared Value? These are concepts that the vast majority of the movers and shakers in the Company passionately adhere to. What are some of Arthur J. Gallagher & Co.'s Shared Values?

1. We are a Sales and Marketing Company dedicated to providing excellence in Risk Management Services to our clients.
2. We support one another. We believe in one another. We acknowledge and respect the ability of one another.
3. We push for professional excellence.
4. We can all improve and learn from one another.
5. There are no second-class citizens—everyone is important and everyone's job is important.
6. We're an open society.
7. Empathy for the other person is not a weakness.
8. Suspicion breeds more suspicion. To trust and be trusted is vital.
9. Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader.
10. Interpersonal business relationships should be built.
11. We all need one another. We are all cogs in a wheel.
12. No department or person is an island.
13. Professional courtesy is expected.
14. Never ask someone to do something you wouldn't do yourself.
15. I consider myself support for our Sales and Marketing. We can't make things happen without each other. We are a team.
16. Loyalty and respect are earned—not dictated.
17. Fear is a turnoff.
18. People skills are very important at Arthur J. Gallagher & Co.
19. We're a very competitive and aggressive Company.
20. We run to problems—not away from them.
21. We adhere to the highest standards of moral and ethical behavior.
22. People work harder and are more effective when they're turned on—not turned off.
23. We are a warm, close Company. This is a strength—not a weakness.
24. We must continue building a professional Company—together—as a team.
25. Shared values can be altered with circumstances—but carefully and with tact and consideration for one another's needs.

When accepted Shared Values are changed or challenged, the emotional impact and negative feelings can damage the Company.

Robert E. Gallagher - May 1984

## Executive Summary

The entire staff at Arthur J. Gallagher Risk Management Services, Inc. would like to thank the Village of Long Grove for the opportunity to present our background, experience, and qualifications as they pertain to the Village's insurance and risk management needs.

The Village of Long Grove will directly benefit from utilizing our collective knowledge and experience of serving as broker to many Public and Governmental Entities. Nationally, we provide services to over 5,000 schools, municipalities, and counties encompassing over 500,000 employees and \$30,000,000,000 in property values. The Arthur J. Gallagher Risk Management Services, Inc. division of Arthur J. Gallagher & Co. is solely focused on this segment of the market and our expanding client list, market relationships, and personnel reflect that commitment.

We are confident that our proposal will demonstrate our ability to service the risk management needs and confirm our commitment to the Village of Long Grove based on:

- Our office's strong national presence, which includes clients from New Hampshire to Idaho, and
- Our expertise in governmental entities.

Our company has the expertise and breadth of services to meet all of your risk management needs. We have an experienced team that will work as an extension of your risk management department and will be committed to ensure your program's success.

We again thank you for this opportunity and look forward to be of service to you.

Alex Burton  
Account Executive



## Service Team

**Fax Number:** (630) 285-4062  
**Office Hours:** 9:00 a.m. to 5:00 p.m.  
Monday – Friday

**The Gallagher Centre**  
**Two Pierce Place**  
**Itasca, IL 60143**

A service team approach will be implemented for Village of Long Grove to provide a senior level availability for all of your services and risk management needs as well as daily service requirements.

### Service Team

**Alex Burton**

Account Executive

(630) 285-3435  
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Area Vice President

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Area President

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Executive Risk Management  
Representative

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## The Gallagher Team Approach

For more information on Gallagher's compensation arrangements, please visit [www.ajg.com/compensation](http://www.ajg.com/compensation).

### Account Service

At Arthur J. Gallagher & Co., we strive for long-term relationships. Insurance relationships begin with solid, cost-effective insurance programs, but endure because of excellent service. We will address the day-to-day needs of your organization in a timely manner, and by being proactive regarding your insurance program throughout each insurance term and market cycle. In these ways, we can address your changing insurance needs.

### Renewals

At each renewal, we will meet with you to establish a renewal game plan, determining how many markets should be approached, how pricing is in the insurance marketplace, and what specific needs must be addressed. We will then approach markets we feel will present the best alternatives, and present each alternative at renewal as an option, even if we still feel the incumbent program is strongest. We will demonstrate how we have created competition within the marketplace to ensure that you receive the best renewal terms.

We make ourselves accountable by working with you to develop a written service schedule that meets your needs. You can track our service by referring to our written service commitment. Service becomes especially important as you continue to change and prosper.

As a top national broker, we have access to over 150 insurance companies and wholesalers. This maximizes your insurance options in any given policy year situation. In addition, the relationships we have cultivated with our markets are excellent. Our integrity and influence in the marketplace gives us an edge over other brokers. These factors are especially important to consider as the insurance needs of your organization become more complex, requiring more sophisticated solutions.

During the policy year, Arthur J. Gallagher & Co. will strive to provide the following service standards:

### Premium Allocations

We will provide premium breakdown by department, if requested.

### Automobile Identification Cards

ID cards will be issued upon binding of coverage.

### Phone Calls

Phone calls will be returned within one working day of receipt.

### Certificates of Insurance

Certificates of Insurance will be issued within one working day of receipt.

### Quarterly Account Review

Quarterly account reviews will include review of claims, exposures, audits, and service.

### Claims

Claims will be reported directly to the Claims Administrator within one working day of receipt, and immediate acknowledgement of receipt will be sent to you. The Claims Administrator will follow up with the carrier within ten working days after receipt of a claim. All claims exceeding incurred reserves of \$10,000 will be discussed in detail at the quarterly account review. Monthly claim reports will be provided if requested.

### Loss Control

We will coordinate all loss control activities between you and the service provider. We recommend that service be provided on a quarterly basis. We will also arrange loss control seminars on topics chosen by you upon request.



## Market Review

Obtaining a comprehensive and competitively priced program of insurance in the marketplace requires more than access to the market. Past experience and credibility with markets are the foundation of a successful campaign for your company. Accurate and detailed specifications are essential in all of Arthur J. Gallagher Risk Management Services, Inc. communications to each insurance company contacted.

Insurance Carrier	Coverages	<u>Carrier Position</u> <ul style="list-style-type: none"> <li>• Quoted</li> <li>• Declined &amp; Reason</li> <li>• Indication</li> <li>• Verbal Quote</li> </ul>
Argonaut Great Central Insurance Company (Trident Group)	Package: General Liability, Law, Automobile, POL, EPLI, EBL, Umbrella, Property, Inland Marine, Equipment Breakdown	Quoted
Illinois Public Risk Fund	Workers Compensation	Quoted
Hanover Insurance Group	Crime	Quoted
Underwriters at Lloyd's, London	General Liability including Automobile Liability, Public Officials Liability, Employment Practices Liability, Law Enforcement Liability, Property, and Inland Marine	Quoted
Allied World Assurance Company	General Liability including Automobile Liability, Public Officials Liability, Employment Practices Liability, Law Enforcement Liability, Property, Inland Marine	Declined – not competitive
Travelers Property Casualty Company of America	Boiler & Machinery	Quoted



# Carrier Ratings and Admitted Status Rating Levels and Categories

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. 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.

Carriers that Quoted	A.M. Best's Rating	Admitted/ Non-Admitted
Argonaut Great Central Insurance Company (Trident Group)	A XII	Admitted
Illinois Public Risk Fund	Not Rated <sup>(1)</sup>	Admitted
Citizens Insurance Company of America	A XIV	Admitted
Underwriters at Lloyd's, London	A XV	Admitted
Allied World Assurance Company	A XV	Admitted
Travelers Property Casualty Company of America	A+ XV	Admitted

If the above indicates coverage is placed with a non-admitted carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.  
 The above A.M. Best Rating was verified on the date the proposal document was created.

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

Financial Size Categories					
FSC I		Up to 1,000	FSC IX	250,000	to 500,000
FSC II	1,000	to 2,000	FSC X	500,000	to 750,000
FSC III	2,000	to 5,000	FSC XI	750,000	to 1,000,000
FSC IV	5,000	to 10,000	FSC XII	1,000,000	to 1,250,000
FSC V	10,000	to 25,000	FSC XIII	1,250,000	to 1,500,000
FSC VI	25,000	to 50,000	FSC XIV	1,500,000	to 2,000,000
FSC VII	50,000	to 100,000	FSC XV	2,000,000	or more
FSC VIII	100,000	to 250,000			

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

**Best's Insurance Reports**, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.  
 A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.  
 Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges.  
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(1) The Illinois Public Risk Fund is a Self-Funded program established in 1985 solely for the purpose of providing Workers Compensation coverage to public entities in Illinois. Reinsurance is provided by Safety National Casualty Corporation, which is rated A IX by A.M. Best's.



Arthur J. Gallagher Risk Management Services, Inc.

# GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS – INSURER

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

## Financial Strength Ratings – Insurer

	Rating	Descriptor	Definition
<b>Secure</b>	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
<b>Vulnerable</b>	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

## Rating Outlooks

Assigned to an interactive Financial Strength Rating to indicate its potential direction over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

## Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process.
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

## Affiliation Codes

Indicates rating is based on a type of affiliation with other insurers.

g	Group	p	Pooled	r	Reinsured
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## Not Rated Categories

Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.

NR-1: Insufficient Data.	NR-2: Insufficient Size and/or Operating Experience.	NR-3: Rating Procedure Inapplicable.
NR-4: Company Request.	NR-5: Not Formally Followed.	

## Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's *Terms of Use* at [www.ambest.com](http://www.ambest.com).

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**Version 041410**



## Coverage Highlights

**Underwriters at Lloyd's, London**



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Coverage:** Property  
**Carrier:** Underwriters of Lloyd's, London  
**Form Type:** Per Occurrence  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Valuation Type	Deductible	Premium*
Building and Personal Property	\$4,398,753	Replacement Cost	\$500 unless noted below	\$11,106

\* Premium does not include TRIA premium of \$180.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

### Coverages include, but are not limited to:

	Limit	Deductible
• Contractors Equipment – Scheduled	\$50,000	\$500
• Contractors Equipment – Unscheduled (\$2,500 maximum per any one item applies)	\$100,000	\$500
• Earthquake – Nondamage areas only	\$4,000,000	\$25,000
• Flood – 100- and 500-Year Flood Plains, as defined by FEMA, are excluded	\$4,000,000	\$25,000

### Additional Coverages:

	Limit	Deductible
• Automated External Defibrillator	\$5,000	Policy Deductible
• Collapse	Limit extended	Policy Deductible
• Commandeered Property of Others (Other than Automobiles)	\$250,000	Policy Deductible
• Crime Reward – Excluding Arson	\$25,000	Policy Deductible
• Debris Removal of Covered Property	25% of loss + \$25,000 Per Location	Policy Deductible
• Emergency Evacuation Expense	\$25,000	Policy Deductible
• Emergency Real Estate Consulting Fee	\$5,000	Policy Deductible
• Employee Dishonesty	\$50,000	\$250 Deductible
• Exterior Building Glass	Included	Policy Deductible
• Fire Department Service Charge	\$25,000	No Deductible
• "Fungus," Wet Rot, Dry Rot and Bacteria – Limited Coverage	\$15,000	Policy Deductible
• Inventory and Appraisal Cost for Claim Preparation	\$10,000	Policy Deductible
• Lease Cancellation Moving Expenses	\$2,500	Policy Deductible
• Money and Securities	\$25,000	Policy Deductible
• Pollutant Cleanup and Removal	\$25,000	Policy Deductible
• Preservation of Property	Included	Policy Deductible
• State Forest Fire Expense	\$25,000	Policy Deductible
• Temporary Meeting Space	\$1,000	No Deductible
• Water Damage, Other Liquid, Powder or Molten Material Damage	Included	Policy Deductible



**Coverages Extensions:**

	<b>Limit</b>	<b>Deductible</b>
• Accounts Receivable – Per Occurrence on premises/off premises	\$250,000/\$50,000	Policy Deductible
• Animals and Canines – Per Animal and Per Occurrence	\$1,500/\$10,000	Policy Deductible
• Appurtenant Building or Structures	\$10,000	Policy Deductible
• Arson Reward	\$25,000	No Deductible
• Building Ordinance or Law – Coverage A (Undamaged)	Included	Policy Deductible
• Coverage B (Demolition) and Coverage C (increased Cost of Construction)	\$350,000	Policy Deductible
• Business Income	\$250,000	Policy Deductible
• Extra Expense	\$500,000	Policy Deductible
• Business Income – Loss of Tax Revenue	\$600,000	No Deductible
• Change in Temperature, Electrical Damage and Off-Premises utility Services – Direct Damage	\$50,000	Policy Deductible
• Communication Towers	\$100,000	Policy Deductible
• Contractors’ Equipment – Nonowned – Per Item and Per Occurrence Limit	\$75,000/\$250,000	Policy Deductible
• Emergency Portable Equipment – Schedule required for limits above basic limit	\$25,000	Policy Deductible
• Employees Tools – Per Employee and Per Occurrence Limit	\$500/\$1,500	Policy Deductible
• Fair or Exhibitions	\$50,000	Policy Deductible
• Fine Arts – Per Item and Per Occurrence Limit	\$5,000/\$100,000	Policy Deductible
• Fire Equipment Recharge	\$25,000	No Deductible
• Footbridges and appurtenant Structures	\$25,000	Policy Deductible
• Foundations of Machinery, Swimming Pools and Underground Pipes	Limit Extended	Policy Deductible
• Golf Course Greens – Limited Perils	\$100,000	Policy Deductible
• Lock Replacement	\$25,000	\$50 Deductible
• Newly Acquired or Constructed Property – Each Building Limit/Contents Limit	\$1,000,000/\$500,000	Policy Deductible
• Nonowned Detached Trailers	\$5,000	Policy Deductible
• Outdoor Property	\$25,000	Policy Deductible
• Paved Surfaces	\$100,000	Policy Deductible
• Personal Computers, Communication Equipment, EDP Equipment, Electronic Data or Media – Per Occurrence and Away from Premises	\$250,000/\$10,000	Policy Deductible
• Personal Effects – Per Person/Each Location and Occurrence Limit	\$25,000/\$50,000	Policy Deductible
• Personal Property Off-Premises or in Transit	\$100,000	Policy Deductible
• Recertification Expense	\$5,000	Policy Deductible
• Rental Expense – Contractor’s Equipment	\$10,000	Policy Deductible
• Retaining Walls	\$10,000	Policy Deductible
• Sign Coverage	\$25,000	Policy Deductible
• Spoilage – See Utility Service Direct Damage	\$25,000	Policy Deductible
• Surface Water (Locations situated in a 100 or 500 year flood plain are excluded)	\$25,000	Policy Deductible
• Theft Damage to Nonowned Buildings	\$50,000	Policy Deductible
• Underground Sprinkler Systems	Included	Policy Deductible
• Underground Water Seepage – Per Premise	\$10,000	Policy Deductible
• Unnamed Locations	\$250,000	Policy Deductible
• Valuable Papers and Records – Cost of Research (Other than Electronic Data) On Premises Limit and Away from Premises Limit	\$250,000/\$50,000	Policy Deductible



**Endorsements include, but are not limited to:**

- Flood Excess and Loss Limitation

**Exclusions include, but are not limited to:**

- Nuclear Hazard
- War and Military Action
- Governmental Action

**Premium Terms:**

- Minimum Premium: N/A
- Minimum Earned, Annual and Minimum Deposit: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Signed Application and Statement of Values



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Coverage:** General Liability and Employee Benefits Liability  
**Carrier:** Underwriters at Lloyd's, London  
**Form Type:** Per Occurrence  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Aggregate	Deductible	Premium*
General Liability	\$1,000,000	\$2,000,000	\$0	Included
Employee Benefits Liability	\$1,000,000	\$2,000,000		

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

### Coverages include, but are not limited to:

#### General Liability

- General Aggregate \$2,000,000
- Products/Completed Operation Aggregate \$2,000,000
- Bodily Injury and Property Damage – Each Occurrence \$1,000,000
- Personal and Advertising Injury \$1,000,000
- Damage to Premises Rented to You Each Occurrence \$1,000,000
- Medical Payments \$5,000
- Sexual Abuse – Each Occurrence \$250,000
- Sexual Abuse – Aggregate \$500,000
- Failure to Supply (Utility Operators) Excluded
- Blanket Additional Insureds for Written and Oral Contracts
- Medical Professional (or Employed EMT's and Paramedics)
- Owned Watercraft up to 50 Feet
- Host Liquor Liability
- Herbicide, Pesticide, Road Treatment, Chlorine in Swimming Pools
- Limited Pollution Liability

#### Statement of Defense Costs:

- Limits are not eroded by defense costs

#### Insuring Agreement

- Pay on Behalf

#### Auditable Exposures and Audit Frequency, if applicable:

- Nonauditable policy form

#### Exclusions include, but are not limited to:

##### General Liability

- Expected or Intended Injury
- Airports, Aircraft, Auto
- Watercraft (owned, over 51-feet)



- Asbestos-Related Claims
- Contractual Liability
- Dams, Reservoirs, or Levee Structural Failure or Collapse
- Damage to Impaired Property
- Architects, Engineers, Surveyors, Attorneys, Professional
- Electronic Data
- Eminent Domain
- Employers Liability
- Fireworks
- Employment Practices Liability (refer to Public Officials section)
- Fungi or Bacteria
- Liquor Liability (except Host and at functions sponsored by you, not exceeding 5 consecutive days) temporary inactive
- Pollution (except Hostile Fire, Herbicide, Pesticide, Chlorine used in general maintenance)
- Underground Storage Tanks
- War
- Nuclear Liability
- ERISA
- Medical Malpractice for licensed professionals except employed nurses, EMT's, paramedics, counselor
- Strikes, Riots, Civil Commotion
- Care, Custody, Control (Real and Personal Property)
- Medical Centers, Nursing Homes, Abuse Treatment Centers
- Mobile Equipment
- Medical Expense

**Endorsements include, but are not limited to:**

- Specimen policy available upon request

**Premium Terms:**

- Minimum Premium: N/A
- Minimum Earned, Annual, and Minimum Deposit: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Signed Application

**Note:**

- The above is only a summary of the major exclusions in this policy. Please review the actual policy for a complete listing of exclusions.



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Coverage:** Public Officials Errors & Omissions/Employment Practices Offense  
**Carrier:** Underwriters at Lloyd's, London  
**Form Type:** Claims-Made Full Prior Acts  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Aggregate	Deductible	Premium*
A. Wrongful Act	\$1,000,000	\$1,000,000	\$2,500	Included
B. Employment Practices Offense	\$1,000,000	\$1,000,000	\$2,500	Included

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

### Coverages include, but are not limited to:

#### Public Officials Liability

- Key Individual Replacement Expense \$25,000 Per Claim
- Terrorist Travel Reimbursement \$5,000 Per Policy Period
- Identity Theft Protection \$5,000 Per Claim

#### Employment Practices Liability

- Nonmonetary Defense \$10,000 Per Claim/\$50,000 Per Policy Period
- Workplace Violence Counseling \$5,000 Per Policy Period/No Deductible
- Back Wages \$25,000 Per Claim/\$5,000 Deductible

### Statement of Defense Costs:

- Limits are not eroded by defense costs

### Insuring Agreement

- Pay on Behalf

### Auditable Exposures and Audit Frequency, if applicable:

- Nonauditable policy form

### Exclusions include, but are not limited to:

- Intentional breach of contract
- Any claim brought as a counter claim or cross claim by an assured against any other assured
- Injunctive Relief
- Criminal Acts
- ERISA or similar Fiduciary Capacity
- Fines and Penalties
- Nonmonetary sublimit for defense
- Gaining of Profit
- Prior or Pending Litigation
- Prior knowledge or circumstances that could reasonably be expected rise to a claim
- Back Wages (sublimit provided)



**Other Conditions:****Settlement**

- Carrier will not settle any "suit" without the insured's consent. If, however, the insured refuses to consent to any settlement, and shall elect to contest the "claim" or continue any legal proceedings in connection with such "claim," our liability for the "claim" shall not exceed the amount for which the "claim" could have been so settled, plus "loss adjustment expense" incurred up to the date of such refusal.

**Endorsements include, but are not limited to:**

- Public Officials Liability
- Employment Practices Liability

**Premium Terms:**

- Minimum Premium: N/A
- Minimum Earned, Annual, and Minimum Deposit: N/A

**Note:**

- The above is only a summary of the major exclusions in this policy. Please review the actual policy for a complete listing of exclusions.

**If Claims-Made – ERP Applies:****SECTION VII—EXTENDED REPORTING PERIOD—BASIC AND OPTIONAL SUPPLEMENTAL**

- An Extended Reporting Period, described below, will be provided if this Coverage Form is canceled or nonrenewed by us, except for nonpayment of premium, or if we renew or replace coverage with insurance that:
  - has a retroactive date; or
  - provides coverage on other than a Claims-Made basis.
- A Basic Extended Reporting Period is automatically provided without additional charge. This period begins at the end of the "policy period" and lasts for sixty (60) days. The Basic Extended Reporting Period does not apply to "claim(s)" covered under any subsequent policy.
- Coverage for an optional Supplemental Extended Reporting Period must be added by endorsement and an additional premium charge must be paid. Such period starts sixty (60) days after the end of the "policy period."
- You will have a one-time option to elect the period of time for which the Supplemental Extended Reporting Period will apply, which in no event will exceed thirty-six (36) months. The available one-time options and the additional premium charge for each option are listed below:
  - Twelve (12) month option – 70% of the Annualized Coverage Form Premium;
  - Twenty-four (24) month option – 120% of the Annualized Coverage Form Premium;
  - Thirty-six (36) month option – 150% of the Annualized Coverage Form Premium.

Once in effect, the Supplemental Extended Reporting Period may not be canceled and the applicable premium is fully earned.

- This right to purchase the Supplemental Extended Reporting Period will terminate unless written notice is given to us no later than sixty (60) days after the effective date of cancellation or nonrenewal of this Coverage Form. Payment in full of the Supplemental Extended Reporting Period premium and any outstanding premiums or recoveries owed to us will be made concurrently with such written notice for such Supplemental Extended Reporting Period to become effective.



6. The Extended Reporting Period does not extend the “policy period” or change the scope of coverage provided. Subject to this Coverage Form’s terms, Limits of Liability, exclusions and conditions, this Coverage Form is extended to apply to “claim(s)” first made against the insured during the Basic Extended Reporting Period, or, if purchased, the Supplemental Extended Reporting Period, but only to “claim(s)” due to “public officials wrongful act(s)” or “employment practices wrongful act(s)” committed prior to the end of the “policy period.”
7. The Extended Reporting Period does not reinstate or in-crease this Coverage Form’s Limits of Liability. “Claim(s)” which are first received and recorded during the Basic Extended Reporting Period or the Supplemental Extended Reporting Period, if it is in effect, will be deemed to have been made on the last day of the “policy period.”

### **If Claims-Made – Claims/Definition and Claims Reporting:**

- Public Officials Liability
  - “Claim” means a written notice from any party that it is their intention to hold an insured responsible for “loss” resulting from a “public officials wrongful act” covered by this Coverage Form.
- Employment Practice Liability – “Claim” means:
  - A written notice from any party that it is their intention to hold the insured responsible for “loss” resulting from an “employment practices wrongful act” covered by this Coverage Form; and
  - Any notice that requires you to attend an administrative hearing conducted by the EEOC or by any state agency with a similar purpose.

### **Duties in the Event of a Claim or Suit – Public Officials or Employment Practice Liability:**

- In the event of a “claim,” written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, will be given by or for the insured to us or any of our authorized agents as soon as practicable;

### **Awareness Provision:**

- If, during the “policy period” or the Extended Reporting Period, the insured receives oral notice from any party that it is the intention of such party to hold the insured responsible for any “public officials wrongful act(s),” or Employment Practice the insured will give written notice to us of the receipt of such oral notice, during the “policy period” or Extended Reporting Period. Any “claim(s)” made against the insured arising out of such “public officials wrongful act(s)” will, for the purpose of this Coverage Form, be treated as a “claim” made during the “policy period” in which such notice was given, or, if given during the Extended Reporting Period, as a “claim” made during the last “policy period,”
- For the purpose of the above clause, notice to the designee named on the Declarations will constitute notice to the insured;
- In the event of any “claim” occurring hereunder, notice to us will be given to the person or firm(s) shown on the Declarations. Notice will be deemed to be received if sent by prepaid mail, properly addressed.



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Coverage:** Automobile Liability/Auto Physical Damage  
**Carrier:** Underwriters at Lloyd's, London  
**Form #:** Specimen available upon request  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Each Accident Limit	Deductible	Premium*
Automobile Liability	\$1,000,000	\$0	\$1,237
Auto Physical Damage	Actual Cash Value	\$500 Comprehensive \$500 Collision	Included
Uninsured/Underinsured Motorist	\$1,000,000	\$0	Included
Medical Payments	\$10,000	\$0	Included
Hired and Nonowned	Included	\$0	Included

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

**Coverages include, but are not limited to:**

- Separate policy limit
- Fleet coverage
- Emergency Response Provider Endorsement

**Auditable Exposures and Audit Frequency, if applicable:**

- Annual Audit at year-end – quoted based on 3 vehicles

**Statement of Defense Costs:**

- Limits are not eroded by defense costs or deductible

**Exclusions include, but are not limited to:**

- Refer to policy form available upon request
- Expected or Intended Injury
- Workers Compensation
- Property Damage to Property Owned or Transported by You
- Property in Care, Custody, or Control

**Endorsements include, but are not limited to:**

- Broad Form
- Hired Auto Covered –  Included  Not Included
- Nonowned Auto Covered –  Included  Not Included
- Physical Damage \$500 Deductible Comp, \$500 Deductible Collision



**Premium Terms:**

- Minimum Premium: N/A
- Minimum Earned, Annual, and Minimum Deposit: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Signed Application
- MVR Reviews Annually

**Note:**

- The above is only a summary of the major exclusions in this policy. Please review the actual policy for a complete listing of exclusions.



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Brit**

**Coverage:** Umbrella  
**Carrier:** Underwriters at Lloyd's, London  
**Form Type:** Per Occurrence  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Aggregate	Underlying Limit	Premium*
Excess Follow Form	\$7,000,000	\$7,000,000	\$1,000,000	\$3,473

\* Premium does not include TRIA premium of \$87. This additional premium can be removed with acceptance of an absolute Terrorism exclusion. Premium may be subject to Surplus Lines Taxes. See Bindable Quote and Compensation Disclosure Schedule.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

**Coverages include, but are not limited to:**

- Follow Form General Liability, Public Officials Liability, Employment Practices Liability, Automobile Liability
- Coverage A – Follow Form Excess
- Coverage B – \$10,000 Retained Limit

**Statement of Defense Costs:**

- Limits are not eroded by defense costs or deductible

**Insuring Agreement:**

- Pay on Behalf

**Exclusions include, but are not limited to:**

- UM/UIM Exclusion
- Pollution
- Sexual Abuse (unless otherwise indicated)
- War

**Endorsements include, but are not limited to:**

- Refer to policy

**Premium Terms:**

- Minimum Premium: N/A
- Minimum Earned, Annual and Minimum Deposit: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Signed Terrorism rejection letter within 7 days of binding
- For Claims-Made Portion – Extended Reporting Period



## Claims-Made – Claim Definition and Claim Reporting Provisions: Extended Reporting (Applicable to Coverage A Only)

### 1. Extended Reporting Periods

If Scheduled Underlying Policy(ies) provide coverage on a “Claims-Made” basis then, as set forth in SECTION I, paragraph A above, this policy provides coverage on a “Claims-Made” basis and:

- a. We will provide a Basic Extended Reporting Period as described in subparagraph 2 below and, if you purchase it, a Supplemental Extended Reporting Period as described in subparagraph 3 below, IF,
  - i. This insurance is cancelled or not renewed; or
  - ii. We renew or replace this insurance with other insurance that:
    1. Has a Retroactive Date later than the Retroactive Date shown in the Declarations of this policy; or
    2. Does NOT apply to injury or damage on a “Claims-Made” basis.

### 2. Basic Extended Reporting Period

A Basic Extended Reporting Period, equal in length to the Basic Extended Reporting Period provided in the applicable Underlying Insurance, is automatically provided as set forth above at no additional charge and provided that:

- a. Claims first made within the Basic Extended Reporting Period; and
- b. Claims first made after the Basic Extended Reporting Period for injury or damage caused by an occurrence and reported to us in writing within the Basic Extended Reporting Period will be deemed to have been made during the “Policy Period” of this policy.

The Basic Extended Reporting Period provided in the Underlying Policy means that extended reporting period provided at no additional charge.

The Basic Extended Reporting Period does NOT apply to claims that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance otherwise applicable to such claims.

### 3. Supplemental Extended Reporting Period

- a. A Supplemental Extended Reporting Period is available only by an endorsement and for an additional charge. This period starts at the end of the Basic Extended Reporting Period and will be equal in length to the Supplemental Extended Reporting Period you purchased in the applicable Underlying Insurance. Claims first made during this Supplemental Extended Reporting Period will be deemed to have been made during the “Policy Period” of this policy but will be subject to the separate Aggregate Limits of Liability set forth in subdivision c. below.

The Supplemental Extended Reporting Period provided by the Underlying Policy means that extended reporting period provided at an additional charge.

If the Underlying Policy does not provide a Supplemental Extended Reporting Period then this policy does not offer a Supplemental Extended Reporting Period.

- b. The first Named “Insured” listed in Item 1 of the Declarations must give us a written request for the Endorsement within 60 days after the end of the “Policy Period”. Payment in full of the Supplemental Extended Reporting Period premium and any premiums or recoveries owed to us will be made concurrently with such written notice for such Umbrella Coverage Form Supplemental Extended Reporting Period to become effective.
- c. If said first Named “Insured” complies with subdivision b. above we will issue the Supplemental Extended Reporting Period Endorsement and will provide the separate Aggregate Limits of Liability described below, but only for claims to which this subparagraph 3. applies.



## Coverage Highlights

**Argonaut Group (Trident)**



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Trident**

**Coverage:** Property/Inland Marine/Equipment Breakdown  
**Carrier:** Argonaut Great Central Insurance Company  
**Form Type:** Per Occurrence  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Valuation Type	Deductible	Premium*
Building	\$4,321,753	Replacement Cost	\$1,000	\$5,829
Contents	\$77,000	Replacement Cost	\$1,000	Included
Earthquake Aggregate	\$2,000,000	Replacement Cost	\$50,000	Included
Flood	\$2,000,000	Replacement Cost	\$50,000	Included
Miscellaneous Scheduled Equipment	\$600	Actual Cash Value	\$500	\$103
Miscellaneous Unscheduled Subject to a maximum amount of \$500 per item	\$1,200	Actual Cash Value	\$500	Included

\* Premium includes TRIA. Premium may be subject to Surplus Lines Taxes. See Bindable Quote and Compensation Disclosure Schedule.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

### Coverages include, but are not limited to:

- Inflation Guard 3%
- Cause of Loss Form: Special
- Actual Cash Value on Mobile Equipment
- Coinsurance **90%**
  
- Accounts Receivable
- Arson Reward
- Building Ordinance or Law
  - Loss to Undamaged Portion of Building
  - Demolition Cost Coverage
  - Increased Cost of Construction
- Changes in Temperature or Humidity
- Commandeered Property
- Common Deductible Provision
- Communications Equipment
- Computer Equipment
- Crime Reward
  - Per Person
  - Maximum
- Detached Signs
- Electrical Damage

**Limit**  
 \$250,000  
 \$7,500  
 Building Limit  
 \$100,000  
 \$100,000  
 \$50,000  
 \$100,000  
 Included  
 \$50,000  
 \$50,000  
 \$1,000  
 \$5,000  
 \$5,000  
 \$50,000



	<b>Limit</b>	<b>Deductible</b>
• Extra Expense and Business Income	\$250,000	\$1,000
• Fairs, Exhibitions, Expositions, or Trade Shows	\$50,000	
• Fine Arts	\$50,000	
• Fire Department Service Charge	\$5,000	
• Fire Equipment Recharge	Included	
• Flagpoles	\$5,000	
• Foundations	Included	
• Glass	Included	
• Glass Display or Trophy Cases	\$5,000	
• Grounds Maintenance Equipment	\$50,000	
• Lock Replacement	\$500	
• Money and Securities		
Inside Premises	\$5,000	
Outside Premises	\$5,000	
• Newly Acquired or Constructed Property		
Building	\$1,000,000	
Personal Property	\$500,000	
• Off-Premises Utility Failure	\$50,000	
• Outdoor Property		
Any One Tree, Shrub, or Plant	\$1,000	
Total Limit	\$50,000	
• Personal Effects and Property of Others		
Any One Employee or Volunteer	\$1,500	
Any One Occurrence	\$50,000	
Replacement Cost Valuation	Included	
• Pollution Cleanup and Removal	\$25,000	
• Premises Boundary Increased Limit	1,000 Feet	
• Property In-Transit	\$50,000	
• Property Off-Premises	\$50,000	
• Sewer Backup	Included	
• Spoilage	\$10,000	
• Valuable Papers	\$100,000	

**Equipment Breakdown**

<b>Description</b>	<b>Limit</b>
• Limit	\$4,398,753
• Business Income and Extra Expense	Per CP-360 unless otherwise specified
• Expediting Expenses	\$100,000
• Hazardous Substances	\$100,000
• CFC Refrigerants	Included
• Data Restoration	\$100,000
• Boiler Inspection	Included
• Computer Equipment	\$100,000
• Deductible	Included



**Exclusions include, but are not limited to:**

- Earth Movement
- War and Military Action
- Governmental Action
- Nuclear Hazard

**Endorsements include, but are not limited to:**

- Building and Personal Property Coverage Form
- Common Deductible Provisions
- Additional Coverage Modifications: Public Entity
- Equipment Protection Endorsement
- Causes of Loss – Special Form

**Premium Terms:**

- Minimum Premium: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Binding subject to receipt of signed and dated Trident Application
- Signed Authorization to Bind Coverage
- Square footage and construction date of buildings on the Property Schedule
- Details of General Liability dated 8/6/10 with regard to estoppel of building construction



## Coinsurance Illustration

### Coinsurance Formula:

Insurance Carried ÷ Insurance Required x Loss – Deductible = **Settlement**

### Example of Coinsurance formula applied to a hypothetical loss situation:

Property Value	=	\$1,000,000
Coinsurance Amount	=	80%
Deductible	=	\$500
Insurance Required	=	\$800,000 (80% of \$1,000,000)
Insurance Carried	=	\$400,000
Loss Incurred	=	\$200,000

Settlement determined by applying the coinsurance formula:

$$\frac{\$400,000 \text{ (Insurance carried)}}{\$800,000 \text{ (Insurance required)}} \times 200,000 \text{ (Loss)} - 500 \text{ (Deductible)} = \$99,500 \text{ Settlement}$$

### Note:

If the property in the above example is insured for the full insurance required (\$800,000), the insured will recover \$199,500. In the above example, the insured will suffer a \$100,000 penalty for not being insured to the proper limit.



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Trident**

**Coverage:** General Liability  
**Carrier:** Argonaut Great Central Insurance Company  
**Form Type:** Per Occurrence  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Deductible	Premium*
Bodily Injury/Property Damage	\$1,000,000	None	\$5,554
Personal Injury/Advertising Injury	\$1,000,000	None	Included
Employee Benefits	\$1,000,000	\$1,000	Included
General Aggregate	\$1,000,000	None	Included
Products/Completed Operations Aggregate	\$1,000,000	None	Included
Fire Damage	\$100,000	None	Included

\* Premium includes TRIA premium. Premium may be subject to Surplus Lines Taxes. See Bindable Quote and Compensation Disclosure Schedule.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

**Coverages include, but are not limited to:**

- Chartered Aircraft Liability
- Contractual Liability
- Host Liquor Liability
- Watercraft Liability
- Special Events (subject to company approval)
- Limited Pollution Liability coverage
- Public Water Utility
- Sewer System
- Additional Insureds by Written Agreement, Contract or Permit
- Extended Property Damage
- Premises/Operations
- Supplementary Payments – Bail Bonds
- Supplemental Payments – Daily Loss of Earnings
- Broadened Definition of Who is Insured
- Nonauditable policy
- Products/Completed Operations

**Statement of Defense Costs:**

- In addition to Limit of Liability, and if so:
  - Limited

**Insuring Agreement**

- Pay on Behalf



**Exclusions include, but are not limited to:**

- Failure to Supply (limited)
- Lead Contamination
- Airports/Aviation Activities
- Medical Facilities or Medical Professional Liability
- Mechanically Operated Amusement Devices
- Pollution

**Endorsements include, but are not limited to:**

- Additional Modifications: Public Entity

**Premium Terms:**

- Minimum Premium: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Binding subject to receipt of signed TRIA rejection form

**Claims-Made – Claim Definition and Claim Reporting Provisions:**

- Refer to the **attached** policy form for the definition of a claim and incident or claim reporting provisions



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Trident**

**Coverage:** Automobile Liability and Physical Damage  
**Carrier:** Argonaut Great Central Insurance Company  
**Form #:** Specimen upon request  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Symbol	Deductible	Premium*
Liability	\$1,000,000	1	None	\$422
Uninsured/Underinsured Motorist	\$100,000/\$100,000	2	None	Included
Medical Payments	\$10,000	2	None	Included
Auto Physical Damage	\$44,130			\$296
Comprehensive	ACV	10	\$500	Included
Collision	ACV	10	\$500	Included

\* Premium includes TRIA premium. Premium may be subject to Surplus Lines Taxes. See Bindable Quote and Compensation Disclosure Schedule.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

**Coverages include, but are not limited to:**

- Automobile Physical Damage: As per schedule – Fleet Automatic Basis – see below
- Coverage is automatically provided for any auto the entity owns or acquires during the policy period

**Auditable Exposures and Audit Frequency, if applicable:**

- 3 Units
- Not Auditable

**Statement of Defense Costs:**

- In addition to Policy Limit, and if so:
  - Limited

**Exclusions include, but are not limited to:**

- Workers Compensation
- Fellow Employee
- Care, Custody, or Control
- Racing
- Pollution
- War
- Professional Services
- Expected or Intended Injury
- Contractual



**Endorsements include, but are not limited to:**

- Governmental Bodies Amendatory Endorsement
- Additional Coverage Modifications: Public Entity – Business Automobile
- Illinois Changes

**Premium Terms:**

- Minimum Premium: N/A

**Conditions of the Quote, Coverages, or Binding:**

- The premium quoted is the final annual premium. Subject to the conditions described in item 2. Below, this coverage will not be audited.
  1. **Commercial Automobile Liability**  
Coverage is automatically provided for ANY AUTO the entity owns or acquires during the policy period.
  2. **Automobile Physical Damage**  
Coverage is provided on a "Fleet Automatic" basis. This means that any auto(s) the entity acquires during the term of the policy will be covered automatically, provided it is an additional new auto or replaces an auto the entity previously owned which had Physical Damage coverage. The entity must inform Trident that they desire Physical Damage coverage for these autos within 30 days after the entity acquires the auto(s). The entity must submit a request for coverage for any auto(s) which do not meet the conditions outlined above. Coverage for these autos will be added by endorsement.

**IMPORTANT NOTE: The insured should continue to submit all change requests to their agent and the agent should submit copies of all requests to Trident to insure accurate record keeping and claims verification.**



## Description of Covered Auto Designation Symbols

Symbol	Description of Covered Auto Designation Symbols	
1	Any "Auto"	
2	Owned "Autos" Only	Only those "autos" you own (and for Liability coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.
3	Owned Private Passenger "Autos" Only	Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.
4	Owned "Autos" Other than Private Passenger "Autos" Only	Only those "autos" you own that are not of the private passenger type (and for Liability coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.
5	Owned "Autos" Subject to No-Fault	Only those "autos" you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.
6	Owned "Autos" Subject to a Compulsory Uninsured Motorists Law	Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorist's requirement.
7	Specifically Described "Autos"	Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Liability coverage any "trailers" you don't own while attached to any power unit described in Item Three).
8	Hired "Autos" Only	Only those "autos" you lease, hire, rent, or borrow. This does not include any "auto" you lease, hire, rent, or borrow from any of your "employees," partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Nonowned "Autos" Only	Only those "autos" you do not own, lease, hire, rent, or borrow that are used in connection with your business. This includes "autos" owned by your "employees," partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.
19	Mobile Equipment Subject to Compulsory or Financial Responsibility or Other Motor Vehicle Insurance Law Only	Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Trident**

**Coverage:** Public Officials Liability/Employment Practices Liability  
**Carrier:** Argonaut Great Central Insurance Company  
**Form Type:** Claims-Made 12/31/2012 – Retroactive and/or Pending and Prior Litigation Date  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Deductible	Premium
Per Wrongful Act	\$1,000,000	\$2,500	\$1,187
Annual Aggregate	\$1,000,000	\$2,500	Included
Employment Practices Liability	\$1,000,000	\$2,500	\$2,027
Per Employment-Related Wrongful Act Annual Aggregate	\$1,000,000	\$2,500	Included

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

**Coverages include, but are not limited to:**

- Broad Form Named Insured
- Civil Rights Violations
- Licensing and Permitting Coverage
- Nonauditable Policy
- Zoning Coverage

**Statement of Defense Costs:**

- In addition to Policy Limit, and if so:
  - Limited

**Insuring Agreement:**

- Pay on Behalf

**Exclusions include, but are not limited to:**

- Injunctive Relief
- Fines and Penalties
- EEOC Proceedings (unless endorsed)
- Wage Disputes
- ERISA or Other Such Fiduciary Activity

**Endorsements include, but are not limited to:**

- Revised conditions of duties in the event of a claim or suit

**Premium Terms:**

- Minimum Premium: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Binding subject to receipt of signed TRIA rejection form



**Claim Definition:**

- “Written or oral demand, including a suit, to hold the insured responsible for an alleged or wrongful act where payment of damages is sought.”

**Claims Reporting:**

- Public Officials Liability – see attached Form #AG P0 0001-01, Section IV – Condition C
- Employment Practices Liability – see attached Form #AG EP P001-01, Section IV – Condition C

**Extended Reporting Criteria:**

- See attached – refer to Forms #AG P0 0001-01 and #AG EP P001-01 for complete details and instructions
- ERP Premium Amount – 50% of annual premium
- ERP Premium Due Date – within 90 days of end of policy period
- ERP Length – 12-, 24-, 36-month options
- Carrier requires written request from the client to purchase  Yes  No



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

**Trident**

**Coverage:** Excess Liability  
**Carrier:** Argonaut Great Central Insurance Company  
**Form Type:** Per Occurrence  
 Claims-Made POL/EPL – 12/31/2012 – Retroactive and/or Pending and Prior Litigation Date  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Premium*
Each Occurrence, Offense, Accident, or Wrongful Act	\$7,000,000	\$4,677
Annual Aggregate	\$7,000,000	Included

\* Premium includes TRIA premium. Premium may be subject to Surplus Lines Taxes. See Bindable Quote and Compensation Disclosure Schedule.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

**Coverages include, but are not limited to:**

- Underlying Insurance
  - General Liability – \$1,000,000
  - Public Officials Liability – \$1,000,000
  - Automobile Liability – \$1,000,000
  - Employment Practices Liability – \$1,000,000

**Statement of Defense Costs:**

- In addition to Limit of Liability, and if so (erodes the policy limit for EPLI):
  - Limited

**Insuring Agreement:**

- Pay on Behalf

**Exclusions include, but are not limited to:**

- All exclusions on underlying policies
- Medical Payments
- Underinsured/Uninsured Motorists or Other No-Fault Insurance
- Any underlying sublimit via endorsement

**Endorsements include, but are not limited to:**

- Per schedule within policy

**Premium Terms:**

- Minimum Premium: N/A
- Minimum Earned, Annual and Minimum Deposit: N/A

**Conditions of the Quote, Coverages, or Binding:**

- Binding subject to receipt of signed TRIA rejection form



**Claims-Made – Claim Definition and Claim Reporting Provisions:**

- Follows underlying

**Extended Reporting Period Criteria:**

- Follows the Extended Reporting Criteria of the underlying form



## Coverage Highlights

### Equipment Breakdown



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

### Travelers Property Casualty Company of America

**Coverage:** Equipment Breakdown  
**Carrier:** Travelers Property Casualty Company of America  
**Form Type:** Per Occurrence  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Valuation	Deductible	Premium*
Equipment Breakdown	\$4,398,753	Replacement Cost	\$1,000	\$970

\* Premium includes TRIA.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

#### Coverages include, but are not limited to:

- Boiler & Machinery Coverages include:
  - Refrigerant Contamination – Included
  - Water Damage – Included
  - Hazardous Substance – Direct Damage and Time Element – Included
  - Ordinance or Law – Included
  - Electronic Data or Media – Included
  - Dependent Property – Included
  - Off Premises Portable Equipment – Included
  - Unnamed Locations – Included
  - Business Interruption
  - Business Income “Period of Restoration” Extension – 365 days
  - Extra Expense – Included
  - Extra Expense “Period of Restoration” Extension – 365 days
  - Spoilage – Direct Damage and Time Element – Included (4 hour waiting period)
  - Civil Authority – 3 weeks
  - Newly Acquired Locations – Included – 365 days
  - Utility Interruption – Included (4 hour waiting period)
  - Unintentional Error in Description of Location – Included
  - Expediting Expenses – Included
  - Buried Pressure Vessels and Piping – Included
  - Green Coverage Enhancements – Up to an Additional \$1,000,000/5% Property Damage/30 days Business Income Extra Expense Days
  - Fungus Wet Rot and Dry Rot – Property Damage – \$100,000
  - Fungus Wet Rot and Dry Rot – Time Element – 60 days
- Coverage Enhancements
  - Business Income Coinsurance Requirement – Suspended
  - New Generation Valuation – Included
  - Jurisdictional Inspections Included
  - Joint Loss Agreement Included
  - Territory – The United States, its Territories and Possessions, Puerto Rico and Canada
  - Terrorism Risk Insurance Act Of 2002
  - Claims Data Expense – \$25,000



- Number of days for Notice of Cancellation or Nonrenewal – 90 days, except 20 days for nonpayment of premium, subject to state regulations
- Three-year rate guarantee is included in this quote subject to 30% loss ratio

**Exclusions include, but are not limited to:**

- Fire
- Earthquake
- Flood
- Standard property policy perils

**Valuation**

- Business Income – Actual Loss Sustained
- Media and Electronic Data – Includes cost to research, replace, recreate or restore and reprogram

**Premium Terms:**

- Minimum Premium: N/A

**Conditions of the Quote, Coverages, or Binding:**

Signed Authorization to Bind



## Hanover Insurance Company



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

### Hanover Insurance Group

**Coverage:** Crime and Public Officials Bonds  
**Carrier:** Citizens Insurance Company of America  
**Form Type:** Discovery  
**Effective:** December 31, 2012 to December 31, 2013

Coverage	Limit	Deductible	Premium
Employee Theft (including Faithful Performance)	\$500,000 <sup>(1)</sup>	\$2,500	\$547 <sup>(2)</sup>
Forgery or Alteration	\$100,000	\$1,000	Included
Inside the Premises – Theft Money and Securities	\$100,000	\$1,000	Included
Outside the Premises	\$100,000	\$1,000	Included
Computer Fraud	\$100,000	\$1,000	Included
Funds Transfer Fraud	\$100,000	\$1,000	Included
Money Orders and Counterfeit Paper Currency	\$10,000	\$250	Included
Inside the Premises – Robbery or Safe Burglary of Other Property	\$100,000	\$1,000	Included

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

#### Coverages include, but are not limited to:

- Commercial Crime

#### Exclusions include, but are not limited to:

- Governmental Action
- Nuclear Hazard
- Pollution
- War and Military Action

#### Endorsements include, but are not limited to:

- Illinois Changes
- Add Faithful Performance of Duty
- Include Treasurer or Tax Collector

#### Premium Terms:

- Minimum Premium: \$547 per year for three years (or until cancelled)

#### Conditions of the Quote, Coverages, or Binding:

- None

<sup>(1)</sup> Includes employees required to be bonded by law, unless specific bonding is required through city ordinances.

<sup>(2)</sup> First year of three-year annual installment premium.



## Illinois Public Risk Fund (IPRF)



## Coverage Highlights/Summary of Terms & Conditions of Recommended Carrier Quotations

### Illinois Public Risk Fund (IPRF)

**Coverage:** Workers Compensation  
**Carrier:** Illinois Public Risk Fund  
**Form #:** Specimen upon request  
**Effective:** December 31, 2012 to January 1, 2014<sup>(1)</sup>

Coverage	Limit	Premium*
Specific Limit	Statutory	\$10,720
Bodily Injury by Accident	\$2,500,000	Included
Bodily Injury by Disease	\$2,500,000 Policy Holder	Included
Bodily Injury by Disease	\$2,500,000 Each Employee	Included

\* Premium includes 3% Administrative Fee.

The following is a general summary of the Insuring Agreement. Actual policy form should be sought for complete terms and conditions.

#### Auditable Exposures and Audit Frequency, if applicable:

- Annual auditable policy form

#### Estimated Remuneration:

- 8810 Clerical – \$171,815 rate of \$0.208
- 9410 Municipal Employees – \$220,320 rate of \$4.562
- Total Payroll: \$392,135

#### Covered States:

- Illinois

#### Coverages include, but are not limited to:

- Workers Compensation and Employers Liability

#### Exclusions include, but are not limited to:

- Bodily Injury to an Employee While Employed in Violation of Law
- Bodily Injury Caused by Insured
- Longshore and Harborworkers Act
- Federal Employers Liability Act
- Assumptions Under Contract
- Stop Gap Employers Liability

#### Endorsements include, but are not limited to:

- Per Illinois Public Risk Fund policy form

#### Premium Terms:

- Minimum Premium: \$10,720
- Minimum Earned, Annual and Minimum Deposit: N/A

<sup>(1)</sup> IPRF renews on January 1, of every year. We have waived the additional one day premium.



**Conditions of the Quote, Coverages, or Binding:**

- Signed Pooling Agreement
- Completed Employee Concentration Form



## Coverages for Consideration

- Coverages are highlighted here to review available coverages which you should consider. These coverages are included in the coverage section of this proposal only if quoted and highlighted as covered.
- A proposal for any of the coverages can be provided.
- The recommendations and considerations summarized in this section are not intended to identify all exposures.
- If Gallagher does not handle your complete insurance program, these recommendations only reflect items within our scope of responsibility.

- Cybernet Liability/Identity Fraud Coverage
- Terrorism Coverage – As outlined in our proposal
- Newly Constructed Buildings and Additions – Must be reported for underwriter approval. Builders Risk is first-party coverage only and can be purchased for additional premium
- Purchase coverage for Building and Contents located in Flood Zone A areas through the National Flood Insurance Program (NFIP).



## Premiums/Fees Comparison: Expiring to Recommended Carriers

Line of Coverage	2011-2012 IML	2012-2013 Brit/ IPRF/Hanover/ Travelers Recommended	2012-2013 Argonaut/ IPRF/Hanover
1. Property (including Flood/Earthquake)	\$7,385	\$11,106	\$15,418
2. Inland Marine	Included	Included	Included
3. General Liability	Included	Included	Included
4. Public Officials Liability	Included	Included	Included
5. Employment Practices	Included	Included	Included
6. Employee Benefits Liability	Included	Included	Included
7. Automobile Liability and Physical Damage	11,504	1,237	Included
8. Equipment Breakdown	Included	970	Included
9. Umbrella Liability	Included	3,473	4,677
10. Crime - Hanover	Included	547	547
11. Workers Compensation	14,783	10,720	10,720
12. AJG Service Fee	N/A	3,000	3,000
13. Total Premium	\$33,672	\$31,053	\$34,362
14. Total Savings	N/A	\$2,619	

**Note:** Surplus Lines Taxes, if applicable, are included in the “Bindable Quote and Compensation” pages. These taxes are in addition to the above fees.

\* 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.

Pro-Rata/Undecided State Surplus Lines Billing Disclaimer – If you elect to bind coverage with a non-admitted carrier. Surplus lines taxes must be collected and remitted to your Home State, as defined in The Non-admitted and Reinsurance Reform Act. Your Home State has not yet established a process for the remittance of the non-Home State portion of the tax. We intend to bill the surplus lines taxes for the non-Home States, and hold these taxes until a process for remittance is established and payment to the non-Home State may be made. If no such process is established by the Home State, and the risk of future claim by the non-Home State is determined to no longer exist, then the taxes will be returned to you.



## Carrier Payment Plan

Premiums for the policies are due and payable as billed, in full or as insurance company installments.

Carrier	Payment Schedule
Argonaut Great Central Insurance Company	Annual Premium due at policy inception
Illinois Public Risk Fund	Annual Premium due at policy inception
Citizens Insurance Company of America	Annual Premium due at policy inception
Underwriters at Lloyd's London	Annual Premium due at policy inception
Allied World Assurance Company	Annual Premium due at policy inception
Travelers Property Casualty Company of America	Annual Premium due at policy inception



## Bindable Quotations and Compensation Disclosure Schedule

For the coverage options you choose to have us bind, premiums are due and payable as billed, in full or as insurance company installments. Premiums may be financed, subject to acceptance by an approved finance company. Note: Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required.

Carrier Name and Coverage	(1) Est. Annual Premium	Fee Income, if applicable	(2) Comm. %	Wholesaler MGA or Intermediary		
				(3) Name	(4) Broker % (Insert **** if applicable)	AJG- Owned Yes/No
<b>Package – Property/Casualty and Umbrella</b>						
Underwriters at Lloyd's of London	\$12,343	\$3,000	N/A	N/A	N/A	N/A
Argonaut Great Central Insurance Company	\$20,095	\$3,000	N/A	N/A	N/A	N/A
<b>Umbrella</b>						
Underwriters at Lloyd's of London	\$3,473	Included	N/A	N/A	N/A	N/A
Argonaut Great Central Insurance Company	\$4,677	Included	N/A	N/A	N/A	N/A
<b>Boiler &amp; Machinery</b>						
Travelers Property Casualty Company of America	\$970	Included	N/A	RPS	10%	Yes
<b>Workers Compensation</b>						
Illinois Public Risk Fund	\$10,720	Included	10%	Boyle, Flagg and Seaman	3%	No
<b>Crime</b>						
Citizens Insurance Company of America	\$547	N/A	10%	AJG Bond Department	10%	Yes

Surplus Lines Taxes/Fees				
Non-Admitted Carriers	State	Tax %	Estimated Tax Dollars	Fees
N/A	N/A	N/A	N/A	N/A

See next page for all applicable disclaimers.



**Please note: The asterisks below are only applicable if triggered in the Bindable Quotations and Compensation Disclosure Schedule.**

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10% of the policy premium. Please refer to the [Contingent and Supplemental Commission Disclosure](#) or contact your Gallagher representative for additional information.

1. \* **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.
  - \*\* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
2. Commission rate is a % of annual premium, excluding fees and taxes.
  - \*\*\* Gallagher is receiving commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.
3. We were able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.
4. \*\*\*\* The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.



## Gallagher Disclosures

### Proposal Disclaimer

The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

### Actuarial Disclaimer

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher Risk Management Services, Inc. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

### 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 most recent legislation eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the TRIEA legislation passed in 2005 remain excluded including Commercial Automobile, Burglary and Theft insurance, Surety insurance, Farmowners Multiple Perils and Professional Liability (although Directors & 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.

### Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. For more information on Gallagher's compensation arrangements, please visit <http://www.aig.com/compdisclosure>. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which such commissions and fees may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent commission arrangements with intermediaries and insurance companies that provide for additional contingent compensation if 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 and/or through the intermediary, 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.
2. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
3. Gallagher Companies may access 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. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
4. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value-added service.

### Questions/Concerns

If you have specific questions about the 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 send an e-mail to [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or send a letter to:

AVC Compliance Officer  
Arthur J. Gallagher & Co.  
Two Pierce Place, 20th Floor  
Itasca, IL 60143



Arthur J. Gallagher Risk Management Services, Inc.



## COMMERCIAL ACCOUNTS

### Contingent and Supplemental Commission Disclosure

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Effective October 1, 2009, Arthur J. Gallagher & Co., and its subsidiaries operating as insurance agents/brokers under the corporate holding company known as Arthur J. Gallagher Brokerage & Risk Management Services, LLC, resumed participating in contingent commission arrangements which are routinely offered by insurance companies and intermediaries to agents and brokers, after voluntarily foregoing the benefit of this type of compensation since January 1, 2005. Contingent commission arrangements 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 and/or through the intermediary, 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.

During the time Gallagher's retail operations did not accept contingent commissions, some insurance markets and intermediaries, including Gallagher owned intermediaries, modified their commission schedule with Gallagher, resulting in an increase in some commission rates. The additional commissions, commonly referred to as "supplemental commissions," are known at the effective date of the policy, but some intermediaries and insurance companies are paying the commission increase apart and later from when the commission is normally paid at policy issuance.

Unlike contingent commissions, supplemental commission payments are determined **without** regard to any performance factors which are contingent on future growth, retention, profitability, etc.

Contingent and supplemental commission ranges from less than 1% up to 10% of written or earned premium on eligible lines of business (not all lines of business qualify).

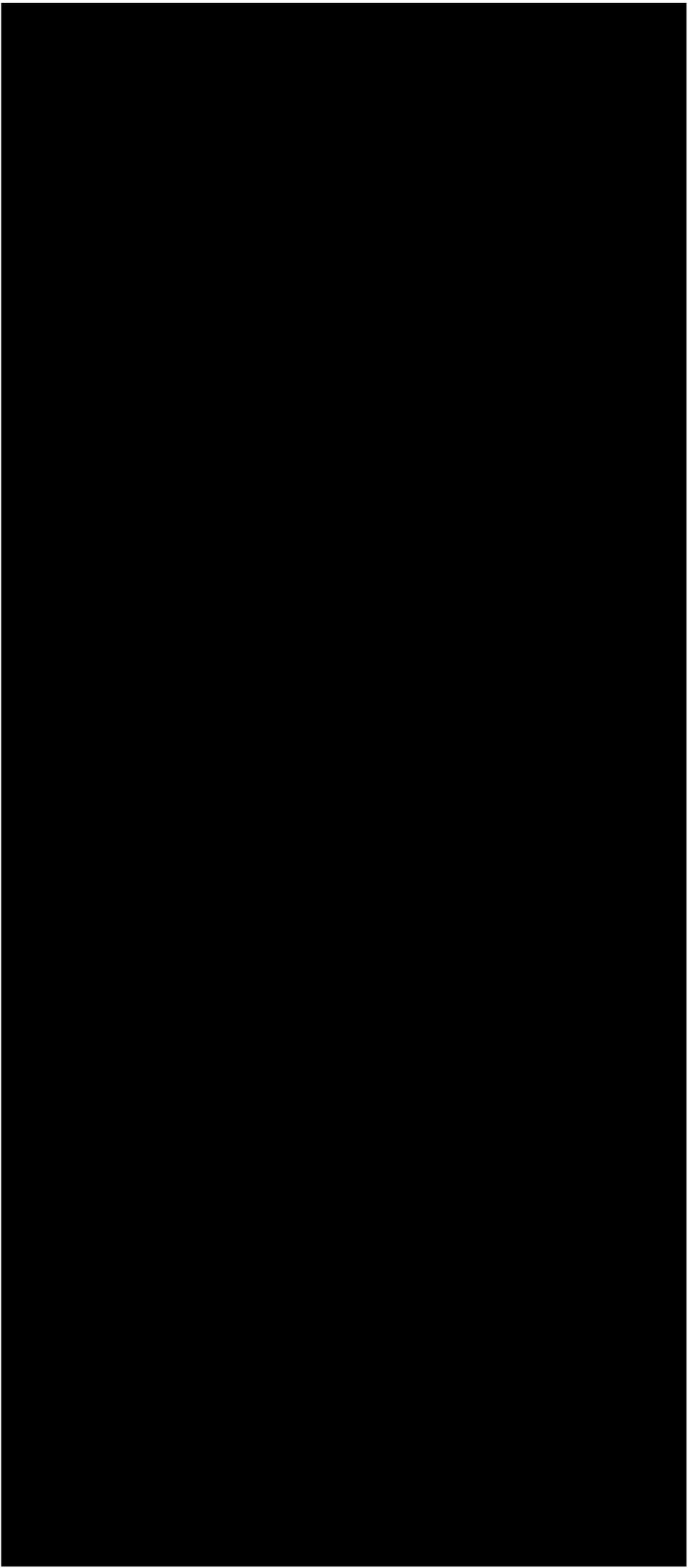
**NOTE:** Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.

## Additional Changes and Developments to Your Program/Business/Operations

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your risk management program. The types of changes that concern us include, but are not limited to, those listed below:

1. Any newly assumed contractual liability, granting of indemnities, hold harmless agreements, or waivers of subrogation.
2. Circumstances which may require increased liability insurance limits.
3. Any changes in fire or theft protection, such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to same.
4. Immediate advice of any changes to scheduled equipment such as contractors' equipment, electronic data processing, etc.
5. Property of yours that is in transit, unless we have previously arranged for the insurance.
6. Any changes in existing premises, including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed, or occupied.





## Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated November 15, 2012, Village of Long Grove accepts your insurance program subject to the following exceptions/changes:

Please bind all policies as checked below:

- Package (Property, GL, Auto, PO/EPI)
  - Argonaut Insurance Company
  - Underwriters of Lloyd's, London
- Umbrella
  - Argonaut Insurance Company \$7,000,000 Limit
  - Underwriters of Lloyd's, London \$7,000,000 Limit
- Illinois Public Risk Fund – Workers Compensation
- Citizens Insurance Company of America – Crime Coverage
- Travelers Property Casualty Company of America – Boiler & Machinery



- Bind TRIA Terrorism coverage as quoted except for the following policies:

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- Provide quotations or additional information on the following coverages from the Coverages for Consideration page of this proposal.

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It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

Village of Long Grove confirms the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

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Client Signature

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Dated



## Gallagher Compensation Agreement

THIS COMPENSATION AGREEMENT is made and entered into and effective the 31st day of December, 2012 ("Effective Date") by and between VILLAGE OF LONG GROVE, an Illinois municipality ("Client"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., an Illinois corporation ("Gallagher").

### I. TERM AND TERMINATION

This Agreement shall commence on the Effective Date for a term of one (1) year and shall automatically renew on the first anniversary of the Effective Date and annually thereafter for additional one- (1) year terms but may be terminated by either party at any time upon one hundred twenty (120) days prior written notice.

### II. OBLIGATIONS OF GALLAGHER

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company.

### III. OBLIGATIONS OF CLIENT

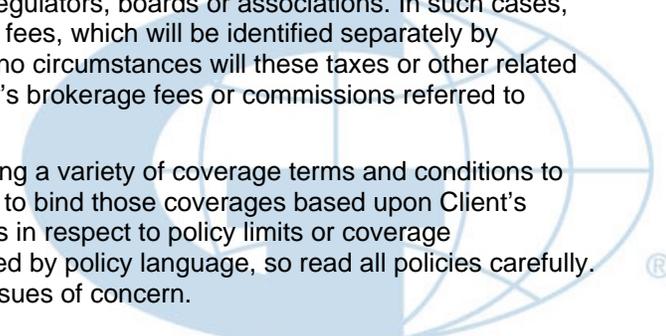
Client shall remunerate Gallagher its usual and customary brokerage commission for the Services. In addition to or in lieu of commission, Client shall pay Gallagher an annual fee of \$3,000 for the Services, which such fee may be revised at the time of renewal of this Agreement by the execution of an amendment to this Agreement signed by the parties hereto. If work is required to be performed in addition to the Services, Client agrees to compensate Gallagher for such additional work at its usual and customary rates. So long as the terms and conditions of the Services are substantially similar and Gallagher's performance is acceptable, in subsequent years the annual fee shall be increased 3.5% over the prior year, and shall be payable and earned as provided herein.

### IV. DISCLOSURES

- A. In addition to such fees and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission arrangements provide for additional contingent compensation if 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. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commission is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III. above.
- B. Gallagher's fees under this Agreement shall be fully earned on the execution of this Agreement (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to Client.



- C. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.
- D. Gallagher will be operating only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization, however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.



**V. LIMITATION OF LIABILITY**

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. By: _____ Name: _____ Title: _____	VILLAGE OF LONG GROVE By: _____ Name: _____ Title: _____
--	---



## Exhibit A

### Services

Perform risk management services, which Client may from time to time need or require. The services include:

#### A. Brokerage Placement Services

- Identify available marketplace coverages and program needs to insure and/or minimize risks
- Compile underwriting data and information to prepare market specifications
- Evaluate and analyze insurance quotations – each company reviewed for financial stability, solvency, and service record
- Negotiate with underwriters to achieve broadest coverages at best price
- Prepare proposal to explain coverages, limits, and exclusions
- Bind coverages and confirm placement
- Secure policies and review for accuracy.

#### B. Administrative Services

- Coordinate loss control activities
- Marketing plan 120 days prior to renewal
- Prepare schedule of insurance
- Billing
- Claim reporting
- Certificates of Insurance
- Review audits and endorsements for correctness
- Establish insurance calendar “to do” list and schedule meetings
- Maintain market relationships
- Research new markets or coverage concepts and determine their applicability
- Instruct accounting personnel of procedures for audit to make best use of record keeping
- Annual/Stewardship report
- Issue auto ID cards
- Internal audit and management review
- Committee meetings.



POLICYHOLDER DISCLOSURE



NOTICE OF TERRORISM INSURANCE COVERAGE - PACKAGE POLICY

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended:

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM ARE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

I hereby elect to purchase coverage for acts of terrorism for a prospective premium of \$

I hereby elect to have coverage for acts of terrorism excluded from my policy.

I understand that I will have no coverage for losses arising from acts of terrorism.

Policyholder / Applicant's Signature

Date Signed

Print Name and Title

Insured Name: VILLAGE OF LONG GROVE
3110 OLD MCHENRY ROAD
LONG GROVE, IL 60047

Policy Period: DECEMBER 31, 2012 to DECEMBER 31, 2013

Brit Global Specialty USA
A member of the Brit Insurance Group

POLICYHOLDER DISCLOSURE



NOTICE OF TERRORISM INSURANCE COVERAGE - UMBRELLA POLICY

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended:

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence to the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM ARE PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

I hereby elect to purchase coverage for acts of terrorism for a prospective premium of \$ \_\_\_\_\_

I hereby elect to have coverage for acts of terrorism excluded from my policy.

I understand that I will have no coverage for losses arising from acts of terrorism.

\_\_\_\_\_  
Policyholder / Applicant's Signature

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Print Name and Title

**Insured Name:**  
VILLAGE OF LONG GROVE  
3110 OLD MCHENRY ROAD  
LONG GROVE, IL 60047

**Policy Period:**  
DECEMBER 31, 2012 to DECEMBER 31, 2013

Brit Global Specialty USA  
A member of the Brit Insurance Group

**UNINSURED/UNDERINSURED MOTORISTS SUPPLEMENTARY AUTO APPLICATION**



**A. OFFER OF UNINSURED/UNDERINSURED MOTORIST COVERAGE (UM/UIM COVERAGE)**

Carrier:  Companion Commercial Insurance Company  Underwriters at Lloyd's, London

Insurance Company indicated above hereby offers to provide UM/UIM coverage in limits equal to the automobile motor vehicle liability coverage limits of the policy number indicated below.

**B. EXPLANATION OF UM/UIM COVERAGE**

**Uninsured Motorist Coverage** provides protection for bodily injury, sickness or disease, including death, under provisions approved by the applicable state Department or Bureau of Insurance for the protection of insureds hereunder who are legally entitled to recover from owners or operators of uninsured motor vehicles because of bodily injury, sickness or disease, including death, suffered by any person insured under that coverage in the policy to which this form references.

**Underinsured Motorist Coverage** provides protection for insureds under that coverage in the policy for bodily injury, sickness, disease, including death, suffered by any person insured under the policy to which this form references, where the limits of coverage available for payment to the insured under all insurance policies covering persons liable to the insured are less than the limits for the insured's uninsured motorist coverage.

**Limitations on Coverage** Uninsured Motorist and Underinsured Motorist coverage are subject to the limitations, conditions, and exclusions approved by the applicable state Department or Bureau of Insurance and the laws of the applicable state.

**C. ACCEPTANCE/REJECTION OF UNINSURED/UNDERINSURED (other than Commercial Umbrella)**

Uninsured/Underinsured Motorist Coverage has been explained to me and I have read the foregoing explanation of UM/UIM coverage and I hereby:

**Totally Reject** UM/UIM coverage.

**Accept** UM/UIM coverage in limits equal to the limits of the motor vehicle liability coverage.

**Wish to purchase limits** of UM/UIM as indicated below:

<input type="checkbox"/>	\$35,000	<input type="checkbox"/>	\$100,000	<input type="checkbox"/>	\$500,000
<input type="checkbox"/>	\$50,000	<input type="checkbox"/>	\$250,000	<input type="checkbox"/>	\$1,000,000

**D. COMMERCIAL UMBRELLA (where applicable) - Uninsured Motorists/Underinsured Motorists**

Uninsured/Underinsured Motorists Coverage has been explained to me and I have read the foregoing explanation of UM/UIM coverage and I hereby:

**Totally Reject** all UM/UIM coverage under the Commercial Umbrella.

**Wish to purchase Umbrella limits** of UM/UIM as indicated below:

<b>Limit</b>	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000
<b>Premium</b>	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000
<b>Selection</b>	<input type="checkbox"/>				

The limit of liability indicated cannot be greater than the limit of liability afforded by the motor vehicle liability coverage under the commercial umbrella coverage.



E. UNINSURED/UNDERINSURED COVERAGE REJECTED OR ACCEPTED IN LESSER LIMITS NEED NOT BE REOFFERED UPON RENEWAL UNLESS REQUESTED IN WRITING.

I understand that the coverage selection or rejection indicated in Item C. above shall apply on policy(ies) in effect at the time this form is executed and all future renewal policies until I notify U.S. Specialty Insurance Company in WRITING of any changes. If I sign below, and/or pay any premium, I have evidenced my actual knowledge and understanding or the availability of these benefits and limits as well as the benefits and limits you have selected.

**FRAUD WARNING:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

The signature written below must be executed by a duly authorized representative of the Named Insured and applicant listed within this form.

For the purposes of this application, a represented entity (as listed under the Named Insured(s) or Applicant(s)) is defined as a public entity that the individual authorized with signing this application represents. The signing individual is a public official, employee or other representative authorized to enter into contracts on the entity's behalf.

\_\_\_\_\_  
Policyholder / Applicant's Signature

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Print Name and Title

<b>Insured Name:</b>	VILLAGE OF LONG GROVE 3110 OLD MCHENRY ROAD LONG GROVE, IL 60047	<b>Policy Period:</b>	DECEMBER 31, 2012	to	DECEMBER 31, 2013
		<b>Policy Number:</b>			

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as *defined in Section 102(1) of the Act*. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury-in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**Acceptance or Rejection of Terrorism Insurance Coverage**

- I hereby elect to purchase terrorism coverage for a prospective premium of \$471.
- I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

	<u>Trident Insurance Services, LLC</u>
Policyholder/Applicant's Signature	Company
	<u>4629608-00</u>
Print Name	Policy Number
Date	

Member No. \_\_\_\_\_

**ILLINOIS PUBLIC RISK FUND  
POOLING AGREEMENT**  
*(As Amended and Restated in 2012)*

THIS AGREEMENT is made and entered into by and among the ILLINOIS PUBLIC RISK FUND (the "IPRF" or "Fund"), an Illinois not for profit corporation organized and operating as an intergovernmental joint insurance pool, and each of the members of the Fund (individually referred to herein as a "Member" and collectively as the "Members"), pursuant to the terms and provisions of Article VII, Section 10 of the Illinois Constitution of 1970, the Illinois Intergovernmental Cooperation Act, as amended (5 ILCS 220/1 *et seq.*), and the applicable provisions of the Illinois Workers' Compensation Act (820 ILCS 305/1 *et seq.*) and the Illinois Workers' Occupational Diseases Act (820 ILCS 310/1 *et seq.*), as amended (hereinafter referred to as the "Workers' Compensation Laws").

**RECITALS**

WHEREAS, the Illinois Intergovernmental Cooperation Act expressly authorizes public agencies to enter into intergovernmental contracts to jointly self-insure and utilize their funds to protect, wholly or partially, themselves and any public agency member of the contract against liability or loss in a designated insurable area; and

WHEREAS, the IPRF was established in 1985 to provide a means by which the public agency Members of the Fund could contract with each other pursuant to the Intergovernmental Cooperation Act in order to protect each other against liability or loss under the Workers' Compensation Laws; and

WHEREAS, the Members are Illinois employers subject to the Workers' Compensation Laws, as well as "public agencies" under the Illinois Constitution of 1970 and within the meaning of the Intergovernmental Cooperation Act, and intend to create a valid, enforceable intergovernmental contract pursuant to the provisions of the Intergovernmental Cooperation Act by execution of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

**AGREEMENT**

**I. FUND OPERATIONS AND CLAIMS ADMINISTRATION.**

The IPRF will pay promptly when due the compensation and other benefits, including medical benefits, required of the Member by the Workers' Compensation Laws. The affairs of the Fund shall be managed by or under the direction of its Board of Trustees which shall provide for the efficient administration of claims under the Workers' Compensation Laws and otherwise under any applicable law of the State of Illinois imposing employers liability for bodily injury by

accident or disease. In that regard, the Board of Trustees shall have the duty and responsibility to:

A. Provide for the efficient administration of claims by either employing or contracting for the services of an independent third party claims administrator (the "Fund Claims Administrator" or "Fund Administrator"), or by employing or contracting for the services of claims administration personnel or staff, (the "Fund Claims Administration" or "Fund Administration"). The Fund Administrator or Fund Administration, as the case may be, shall have the responsibilities for claims processing and administration; the investigation and adjustment of claims; the management and reporting of claims; compensation, claims, and benefits payments; and, risk data management and reports, including the establishing and monitoring of reserves, among other duties as may be authorized, directed, or delegated from time to time by the Board of Trustees;

B. Provide or contract for safety and loss control programs and services for the benefit of the Fund and its Members;

C. Employ or contract for the services of an independent accountant (the "Fund Accountant") who, at the direction of the Board of Trustees and the Treasurer, shall be responsible for IPRF's day-to-day financial matters, including the collection of Members' current, past due, and delinquent accounts, premiums, contributions, assessments, and penalties; the keeping and maintenance of the Fund's financial records, statements, reports, and books of account; and, the satisfaction and payment of the Fund's bills, debts, and other financial obligations;

D. Employ or contract for the services of an independent, fiduciary investment advisor (the "Fund Advisor") for advice and management concerning the Fund's assets and investments in accordance with the purposes and investment guidelines established by the IPRF, the Intergovernmental Cooperation Act, and all other applicable duties and policies, standards, guidelines established, created by law, regulation, or resolution of the Board of Trustees;

E. Employ or contract for the services of exclusive Marketing Agents who shall be responsible for the promotion and marketing of the Fund, and its program and services;

F. Authorize and direct the Fund Accountant and the Marketing Agents in the collection of delinquent accounts resulting from any unpaid premiums, contributions, assessments, or penalties;

G. Cause each Member to execute this Pooling Agreement, governing, among other matters and things, the liability of all Members for claims against the Fund;

H. Obtain excess reinsurance coverage along with errors and omissions liability (E&O) and directors and officers (D&O) liability coverages for the Fund's Board of Trustees, officers, and employees with insurance companies acceptable to the Board of Trustees, and in amounts considered reasonably adequate to cover the liabilities of the Fund, its Board of Trustees, officers, and employees, and to keep and maintain such insurance policy coverages in full force and in effect at all times along with such other insurance coverages as the Board of Trustees may determine to be reasonably prudent and necessary to protect the Fund and its assets; and, to procure and maintain a fidelity bond covering the IPRF's Board of Trustees, individually and collectively, the Fund Treasurer, the Fund Accountant, and any other person employed or engaged by the Fund having any responsibility respecting the IPRF's monies and securities, in an amount

sufficient to protect the Fund against loss, misappropriation, or misuse of any monies or securities;

I. Set standards for the admission of Members to the Fund which shall include such requirements, guidelines, and precautions as the Board of Trustees from time to time shall deem to be reasonable and appropriate to promote the safe, prudent, proper, and responsible operation of the Fund for the benefit of duly qualified and financially suitable Members that are seriously committed to sound safety practices, risk management, and loss control programs;

J. To employ or contract for the services of such other persons, parties, providers, vendors, or consultants as the Board of Trustees may from time to time deem reasonably necessary or desirable to carry out the purposes of the Fund and to assure the continuous, efficient, and cost-effective operations of its programs.

## **II. COST OF MEMBERSHIP.**

The Member's cost will be determined by the Board of Trustees. The Member's contribution or premium will be developed by an examination and audit of all the Member's records that relate to the coverages provided by this Agreement, including ledgers, journals, registers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data (the "payroll audit"). Rates, classifications, experience modification factors, and discounts approved by the Board of Trustees will be used to determine the Member's contribution or premium subject to the payroll audit.

## **III. ASSESSMENT PROVISIONS.**

Whenever the Board of Trustees determines by means of an audit, annual certified financial statements, actuarial opinion, or otherwise that the assets of the Fund are less than the reserves which would be required to be maintained by the Fund if the Fund were subject to Part 2901 of the Illinois Department of Financial and Professional Regulation, Division of Insurance Workers' Compensation Self Insurance Regulations (50 Ill. Admin. Code §§2901.10 - 2901.40), together with any other unpaid liabilities, then the Fund shall direct its Treasurer and the Fund Accountant (as defined in the Fund's By-Laws) to assess each Member of the Fund that was a Member during the Fiscal Year (as defined below) in which the events or occurrences giving rise to such assessment occurred, the amount necessary (in the aggregate) to correct the deficiency. Members will be assessed pro rata based upon their annual contributions, provided that, in no event shall the annual total of any Member's assessment exceed ten percent (10%) of that Member's gross annual premium or contribution to the Fund for the most recent Fiscal or Fund Year, as such terms are defined herein and by the IPRF's By-Laws. In the event of the inability of one or more Members, by reason of insolvency or otherwise, to pay such assessments, the Fund's Treasurer shall assess the other Members of the Fund for such unpaid amounts. Notwithstanding the foregoing, a Member's liability under this Section for assessments shall be limited to the period of such Member's membership in the IPRF and the later of either the three (3)-year period commencing with the close of the most recent Fiscal Year during which the events, occurrences, or claims giving rise to such assessments happened, or the three (3)-year period beginning with the close of the Fiscal Year during which such Member's membership in the Fund was terminated.

## **IV. MEMBERS, TERMS, WITHDRAWAL, TERMINATION.**

A. Membership in the Fund is limited to "public agency members" within the meaning of and subject to Section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6) and other units of local government and public entities within the State of

Illinois that may become eligible for membership from time to time according to Article VII, Section 10 of the Illinois Constitution of 1970, the Intergovernmental Cooperation Act, or the By-Laws of the IPRF. Membership in the Fund is subject to the approval of the Fund's Board of Trustees, the Fund Administrator, and the Fund's excess reinsurance carrier.

B. The initial minimum term of IPRF membership is one (1) year, unless terminated earlier pursuant to this Agreement or Article VIII of the Fund's By-Laws.

C. After the initial one (1) year minimum term, a Member may withdraw or resign its membership in the Fund for any year thereafter upon the giving of not less than ninety (90) days written notice to the IPRF Board of Trustees of its intent to withdraw or resign and, such resignation shall take effect no sooner than ninety (90) days from the date such notice is given.

D. A Member may be terminated from the IPRF under rules set forth in the Fund's By-Laws for reasons which include, but are not limited to, the following:

(1) When the Member fails to pay the premium, contribution, assessment, or other amounts due and payable to the Fund in full;

(2) When the Member fails to cooperate with the Fund, or with any of its Trustees, Marketing Agents, officers, employees, contractors, or agents, in regards to audits, payments, financial and claims reporting, safety, loss control, and prevention, or any other subject having to do or connected in any way with the operations and purposes of the IPRF as determined by the Board of Trustees in its sole discretion;

(3) When the Member fails to carry out the recommendations of any safety, loss control, or prevention survey, inspection, or examination, or fails to adhere to generally accepted accounting or financial practices, or fails to follow the IPRF's safety, loss control, risk prevention, or claims reduction standards, policies, or programs as determined by the Board of Trustees in its sole discretion;

(4) When the Member fails to meet the membership eligibility requirements set forth in Paragraph IV(A) above, as determined at any time by the Board of Trustees in its sole discretion;

(5) When the Member engages in conduct detrimental to the integrity, stability, or strength of the IPRF or any of its programs as determined by the Board of Trustees in its sole discretion; or

(6) When the member fails to meet other requirements for continued participation that may be determined by the Board of Trustees in its sole discretion to preserve the stability and strength of the Fund and which are consistent with the provisions of the By-Laws, including participation in the programs or efforts designed to reduce losses or adjust claims in order to carry out the purposes for which the IPRF was established.

V. COVERAGE, INDEMNITY AND DEFENSE.

In consideration of payment of the Member's contributions as described in this Agreement in general, and as set forth in part II in particular, the Fund agrees:

A. Coverage: The Fund will pay promptly when due all compensation and other benefits, including medical benefits, required of the Member by the Workers' Compensation Laws and as such Laws may be amended from time to time.

B. Defense, Settlement, Supplementary Payments: As respects the coverage afforded by the other terms of this Agreement, the Fund shall:

(1) Defend any proceeding against the Member seeking such compensation and other benefits and any suit against the Member alleging work-related accidental injuries or occupational diseases, as those terms are defined under the Workers' Compensation Laws and seeking damages on account thereof, even if such proceeding or lawsuit is groundless, false, or fraudulent, but the Fund may make such investigation, negotiation, and settlement of any claim or suit as it deems expedient or necessary.

(2) Pay all expenses incurred by the Fund, all costs taxed against the Member in any such proceeding or suit, and all interest accruing after entry of award or judgment until the Fund has paid, tendered, or deposited such part of such judgment as does not exceed the limit of the Fund's liability thereon; *provided, however*, that in no event shall the Fund be responsible for payment of any fines, penalties, or interest thereon imposed upon a Member as a result of such Member's violation of or misconduct under the Workers' Compensation Laws or otherwise.

C. Applicability of Coverage: The coverage, compensation, other benefits, defense, and payments provided under this Agreement apply or is accorded only to accidental injuries, disablements, exposures, and fatalities (as those terms are defined under the Workers' Compensation Laws) occurring during the membership term. All states coverage will be provided by the Fund.

D. Conditions: Classifications, rates, modification factors, and discounts, shall be determined by the Board of Trustees in its sole discretion. Each Member shall maintain records of the information necessary for contribution or premium computation, and the IPRF, its Board of Trustees, the Fund Accountant and its duly authorized agents and representatives shall be allowed to examine and audit all of the Member's records that relate to the coverage, indemnity and defense provided by this Agreement, including ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for sharing and receiving data. The IPRF may conduct the audits during regular business hours during the membership or coverage period and within three (3) years after such membership or coverage period ends. Information developed by audit will be used to determine the amount of any final premium or contribution due under this Agreement subject to the right of the Fund through its Board of Trustees to determine and set the amount of any premium, contribution, assessment, debt, penalty, or other amount due to be paid the IPRF in its full and sole discretion.

**VI. MEMBERS' OBLIGATIONS.**

Each Member agrees to be bound by all of the terms and conditions of this Agreement, the IPRF's By-Laws, as they may be amended from time to time, and to abide by any rules, resolutions, and regulations that are promulgated by the Board of Trustees for the administration of the Fund, which shall include, but not be limited to, the following:

A. Each Member agrees to initiate and maintain a safety program to give its employees safe and sanitary working conditions and agrees to follow the general recommendations of the IPRF, its Board of Trustees, and their duly authorized agents and representatives to promote the general welfare of such Member's employees. Each Member, however, shall remain solely responsible for all decisions concerning its safety program and practices and may not rely upon evaluations or recommendations made by the IPRF, its Board of Trustees, or their duly authorized agents and representatives in making decisions concerning such Member's safety program and practices.

B. When an injury or disablement to an employee of a Member covered by this Agreement occurs, the Member shall immediately provide for immediate emergency and other medical services as provided by Sections 8(a) of the Workers' Compensation Laws, and shall immediately notify the IPRF of the loss or claim and cause to be prepared and transmitted to the Fund Administrator or Fund Administration, as the case may be, an Employers First Report of Injury (Form 45) as prescribed by the IPRF, the Illinois Workers' Compensation Commission and the federal Occupational Safety and Health Administration (OSHA).

C. If a claim is made or suit or other proceeding is brought against the Member, then the Member shall immediately forward to the IPRF every demand, notice, summons, claim form, suit or other legal or administrative process received by it.

D. The Member shall cooperate with the IPRF and, upon the Fund's request, shall attend all hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and otherwise cooperate in the conduct of all suits, hearings, or proceedings. The Member shall not, except at its own cost, which shall not be reimbursed by the Fund, voluntarily make any payment, assume any obligation, or incur any expense other than for such immediate medical and other services at the time of the injury as are required by the Workers' Compensation Laws or otherwise.

E. Each Member shall make prompt payment of all contributions, premiums, assessments, and other amounts due as required under this Agreement and the Fund's By-Laws.

F. Each Member does hereby appoint the IPRF as its agent to act in the Member's behalf to file reports and to make or arrange for payment of claims, medical expenses, and all other things required or necessary insofar as they affect the Member's liability under the Workers' Compensation Laws or such Member's obligations under the rules, regulations, and orders of the Illinois Workers' Compensation Commission or any other administrative agency or court having jurisdiction.

G. Each Member agrees that in the event of the payment of any compensation, other benefits, defense or other payments by the IPRF under this Agreement, the Fund shall be subrogated to the extent of such payment to all rights of the Member against any person

or other entity legally responsible for such damages or losses, and in such event, the Member hereby agrees to render all reasonable assistance, other than pecuniary assistance, to effect recovery.

H. The IPRF, its Board of Trustees, and any of their duly authorized agents, employees, and attorneys, and a representative shall be permitted at all reasonable times to inspect the Member's work places, plants, works, machinery, and appliances covered by this Agreement, and shall be permitted at all reasonable times and within three (3) years following termination of membership to examine the Member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify contributions, premiums, or other amounts which are due or payable, or which were paid to the Fund.

**VII. EFFECTIVE TIME AND DATE.**

The Fund shall operate on a fiscal year consistent with the calendar year beginning on the first day of January and ending on the last day of December (the "Fiscal Year" or "Fund Year"), and effective date of this Agreement shall be the date the parties entered into this Amended and Restated Pooling Agreement as set forth below.

**VIII. ARBITRATION AND ALTERNATIVE DISPUTE RESOLUTION.**

Except as to claims arising out of or connected with a Member's failure to pay all contributions or premiums to the IPRF when due, any controversy or claim arising out of or relating to this contract, or the breach thereof, or any term or provision of the Fund's By-Laws, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. All arbitration proceedings shall be heard and determined by one arbitrator, whose award shall be final and binding upon the parties hereto.

The parties agree that all arbitration proceedings shall take place in Chicago, Illinois and shall be subject to the Illinois Uniform Arbitration Act. (710 ILCS 5/1 *et seq.*)

The provisions of this Section shall survive and bind the parties hereto and their successors and assigns, notwithstanding any termination of this Agreement.

**THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.**

**IX. ENTIRE AGREEMENT.**

This Amended and Restated Pooling Agreement supersedes any prior Pooling Agreement between the parties.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have entered into this Amended and Restated Pooling Agreement as of date set forth below.

**ILLINOIS PUBLIC RISK FUND**

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

**MEMBER**

\_\_\_\_\_  
(Print name of Member)

By: \_\_\_\_\_

Title: \_\_\_\_\_

871495v4/01174-0001  
4/11/12

## Claims Reporting Instructions

**For all of your coverages within this proposal, unless otherwise noted:**

- Immediately report any incident, claim, or suit to:

For Property, Inland Marine, Automobile, General Liability, Public Officials Liability, Employee Benefits Liability, Employment Practices Liability, Umbrella claims report to:

TPA or Carrier Name: Argonaut Great Central Insurance Company  
 By Mail – Address: P. O. Box 460729  
 San Antonio, TX 78246-0729  
 By Phone: (877) 474-8808  
 By Fax: (210) 342-8193  
 By E-mail: claims@tridentinsurance.net

For Workers Compensation claims report to:

TPA or Carrier Name: Illinois Public Risk Fund  
 By Phone: (888) 532-6981  
 By Fax: (888) 223-1638  
 Website: iprf.com

For Crime claims report to:

TPA or Carrier Name: Hanover Insurance Company  
 By Mail – Address: 440 Lincoln Street  
 Worcester, MA 01653  
 Attn.: Bond Claims Department  
 By Phone: (630) 521-8419

For Brit Package claims report to:

Carrier Name: Gallagher Bassett Services, Inc.  
 By Phone: (877) 332-2475  
 By Fax: (800) 748-6159

For Boiler & Machinery claims report to:

Carrier Name: Travelers Insurance Companies  
 By Phone: (800) 238-6225  
 By Fax: (877) QUICK-FAX (877) 784-5329

- If notice of incident, claim, or suit is received, refer to the policy conditions clause “Duties in the event of.”



## Supporting Documentation

- Named Insureds
- Automobile Schedule
- Statement of Values (SOV)
- Inland Marine Schedule



## Named Insureds

- Village of Long Grove

**Note:** Any entity not named in this proposal may not be an insured entity. This may include partnerships and joint ventures.





**TRIDENT AUTOMOBILE SCHEDULE FOR:**

**Village of Long Grove**

**Instructions: Submit complete information for all autos, save file and e-mail with Trident application to [underwriting@tridentinsurance.net](mailto:underwriting@tridentinsurance.net).**

*\* Refer to Auto Class Codes Worksheet*

**Information for the Columns below ( ) is required for quotation.**

Veh #	Year	Make	Model	VIN (last 4 digits)	Class Codes*	Cost New	Valuation	Deductibles		Loss Payee or Additional Insured
								Comp	Coll	
	2008	GMC	Sierra	100057*	7398	\$37,130	ACV			
	2004	Wells Cargo	Trailer	5546	68499	\$5,000	ACV			
	2011	Teske	Trailer	5547	68499	\$2,000	ACV			

Below are some examples of possible automobile classification codes.

Automobile Type	Class Codes	GVW or Seating Capacity
Private Passenger	7398	
LAW Enforcement Private Passenger	7911	
LAW Enforcement 'Other' (light)	7912	0-10,000 lbs
Fire Department Private Passenger	7908	
Fire Department 'Other'	7909	
Ambulance (TX)	7919 (7913)	
Motorcycle (Police)	7942 (7948)	
Light Dump (TX & LA)	01479 (03479)	0-10,000 lbs
Light Other	01499	0-10,000 lbs
Medium Dump (TX & LA)	21479 (23479)	10-20,000 lbs
Medium Other	21499	10-20,000 lbs
Heavy Garbage (TX & LA)	31453 (33453)	20-45,000 lbs
Heavy Dump (TX & LA)	31479 (33479)	20-45,000 lbs
Heavy Other	31499	20-45,000 lbs
Heavy Truck-Tractors	34499	20-45,000 lbs
Extra Heavy-Dump	40479	Over 45,001 lbs
Extra Heavy-Other	40499	Over 45,001 lbs
Extra Heavy Truck-Tractors	50499	Over 45,001 lbs
Semi-Trailer	67499	Semi
Trailers	68499	Over 2,001 lbs
Service or Utility Trailers	69499	Service/Utility
Mobile Equipment	7906	
Snowmobiles	7964	
Antique Autos	9620	
School Bus	6181	1-8 Capacity
School Bus	6182	9-20 Capacity
School Bus	6183	21-60 Capacity
School Bus	6184	61+ Capacity
Social Service Bus-Employee Operated	6481	1-8 Capacity
Social Service Bus-Employee Operated	6482	9-20 Capacity
Social Service Bus-Employee Operated	6483	21-60 Capacity
Social Service Bus-Employee Operated	6484	61+ Capacity
All Other Bus	6581	1-8 Capacity
All Other Bus	6582	9-20 Capacity
All Other Bus	6583	21-60 Capacity
All Other Bus	6584	61+ Capacity

**These are fleet class codes, if non-fleet the "4" will be changed to "1".**  
 Fleet is schedule that has 5+ vehicles  
 Non-Fleet is schedule that has 4 and under





**TRIDENT: Statement of Values for:**

**Village of Long Grove**

Instructions: Submit complete information for each building, save file and e-mail with Trident application to [underwriting@tridentinsurance.net](mailto:underwriting@tridentinsurance.net).

Information for the Columns below ( ) is required for quotation.

Loc#	Bldg#	Occupancy	Address	City	State	Zip	Values			Valuation	Construction	Protection Class	Year Built	Sq. Ft.	ITV \$ / Sq. Ft.	Stories	Sprinklered ?		Alarm? (Y / N)	
							Building	Contents	Total								(Y / N)	%	Fire/Smoke	Entry/Burglar
		Bronze Statue		Long Grove	IL	60047	50,000		50,000	RC	FR			0						
		Storage Shed	3110 RFD	Long Grove	IL	60047	8,790	1,000	9,790	RC	NC			0						
		Village Office	3110 RFD	Long Grove	IL	60047	412,963	76,000	488,963	RC	NC	1859	2043	202		No		Yes	Yes	
		Parking Lot Lights		Long Grove	IL	60047	250,000		250,000	RC	FR			0						
		Water Well/Water Storage	IL 83 Robert Paxton Coffin Rd	Long Grove	IL	60047	3,600,000		3,600,000	RC	FR	2009	1903	1,892		Yes		Yes		
				<b>Total</b>			<b>4,321,753</b>	<b>77,000</b>	<b>4,398,753</b>					<b>0</b>						



**TRIDENT: Statement of Values for:**

**Village of Long Grove**

Department	Item	Make	Serial	Value	Value Type
Admin	Laptop Computer	Dell	Unknown	\$2,000	RC
Admin	Mower- Mulching	Unknown	Unknown	\$600	RC
Admin	Misc Items <\$1000	Unknown	List on File	\$1,200	RC
Admin	Laptop Computer	Levono T6	Unknown	\$3,000	RC
		<b>Total</b>		<b>\$6,800</b>	



# Gallagher

## Loss Control Advocacy Services

### Exposure Analysis and Assessment

- Loss Control Program Checklist
- Hotel Loss Control Checklist
- General Industry Safety Management and Safety Program Evaluation
- Ergonomics Assessment for Manufacturing
- Ergonomics Assessment for Office Environments
- Public Entity Site Inspection Form and Program Review

### Loss Analysis and Trending

- Loss Trending Presentations
- Loss Pivot Table Presentation
- Benchmarking
- Root Cause Analysis

### Safety Program Development

- Hotel Safety Manual
- School Bus Driver Safety
- Fast Food (QSR) Slip and Fall
- Fast Food (QSR) Security
- Workplace Harassment Awareness
- Building Maintenance Safety
- Traffic Workzone Safety
- Public Playground Safety Training Program

### Workplace Safety Training Programs [DVD-based]

- School Slip, Trip and Fall Training
- School Back Injury Prevention
- School Food Service Safety Training
- EMS Patient Handling Training

### Employee Awareness Safety Training

- Hazard Awareness
- Fire Extinguisher Use
- and many more

### Supervisory Skill Development

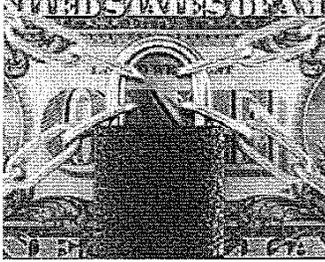
- Role in New Employee Orientation
- Hazard Awareness
- Managing Department Safety
- Accident Investigation
- Safety Communications

### Ergonomics Training

- Applied Ergonomics
- Distribution Center Ergonomics
- Comfort at the Desk

### Training and Education Services

- Emerging Trends in Hotel Security
- Housing Authorities
- Mold and Mildew Issues
- Carbon Monoxide Poisoning
- Property – Casualty Risk Management
- Risk Management – Insurance 101
- Selling Safety to Management
- Property Protection for Education Facilities – The “Human Element”
- Media Relations For Local Government
- Weighing the Risks of Play
- Document Retention and Record Management
- Benchmark Your Risk Management Program



# Risk Management Webcast

November 5, 2009 • 2 Eastern

## How to Navigate a Critical Incident

Critical incidents are not new. What has changed is that they have become more frequent and deadlier. Shootings targeting specific individuals have escalated into random events with complex explosives that are intended to kill many. Often, there is no warning, but a disgruntled employee, consumer who feels cheated or random person out to make a statement, can put your business in a legal nightmare, if not prepared.

This webcast will cover some of the types of exposures that face your business in the event of a critical incident by exploring the history of campus shootings and how lessons learned from these incidents can be applied to your business.

### Topics

- Three Phases of a Crisis
- Practical Scenarios
- Roles and Responsibilities

Risk Management Webcast  
November 5, 2009  
2 p.m. EST

### Speakers

**Bart Douglas, Managing Director**  
Gallagher National Claim Advocacy Practice Group

As an advocate for the client in claim-related matters, he also acts as a liaison between the carrier and the TPA to facilitate the interest of the client in specific claim issues. He provides oversight and guidance to the client on significant individual claims as well as providing claim expertise to the client on broad claim issues such as pro-actively effecting frequency and/or severity claims.

Mr. Douglas began his insurance career in 1972 and has held such positions as Assistant Claims Manager, Assistant Vice President responsible for all claim consulting and brokerage claims and Sr. Director of Risk Management for a Fortune 500 worldwide program.

### REGISTRATION

**Click Here to REGISTER NOW...**

You must register before the day of the Webcast to attend the FREE event that will help you navigate the risks associated with a critical incident.

**Thursday, November 5, 2009 • 2 p.m. EST**

If you have attended a claims seminar before, **click here.**

**Michelle Anderson, J.D., Area Vice President**  
Gallagher Risk Management Services

As a Claims Advocate with nearly 20 years experience, Michelle provides senior level expertise in claims management and resolution to specific Gallagher clients. She serves as our client's advocate and provides consultative resources and training for claims conflict resolution, claim audits and reviews, coverage analysis, educational training and seminars, and oversight of claims administrators and/or TPAs.

Prior to joining Gallagher, she was Vice President and Claims Manager of the Chicago Claims Operations for another national insurance broker, as well as a multi-line, multi-state Risk Management professional and claims adjuster for Marriott International and a national multi-line insurance carrier. She has been responsible for new client sales presentations, extensive client, carrier and vendor relationships and developing risk control programs to help clients manage their overall cost of risk. Additionally, she assists clients with coverage issues and catastrophic claim response and resolution issues. She ensures compliance with coverage placement and service commitments to clients and assisted with national clients.



Arthur J. Gallagher Risk Management Services

For more information, contact  
Bart Douglas at 305-639-3121

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# Web-based Training

Gallagher Bassett offers a number of online training courses addressing safety and health, ergonomics and other critical areas necessary to keeping employees trained and informed. This library database is continually being expanded in response to the growing demand for on-line training. If a customized training program is needed, Gallagher Bassett will work with your organization to develop a program suited to your needs.

The benefits of Gallagher Bassett's web-based training resource include greatly increasing the speed at which clients can convey to their employees critical information to necessitate the reduction of accidents and loss. In addition to its timeliness, web-based training has proven cost effective for many clients, whether the training event attendance is for three or five-hundred people.

Sample training program descriptions include:

## Identifying Strain and Exertion Exposures Approx. 19:47 Min.

Many industrial environments expose employees to the risk of strains and exertions. This training program teaches participants the contributing factors of strain and exertion related injuries; how to identify potential strain and exertion related tasks; and how to implement corrective actions to minimize exertion related injuries. Interactive scenarios encourage participants to formulate corrective actions for preventing strain and exertion exposures and injuries within industrial environments. A quiz is included at the end of the program to reinforce program elements.

### Topics include:

- Impact of strain and exertion related claims
- Back injuries
- Poor and awkward postures
- Bending and overreaching
- Twisting and turning
- Force and repetition
- Duration and posture
- Ergonomic Assessment Survey
- Ergonomic red flags
- Proper lifting techniques
- Repetitive motion
- Hand, wrist and arm posture
- Practice scenarios
- Quiz

## Machine Guarding: Protecting Employees from Injuries Approx. 19:42 Min.

This training program teaches participants about the hazards associated with operating moving machinery, identifies common industrial machinery and whether or not it is properly guarded and safe for operation; and helps employees understand their roles and responsibilities when utilizing moving machinery. Interactive scenarios encourage participants to determine whether or not machinery is properly guarded and prompts them for corrective solutions. A quiz is included at the end of the program to reinforce program elements.

### Topics include:

- The hazards of moving machinery
- Safeguards and accident/injury prevention
- Rotating parts and feed mechanisms
- In-running nip point hazards
- Types of guards
- Grinders, saws, power presses and conveyor systems
- Identification of correct and incorrect guarding
- Restraint and pullback devices
- Light curtains
- The employee's role in the safe operation of machinery
- Practice scenarios
- Quiz

## Accident Investigation Techniques Approx. 11:00 Min.

Provides participants with background information on the importance of conducting thorough accident investigations and explains the procedures to follow when an employee is involved in a workplace accident or incident. Narration and interactive quiz questions teach the skills necessary to identifying accident causes so that actions may be implemented to minimize the risk of future recurrences.

### Topics include:

- Fact-finding vs. fault-finding
- The Heinrich Theory
- Ratio of indirect to direct accident costs
- Unsafe acts and conditions
- Job and personal factors
- Accident investigation responsibilities
- Conducting an accident investigation
- Quiz



**THE BENEFIT:**  
Increases the speed at which you can convey critical information to employees to reduce accidents and loss

# Employment Practices Liability Resource

AGOSNET™ is a loss control platform that features a menu of training and best practices tools designed to empower organizations in their efforts to minimize and properly manage workplace wrongdoing, loss and litigation.

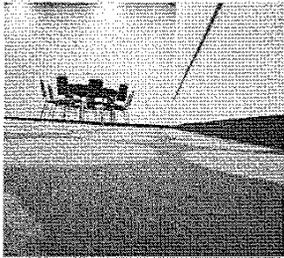
AGOSNET™ standard features include:

- Weekly Manager's Training Bulletins for frontline managers and supervisors.
- An online library of Experts' Forum™ articles—management briefs on a wide range of workplace related topics—for risk managers, human resources professionals, and other upper-level managers.
- Best Practices Knowledge Base—a searchable archive of real-life workplace scenarios that provide insight into the proper management of workplace-related risks and exposures.

- Self-Assessment tools to help evaluate risk/exposure levels.
- Model Workplace Policies.
- Model Workplace Forms.
- Communication Center—easy access to other AGOSNET™ users in your organization.
- Links to hundreds of helpful workplace-related websites.

Other features that may be added to your AGOSNET™:

- Online access to the Employee Protection Line®.
- Access to SmartTrain.com™ online training courses.
- Access to TRAC™—online security and diversity training for all employees.



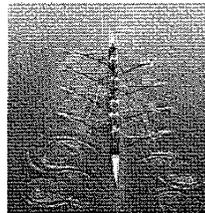
THE BENEFIT:  
Empowers  
your  
organization to  
minimize  
workplace  
wrongdoing  
and litigation

# Leading Your Organization to Results

*Gallagher Bassett will be your partner and your guide in preparing for and controlling your exposures to risk.*

A successful risk control program is made up of several fundamental elements. It begins with a solid plan that addresses loss history, frequency and severity, regulatory compliance, physical hazards and applied training and implementation.

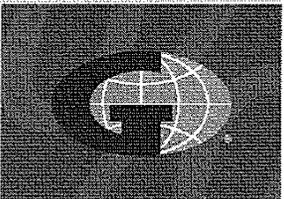
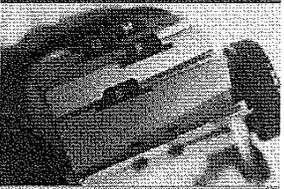
When organizations take a responsibility-based approach to safety, a sustained improvement in safety performance can be achieved. At Gallagher Bassett we emphasize that taking chances, whether corporately, managerially or individually, is an unacceptable way to do business. It is also unnecessary.



We've had measurable success working with our clients utilizing a managed, systematic approach

to controlling exposures and promoting a safe work environment. [gbriskcontrol.com](http://gbriskcontrol.com) is one such approach to helping our clients control exposures and promote a safe work environment. It is a tool that we bring to our partnership with you to produce a successful risk control program that addresses and manages your risk exposures.

There may be other service needs or tools not listed here that Gallagher Bassett would be pleased to address with you. We look forward to discussing your needs and options in greater detail. Contact us today for more information.

Greg Andress  
Executive Manager  
Gallagher Bassett  
Services, Inc.  
Two Pierce Place  
Itasca, IL 60143

Phone: 774-774-7927  
Fax: 630-285-1115  
Email:  
[Greg.Andress@gbtox.com](mailto:Greg.Andress@gbtox.com)

## Public Officials Liability Form

AG PO 0001 01 (02/09)

## Employment Practices Liability Form

AG EP P001 01 (02/09)

## Employment Practices Liability Form

MUNI-BISI-PF-002 (12/11)

## Public Officials Liability Form

MUNI-BISI-PF-002 (12/11)

## Illinois Public Risk Fund

BY-LAWS



## PUBLIC OFFICIALS LIABILITY COVERAGE PART

Various provisions in this *Coverage Part* restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words *you* and *your* refer to the *Public Entity shown first as Named Insured in the Declarations*. The words *we*, *us* and *our* refer to the company providing this insurance.

.....The word *insured* means any person or organization qualifying as such under WHO IS AN INSURED (Section II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (Section VI).

### SECTION I – COVERAGES

#### **A. Insuring Agreement**

We will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as "damages" because of a "wrongful act" committed anywhere in the world to which this insurance applies. This insurance DOES NOT apply to any "claim" resulting from a "wrongful act" that commenced prior to the Retroactive Date shown in the declarations.

This insurance applies only to a "claim" for "damages" first made against any insured during the policy period or any Extended Reporting Period we provide under SECTION V EXTENDED REPORTED PERIODS. A "claim" will be deemed to have been made when notice of such "claim" is received and recorded by you or your "designee" or by us, whichever comes first;

All "claims" arising out of the same "wrongful act" will be deemed to have been made at the time the first of those "claims" is made against any insured.

We will have the right and duty to defend the insured against any "suit" seeking "damages". However, we will have no duty to defend the insured against any "suit" seeking "damages" for a "wrongful act" to which this insurance does not apply. We may, at our discretion, investigate any "wrongful act" and settle any "claim" or "suit" that may result. However:

- a. The amount we will pay for "damages" is limited as described in Section III Limits Of Insurance And Deductible; and
- b. Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments (Section I. C.).

#### **B. Exclusions**

This insurance does not apply to:

1. Any "claim", or any portion of any "claim", alleging "bodily injury", "property damage", "personal injury", "advertising injury" or "employee benefits injury".
2. Any "claim" arising out of:
  - a. The issuance of bonds; or
  - b. Tax assessment or valuation of real, business or personal property; and/or
  - c. Tax collection.
3. Any "claim" arising out of:

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- a. a breach of contract; or
  - b. construction, architectural or engineering contracts, faulty preparation of bid specifications or any other procurement contract; or
  - c. liability which the insured has assumed in a contract or agreement, except mutual aid agreements between political subdivisions. This exclusion does not apply to liability for "damages" that the insured would have in the absence of the contract or agreement.
4. Any "claim" made by, on behalf of, or for the benefit of the named insured against an "employee" or official of the named insured.
5. Any "claim" flowing from or originating out of:
- a. a dishonest, malicious, fraudulent or criminal act, error or omission by any person, or
  - b. a knowing violation of any law, statute or governmental regulation.
- This exclusion applies only to the insured(s) who committed or had knowledge of the fraudulent, criminal or dishonest act, error, omission or violation of law. However if it is later established by a judgment or other final adjudication that the allegation was not proven, we will reimburse the insured for the reasonable costs of defense
6. Any "claim" arising out of any failure or omission to purchase or to maintain insurance coverage or any self-insurance fund.
7. Any "claim", or any portion of any "claim", seeking "damages" for emotional distress or mental anguish.
8. Any "claim" arising out of employment or application for employment with any insured, or any other employment related policies or practices.
9. Any civil or criminal fines or penalties levied by any federal, state or local governmental regulatory agency or court.
10. Any "claim" arising out of:
- a. Any collective bargaining agreements; or
  - b. Any lookout, strike, picket line, replacement of workers or other labor disputes or labor negotiations, union grievances or any "claim" filed by or on behalf of a union.
11. Any "claim" based upon or attributable to an insured gaining any profit, advantage, or remuneration to which that insured is not legally entitled.
12. Any claim arising out of:
- a. Any prior and/or pending litigation as of the effective date of this Coverage Part set forth in the Declarations, or
  - b. Any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, regardless of the legal theory upon which such claim is predicated.
13. Any "claim" arising out of the:
- a. Actual or threatened sexual abuse or molestation or any other types of improper sexual acts or
  - b. The negligent:
    - i. Employment; or
    - ii. Investigation; or
    - iii. Supervision; or
    - iv. Reporting to the proper authorities or failure to so report; or
    - v. Retention;

Of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by paragraph a. above;

- c. Failure to protect any person from any acts or conduct described in a. above.
14. Any "claim" for relief that is equitable in nature and is not payable in money, or any request for equitable or injunctive relief, or the insured's cost to comply with any such non-monetary relief.
- If a "suit" seeks both monetary "damages" and non-monetary relief, we will defend the "suit".

### C. Supplementary Payments

1. We will pay, with respect to any "claim" we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit", including actual loss of earnings up to \$300 a day because of time off from work.
  - d. All costs taxed against the insured in the "suit" that resulted from a verdict covered by this policy.
  - e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  - f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the Limits of Insurance.

Our obligation to defend an insured and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

## SECTION II – WHO IS AN INSURED

---

You are an insured, and

Each of the following is an insured but only for acts that are both within the scope of his or her duties for you, and motivated, at least in part, by a purpose to serve you:

1. Any member of the governing body of the named insured.
2. Any board, commission, agency, authority, administrative department, or other similar unit operated by you and under your jurisdiction and within your budget.
3. All your past, present, and future elected, appointed, or employed officials.
4. Any "employee" or authorized "volunteer" of the named insured.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a named insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE AND DEDUCTIBLE

---

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds; or
  - b. "Claims" made or "suits" brought; or
  - c. Persons or organizations making "claims" or bringing "suits".
2. The most we will pay for all "claims", "suits" or actions covered by this Coverage Part is the ANNUAL AGGREGATE shown in the Declarations.
3. Subject to 2. above, the Each Wrongful Act Limit is the most we will pay for the sum of all "damages" arising out of any one "wrongful act".
4. Deductible
  - a. Our obligation to pay "damages" on your behalf and to pay "loss adjustment expense" applies only to the amount of "damages" and "loss adjustment expense" in excess of the Deductible shown in the Declarations. The Deductible shown in the Declarations applies to the total amount of all "damages" and related "loss adjustment expense" because of all "claims" resulting from any one "wrongful act".
  - b. The terms of this insurance, including those with respect to:
    - i. Our right and duty to defend any "suits" seeking those "damages"; and
    - ii. Your duties in the event of a "wrongful act", "claim", or "suit"Apply irrespective of the application of the Deductible amount.
  - c. We may pay any part, or all, of the Deductible amount applicable to "damages" and "loss adjustment expense" to effect settlement of any "claim" or "suit", and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible amount as has been paid by us.

If we file suit seeking recovery for amounts paid by us as a deductible which is to be reimbursed by you, then you are responsible for all costs of collection, including reasonable attorney's fees and interest on the amount in question in the full amount allowed by law.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV - CONDITIONS

---

#### A. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

#### B. Duties of the Named Insured

1. The Named Insured in the Declarations, or if multiple entities are named, the first of such entities, shall be the sole agent, and shall act on behalf, of each insured with respect to all matters under this Coverage Part, including but not limited to:
  - a. Giving notice of any "claim";
  - b. Giving or receiving notice of cancellation;
  - c. Receiving any other written notice or correspondence from us;

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- d. Consenting to the settlement of any "suit";
  - e. The receipt and acceptance of this Coverage Part and any endorsements to this Coverage Part;
  - f. The payment of any premium due under this Coverage Part;
  - g. The receipt of any return premiums that may become due under this Coverage Part; and
  - h. The exercise of any rights under Section V Extended Reporting Periods; and
2. Each insured agrees that the Named Insured in the Declarations, or if multiple entities are named, the first of such entities, shall act on their behalf.

**C. Duties In The Event Of A "Claim", "Suit" or "Wrongful Act"**

1. You must see to it that we are notified of a "wrongful act" which may result in a "claim" covered by this Coverage Part as soon as practicable *after* the "wrongful act" is known by you, or your "designee".

To the extent possible, notice should include:

- a. How, when and where the "wrongful act" took place;
- b. The names and addresses of any injured persons or witnesses; and
- c. The nature and location of any injury or damage arising out of the "wrongful act".

Notice of a "wrongful act" is not notice of a "claim".

2. If a "claim" is made or "suit" is brought against any insured, you must:
- a. Record the specifics of the "claim" or "suit" and the date received as soon as you, or your "designee" is notified of it;
  - b. Notify us as soon as practicable after you or your "designee" learns of the "claim" or "suit".

You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.

3. You and any other involved insured must:
- a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
  - b. Authorize us to obtain records and other information;
  - c. Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
  - d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
4. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent
5. Notice given by or on behalf of:
- a. The insured;
  - b. The injured person;
  - c. Any other claimant;
- to a licensed agent of ours with particulars sufficient to identify the insured shall be deemed notice to us.

**D. Assignment**

Assignment of interest under this Coverage Part shall not bind us until our consent is endorsed hereon; however, subject otherwise to the terms hereof, this Coverage Part shall cover the estate, heirs, legal representative or assigns of the insured in the event of the insured's death, bankruptcy, insolvency or being adjudged incompetent.

**E. Legal Action Against Us.**

No person or organization has a right under this Coverage Part:

1. To join us as a party or otherwise bring us into a "suit" asking for "damages" from an insured; or
2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**F. Other Insurance**

The insurance provided by this Coverage Part is excess over any other collectible insurance. We will have no duty to defend the insured against any "suit" or "claim" for "damages" if any other insurer has a duty to defend the insured against that "suit".

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

1. The total amount that all other insurance would pay in the absence of this insurance; and
2. The total of all deductible and self-insured amounts under the other insurance.

If we share the loss, we will do so by equal share contribution if allowed by the other insurance. If equal share contribution is not permitted, we will contribute by the ratio our limit bears to the total applicable limits of all insurance.

**G. Conformity to Statute**

This Coverage Part is intended to be in full conformity with the laws of the state in which it is issued. If any provision of this Coverage Part (including endorsements which modify the Coverage Part) conflicts with any law, it is changed to comply with that law.

**H. Premium Audit**

Unless required by law, premiums for this Coverage Part shall not be subject to audit.

**I. Consent To Settle**

We will not settle any "suit" without your consent. If, however, you refuse to consent to any settlement recommended by us and elect to contest the "claim" or to continue any legal proceedings in connection with such "claim," then:

1. We will not be obligated to pay defense costs incurred by you subsequent to such refusal and
2. If a settlement or adverse judgment occurs subsequent to such refusal, we will not be obligated to pay any amount in excess of the amount for which the "claim" could have been settled prior to such refusal.

Such amounts are subject to the provisions of Section III Limits of Insurance and Deductible of this Coverage Part.

**J. Representations**

By accepting this Coverage Part, you agree:

1. The application and the declarations are the basis of this Coverage Part and are to be considered as incorporated in and constituting part of this Coverage Part.

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2. The statements in your application are accurate and complete;
3. Those statements are representations you made to us; and
4. We have issued this Coverage Part in reliance upon your representations.

**K. Transfer Of Rights Of Recovery Against Others To Us**

If an insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. No insured should do anything after a "wrongful act" to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

**L. When We Do Not Renew**

If we decide not to renew this Coverage Part we will mail or deliver to the Named Insured in the Declarations, or if multiple entities are named, the first of such entities, written notice of the non-renewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing as required by state law will be sufficient proof of notice. Proof of mailing requirements may vary by state.

**M. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the Named Insured in the Declarations, or if multiple entities are named, the first of such entities, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom "claim" is made or "suit" is brought.

**N. Title of Paragraphs**

The titles of the various paragraphs of this Coverage Part and endorsements, if any, attached to this Coverage Part, are inserted solely for convenience or reference and are not deemed in any way to affect the provisions to which they relate.

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**SECTION V - EXTENDED REPORTING PERIODS**

A. We will provide one or more Extended Reporting Periods, as described below, if:

1. This Coverage Part is cancelled or not renewed; or
2. We renew or replace this Coverage Part with insurance that:
  - a. Has a Retroactive Date later than the date shown in the Declarations of this Coverage Part; or
  - b. Does not apply to "wrongful acts" on a claims-made basis.

B. Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They apply only to "claims" for:

1. "Wrongful Acts" that first occur before the end of the policy period but not before the Retroactive Date, if any, shown in the Declarations.

Once in effect Extended Reporting Periods may not be cancelled.

C. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for 90 days. Please refer to Section IV - Conditions, C. Duties in the Event of a "Claim", "Suit" or "Wrongful Act", for your responsibilities when reporting an incident to us. The Basic Extended Reporting Pe-

period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such "claims".

- D. The Basic Extended Reporting Period does not reinstate or increase the Limits of Insurance.
- E. A Supplemental Extended Reporting Period of 12, 24 or 36 months is available, but only by an endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period, set forth in paragraphs C. and D. above, ends.
1. You must give us a written request for the endorsement within 90 days after the end of the policy period. If you have chosen to purchase a Supplemental Extended Reporting Period for a period of less than 36 months, you may extend the period for up to a combined total of 36 months if you request the extension in writing no later than 60 days before the expiration of the Supplemental Extended Reporting Period originally elected.
  2. The Supplemental Extended Reporting Period(s) will not go into effect unless you pay the additional premium, determined in accordance with our rates, promptly when due. The additional premium for each 12-month Supplemental Extended Reporting Period will be equal to 50% of the annual premium for this Coverage Part.
  3. The insurance afforded for "claims" first made during the Supplemental Extended Reporting period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period(s) starts.
- F. The Limit of Liability that applies to the Supplemental Extended Reporting period is equal to the limit entered on the declarations in effect at the end of the policy period.

## SECTION VI - DEFINITIONS

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- A. "Advertising Injury" means
1. The use of another's advertising idea in your advertisement; or
  2. Infringement of copyright, patent, slogan, trademark, trade secret, trade dress, or other intellectual property rights.
- B. "Bodily Injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these at any time.
- C. "Claim" means written or oral demand, including a "suit", to hold the insured responsible for an alleged or actual wrongful act where payment of "damages" is sought.
- D. "Damages" means money "damages". "Damages" does not include any amount awarded as liquidated "damages" pursuant to any federal or state statute. "Damages" does not include punitive "damages", unless required by state law.
- E. "Designee" means one of your officers, your legal department or an employee you designate to give notice to us.
- F. "Employee(s)" includes a "leased worker".
- G. "Employee Benefits Injury" means injury that arises out of any act, error or omission in the administration of your "Employee Benefit Programs" or alleged violation of any employment related state or federal code, regulation or statute.
- H. "Employee Benefits Programs" means a program or programs of employee benefits maintained in connection with your business or operations, such as but not limited to, Group Life Insurance, Group Accident or Health Insurance, Pension Plans, Employee Stock Subscription Plans, Workers Compensation, Unemployment Insurance, Social Security and Disability Benefits.
- I. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business.
- J. "Loss adjustment expense" means expenses allocated to a specific loss, "claim" or "suit" we incur or the insured incurs with our consent for the investigation, negotiation, arbitration, adjustment, settlement or defense of any "claim" or

suit, whether paid by us or by the insured with our consent. "Loss adjustment expense" does not include salaries and expenses of our employees.

K. "Personal Injury" means:

1. False arrest, detention, imprisonment, abuse of process or malicious prosecution.
2. Wrongful entry or eviction, or other invasion of the right of private occupancy.
3. Defamation in any form or oral or written publication, in any manner, of material that violates a person's right of privacy;

L. "Property Damage" means:

1. Physical injury to tangible property including all resulting loss of use of that property; or
2. Loss of use of personal property that is not physically injured; or
3. Disappearance of tangible property (including money).
4. Impairment, deprivation or destruction of property, including loss of use thereof, resulting from proceedings in eminent domain, adverse possession, unlawful or unconstitutional taking of property or inverse condemnation, by whatever name called.

M. "Suit(s)" means a civil proceeding in which "damages" to which this insurance applies are alleged. "Suit" includes:

1. An arbitration proceeding in which "damages" are claimed and to which the insured must submit or does submit with our consent; or
2. Any other alternative dispute resolution proceeding in which "damages" are claimed and to which the insured submits with our consent.

N. "Volunteer" means a person who:

1. Is not an "employee" of any insured; and
2. Donates his or her work; and
3. Acts at the direction of, and within the scope of duties determined by, an insured; and
4. Is not paid a fee, salary or other compensation by any insured or anyone else for their work performed for the insured.

O. "Wrongful Act" means any actual or alleged error, omission or breach of duty committed by any insured. All acts, errors or omissions committed by one or more insureds that are substantially the same or are in any way directly or indirectly related -- either logically, causally or temporally -- shall be deemed to constitute one wrongful act, regardless of the number of "claims" or claimants.

## EMPLOYMENT PRACTICES LIABILITY COVERAGE PART – PUBLIC ENTITY EMPLOYEES

In return for the payment of premium and subject to the terms and conditions of this policy, we agree with you as follows:

### INTRODUCTION

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this coverage part the words *you* and *your* refer to the *Public Entity shown first as Named Insured in the Declarations*. The words *we*, *us* and *our* refer to the company providing this insurance.

The word *Insured* means any person or organization qualifying as such under WHO IS AN INSURED (Section II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (Section VI).

## SECTION I – COVERAGES

### A. Insuring Agreement

We will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as damages because of a "wrongful employment act" committed anywhere in the world to which this insurance applies. This insurance DOES NOT apply to any "claim" resulting from a "wrongful employment act" that commenced prior to the Retroactive Date shown in the declarations.

This insurance applies only to a "claim" for "damages" first made against any insured during the policy period or any Extended Reporting Period we provide under SECTION V EXTENDED REPORTED PERIODS. A "claim" will be deemed to have been made when notice of such "claim" is received and recorded by you or your "designee" or by us, whichever comes first;

All "claims" arising out of the same "wrongful employment act" will be deemed to have been made at the time the first of those "claims" is made against any insured.

We will have the right and duty to defend the insured against any "suit" seeking "damages". However, we will have no duty to defend the insured against any "suit" seeking "damages" for a "wrongful employment act" to which this insurance does not apply. We may, at our discretion, investigate any "wrongful employment act" and settle any "claim" or "suit" that may result. However:

- a. The amount we will pay for "damages" is limited as described in Section III Limits Of Insurance And Deductible; and
- b. Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments (Section I. C.).

### B. Exclusions

This insurance does not apply to:

1. Any "claim", or any portion of any "claim", alleging "bodily injury", "property damage", "personal injury", "advertising injury" or "employee benefits injury".

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2. Any "claim" arising out of a breach of contract, including but not limited to amounts owed under any written employment-related contract or agreement or liability assumed under any contract or agreement.
3. Any "claim" arising out of:
  - a. a dishonest, malicious, fraudulent or criminal act, error or omission by any person, or
  - b. a knowing violation of any law, statute or governmental regulation.

This exclusion applies only to the insured(s) who committed or had knowledge of the fraudulent, criminal or dishonest act, error, omission or violation of law. However if it is later established by a judgment or other final adjudication that the was not proven, we will reimburse the insured for the reasonable costs of defense
4. Any civil or criminal fines or penalties levied by any federal, state or local governmental regulatory agency or court.
5. Any "claim" arising out of:
  - a. Any collective bargaining agreements; or
  - b. Any lockout, strike, picket line, replacement of workers or other labor disputes or labor negotiations, union grievances or any "claim" filed by or on behalf of a union.
6. Any "claim" arising out of any liability based upon or attributable to any insured gaining profit, advantage, or remuneration to which that insured is not legally entitled.
7. Any "claim" arising out of any obligation of the insured under the following laws and any subsequent amendments thereto, or any similar laws, rules or regulations:
  - a. Fair Labor Standards Act.
  - b. National Labor Relations Act.
  - c. Worker Adjustment and Retraining Notification Act.
  - d. Consolidated Omnibus Budget Reconciliation Act of 1985.
  - e. Employee Retirement Income Security Act of 1974.
  - f. The Pension Benefit Act,
  - g. The Occupational Safety and Health Act
  - h. Section 89 of the Internal Revenue Code
8. Any "claim" arising out of disputes over benefits made by anyone including any beneficiary, related to their employment or application for employment by you. This includes, but is not limited to, an employee benefit plan, welfare plan, retirement plan, self insurance fund, or any obligation under the Employee Retirement Income Security Act, or COBRA, and any subsequent amendments thereto or any similar local, state or federal law or regulation.
9. Any "claim" arising out of the cost of employment reinstatement, continued employment or complying with any order for, grant of, or agreement to provide injunctive or other non-monetary relief.
10. Any "claim" for relief that is equitable in nature and is not payable in money, or any request for equitable or injunctive relief, or the insured's cost to comply with any such non-monetary relief.
 

The most we will pay to defend any "suit" that is solely seeking non-monetary or equitable or injunctive relief is limited under Supplementary Payments (Section I.C.)

if a "suit" seeks both monetary damages and non-monetary relief, we will defend the "suit".
11. Any "claim" arising out of:
  - a. Any prior and/or pending litigation as of the effective date of this Coverage Part set forth in the Declarations, or

- b. Any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, regardless of the legal theory upon which such "claim" is predicated.
12. Any "claim" arising out of:
- a. The activities or operations of any school, school board, school district, or other similar educational unit, entity or institutions;
  - b. The activities or operations of any boards, commissions, agencies, authorities, administrative departments or other similar units operated by, under the jurisdiction, and within the budget of an entity described in 1 above;
  - c. The liability of any insured for their administration, supervision or oversight of any person, entity, department, agency, or institution described in 1 or 2 above.

### C. Supplementary Payments

1. We will pay, with respect to any "claim" we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit", including actual loss of earnings up to \$300 a day because of time off from work.
  - d. All costs taxed against the insured in the "suit" that result from a verdict covered by this policy.
  - e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  - f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

Our obligation to defend an insured and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

2. Non-Monetary Defense Limit
  - a. The most we will pay for defense costs, to defend any and all "suits" brought that are solely seeking non-monetary or equitable or injunctive relief and/or for legal fees awarded to the plaintiff in such "suits" is \$50,000 per "suit". The most we will pay is \$50,000 in the aggregate for the policy period.
  - b. We will not pay to defend any "suits" initiated by a governmental entity that are solely seeking non-monetary or equitable or injunctive relief.

This limit only applies when the "suit" would otherwise be covered by this Coverage Part, but for the fact it solely seeks non-monetary damages.

3. Equal Employment Opportunity Commission (EEOC) Defense Limit

While not a "claim" for "damages" otherwise covered by this Coverage Part, if we receive notification from you that an EEOC complaint has been filed against you during the policy period:

The most we will pay for defense costs to respond to an EEOC complaint or to attend related hearings and/or for legal fees that are awarded to a complainant is \$10,000 in excess of \$2,500 for each EEOC complaint that is filed against you. The most we will pay to defend any and all EEOC complaints filed against you during the policy period is \$50,000 in the aggregate.

These payments will not reduce the Limits of Insurance.

## **SECTION II – WHO IS AN INSURED**

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You are an insured and.

Each of the following is an insured but only for acts that are both within the scope of his or her duties for you, and motivated, at least in part, by a purpose to serve you:

1. Any member of the governing body of the named insured.
2. Any board, commission, agency, authority, administrative department, or other similar unit operated by you and under your jurisdiction and within your budget.
3. All your past, present, and future elected, appointed, or employed officials..
4. Any employee or authorized volunteer of the named insured.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture, or any other entity, that is not shown as a named insured in the Declarations.

## **SECTION III - LIMITS OF INSURANCE AND DEDUCTIBLE**

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1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds; or
  - b. "Claims" made or "suits" brought; or
  - c. Persons or organizations making "claims" or bringing "suits".
2. The most we will pay for all "claims", "suits" or actions covered by this Coverage Part is the ANNUAL AGGREGATE shown in the Declarations.
3. Subject to 2. above, the Each "Wrongful Employment Act" Limit is the most we will pay for the sum of all "damages" arising out of any one "wrongful employment act".
4. Deductible
  - a. Our obligation to pay "damages" on your behalf and to pay "loss adjustment expense" applies only to the amount of "damages" and "loss adjustment expense" in excess of the Deductible shown in the Declarations. The Deductible shown in the Declarations applies to the total amount of all "damages" and related "loss adjustment expense" because of all "claims" resulting from any one "wrongful employment act".
  - b. The terms of this insurance, including those with respect to:
    - i. Our right and duty to defend any "suits" seeking those "damages"; and
    - ii. Your duties in the event of a "wrongful employment act", "claim", or "suit"Apply irrespective of the application of the Deductible amount.
  - c. We may pay any part, or all, of the Deductible amount applicable to "damages" and "loss adjustment expense" to effect settlement of any "claim" or "suit", and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible amount as has been paid by us.

If we file suit seeking recovery for amounts paid by us as a deductible which is to be reimbursed by you, then you are responsible for all costs of collection, including reasonable attorney's fees and interest on the amount in question in the full amount allowed by law.

#### 5. Back Wages Limit

Subject to the Aggregate Limit shown in the Declarations, the Back Wages Limit shown in the Declarations, after payment of the Back Wages Deductible shown in the Declarations, is the most we will pay under this Coverage Part for the sum of all "back wages" for any one "wrongful employment act", regardless of the number of:

- a. Insureds;
- b. "Claims" made or "suits" brought; or
- c. Persons or organizations making "claims" or bringing "suits".

This limit does not apply unless an amount is shown in the Declarations.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the Coverage Part period shown in the Declarations, unless the Coverage Part period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV - CONDITIONS

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#### A. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

#### B. Duties of the Named Insured

1. The Named Insured in the Declarations, or if multiple entities are named, the first of such entities, shall be the sole agent, and shall act on behalf, of each insured with respect to all matters under this Coverage Part, including but not limited to:
  - a. Giving notice of any "claim";
  - b. Giving or receiving notice of cancellation;
  - c. Receiving any other written notice or correspondence from us;
  - d. Consenting to the settlement of any "suit";
  - e. The receipt and acceptance of this Coverage Part and any endorsements to this Coverage Part;
  - f. The payment of any premium due under this Coverage Part;
  - g. The receipt of any return premiums that may become due under this Coverage Part; and
  - h. The exercise of any rights under Section V Extended Reporting Periods; and
2. Each insured agrees that the Named Insured in the Declarations, or if multiple entities are named, the first of such entities, shall act on their behalf.

#### C. Duties In The Event Of A "Claim", "Suit" or "Wrongful Employment Act"

1. You must see to it that we are notified of a "wrongful employment act" which may result in a "claim" covered by this Coverage Part as soon as practicable after the "wrongful employment act" is known by you, or your "designee".

To the extent possible, notice should include:

- a. How, when and where the "wrongful employment act" took place;
- b. The names and addresses of any injured persons or witnesses; and

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- c. The nature and location of any injury or damage arising out of the "wrongful employment act".

Notice of a "wrongful employment act" is not notice of a "claim".

2. If a "claim" is made or "suit" is brought against any insured, you must:

- a. Record the specifics of the "claim" or "suit" and the date received as soon as you, or your "designee" is notified of it;
- b. Notify us as soon as practicable after you or your "designee" learns of the "claim" or "suit".

You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.

3. You and any other involved insured must:

- a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
- b. Authorize us to obtain records and other information;
- c. Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
- d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

4. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent

5. Notice given by or on behalf of:

- a. The insured;
- b. The injured person;
- c. Any other claimant;

to a licensed agent of ours with particulars sufficient to identify the insured shall be deemed notice to us.

#### D. Assignment

Assignment of interest under this Coverage Part shall not bind us until our consent is endorsed hereon; however, subject otherwise to the terms hereof, this Coverage Part shall cover the estate, heirs, legal representative or assigns of the insured in the event of the insured's death, bankruptcy, insolvency or being adjudged incompetent.

#### E. Legal Action Against Us

No person or organization has a right under this Coverage Part:

1. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### F. Other Insurance

The insurance provided by this Coverage Part is excess over any other collectible insurance. We will have no duty to defend the insured against any "suit" or "claim" for "damages" if any other insurer has a duty to defend the insured against that "suit".

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

1. The total amount that all other insurance would pay in the absence of this insurance; and
2. The total of all deductible and self-insured amounts under the other insurance.

If we share the loss, we will do so by equal share contribution if allowed by the other insurance. If equal share contribution is not permitted, we will contribute by the ratio our limit bears to the total applicable limits of all insurance.

#### G. Conformity to Statute

This Coverage Part is intended to be in full conformity with the laws of the state in which it is issued. If any provision of this Coverage Part (including endorsements which modify the Coverage Part) conflicts with any law, it is changed to comply with that law.

#### H. Premium Audit

Unless required by law, premiums for this Coverage Part shall not be subject to audit.

#### I. Consent To Settle

We will not settle any "suit" without your consent. If, however, you refuse to consent to any settlement recommended by us and elect to contest the "claim" or to continue any legal proceedings in connection with such "claim," then:

1. We will not be obligated to pay defense costs incurred by you subsequent to such refusal, and
2. If a settlement or adverse judgment occurs subsequent to such refusal, we will not be obligated to pay any amount in excess of the amount for which the "claim" could have been settled prior to such refusal.

Such amounts are subject to the provisions of Section III Limits of Insurance and Deductible of this Coverage Part.

#### J. Representations

By accepting this Coverage Part, you agree:

1. The application and the declarations are the basis of this Coverage Part and are to be considered as incorporated in and constituting part of this Coverage Part.
2. The statements in your application are accurate and complete;
3. Those statements are representations you made to us; and
4. We have issued this Coverage Part in reliance upon your representations.

#### K. Transfer Of Rights Of Recovery Against Others To Us

If an insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. No insured should do anything after a "wrongful employment act" to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### L. When We Do Not Renew

If we decide not to renew this Coverage Part we will mail or deliver to the Named Insured in the Declarations, or if multiple entities are named, the first of such entities, notice of the non-renewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing as required by state law will be sufficient proof of notice. Proof of mailing requirements may vary by state.

#### M. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the Named Insured in the Declarations, or if multiple entities are named, the first of such entities, this insurance applies:

## Gallagher Capabilities

- Gallagher Risk Management/Loss Control Resources





# Gallagher

## Loss Control Advocacy Services

### Exposure Analysis and Assessment

- Loss Control Program Checklist
- Hotel Loss Control Checklist
- General Industry Safety Management and Safety Program Evaluation
- Ergonomics Assessment for Manufacturing
- Ergonomics Assessment for Office Environments
- Public Entity Site Inspection Form and Program Review

### Loss Analysis and Trending

- Loss Trending Presentations
- Loss Pivot Table Presentation
- Benchmarking
- Root Cause Analysis

### Safety Program Development

- Hotel Safety Manual
- School Bus Driver Safety
- Fast Food (QSR) Slip and Fall
- Fast Food (QSR) Security
- Workplace Harassment Awareness
- Building Maintenance Safety
- Traffic Workzone Safety
- Public Playground Safety Training Program

### Workplace Safety Training Programs [DVD-based]

- School Slip, Trip and Fall Training
- School Back Injury Prevention
- School Food Service Safety Training
- EMS Patient Handling Training

### Employee Awareness Safety Training

- Hazard Awareness
- Fire Extinguisher Use
- and many more

### Supervisory Skill Development

- Role in New Employee Orientation
- Hazard Awareness
- Managing Department Safety
- Accident Investigation
- Safety Communications

### Ergonomics Training

- Applied Ergonomics
- Distribution Center Ergonomics
- Comfort at the Desk

### Training and Education Services

- Emerging Trends in Hotel Security
- Housing Authorities
- Mold and Mildew Issues
- Carbon Monoxide Poisoning
- Property – Casualty Risk Management
- Risk Management – Insurance 101
- Selling Safety to Management
- Property Protection for Education Facilities – The “Human Element”
- Media Relations For Local Government
- Weighing the Risks of Play
- Document Retention and Record Management
- Benchmark Your Risk Management Program



# Risk Management Webcast

November 5, 2009 • 2 Eastern

## How to Navigate a Critical Incident

Critical incidents are not new. What has changed is that they have become more frequent and deadlier. Shootings targeting specific individuals have escalated into random events with complex explosives that are intended to kill many. Often, there is no warning, but a disgruntled employee, consumer who feels cheated or random person out to make a statement, can put your business in a legal nightmare, if not prepared.

This webcast will cover some of the types of exposures that face your business in the event of a critical incident by exploring the history of campus shootings and how lessons learned from these incidents can be applied to your business.

### Topics

- Three Phases of a Crisis
- Practical Scenarios
- Roles and Responsibilities

**Risk Management Webcast**  
**November 5, 2009**  
**2 p.m. EST**

### Speakers

**Bart Douglas, Managing Director**  
**Gallagher National Claim Advocacy Practice Group**

As an advocate for the client in claim-related matters, he also acts as a liaison between the carrier and the TPA to facilitate the interest of the client in specific claim issues. He provides oversight and guidance to the client on significant individual claims as well as providing claim expertise to the client on broad claim issues such as pro-actively effecting frequency and/or severity claims.

Mr. Douglas began his insurance career in 1972 and has held such positions as Assistant Claims Manager, Assistant Vice President responsible for all claim consulting and brokerage claims and Sr. Director of Risk Management for a Fortune 500 worldwide program.

### REGISTRATION

**Click Here to REGISTER NOW...**

You **must register before the day of the Webcast** to attend the FREE event that will help you navigate the risks associated with a critical incident.

**Thursday, November 5, 2009 • 2 p.m. EST**

If you have attended a claims seminar before, **click here.**

**Michelle Anderson, J.D., Area Vice President**  
**Gallagher Risk Management Services**

As a Claims Advocate with nearly 20 years experience, Michelle provides senior level expertise in claims management and resolution to specific Gallagher clients. She serves as our client's advocate and provides consultative resources and training for claims conflict resolution, claim audits and reviews, coverage analysis, educational training and seminars, and oversight of claims administrators and/or TPAs.

Prior to joining Gallagher, she was Vice President and Claims Manager of the Chicago Claims Operations for another national insurance broker, as well as a multi-line, multi-state Risk Management professional and claims adjuster for Marriott International and a national multi-line insurance carrier. She has been responsible for new client sales presentations, extensive client, carrier and vendor relationships and developing risk control programs to help clients manage their overall cost of risk. Additionally, she assists clients with coverage issues and catastrophic claim response and resolution issues. She ensures compliance with coverage placement and service commitments to clients and assisted with national clients.



**Arthur J. Gallagher Risk Management Services**

For more information, contact:  
**Bart Douglas at 305-639-3121**

# Web-based Training

Gallagher Bassett offers a number of online training courses addressing safety and health, ergonomics and other critical areas necessary to keeping employees trained and informed. This library database is continually being expanded in response to the growing demand for on-line training. If a customized training program is needed, Gallagher Bassett will work with your organization to develop a program suited to your needs.

The benefits of Gallagher Bassett's web-based training resource include greatly increasing the speed at which clients can convey to their employees critical information to necessitate the reduction of accidents and loss. In addition to its timeliness, web-based training has proven cost effective for many clients, whether the training event attendance is for three or five-hundred people.

Sample training program descriptions include:

## **Identifying Strain and Exertion Exposures** Approx. 19:47 Min.

Many industrial environments expose employees to the risk of strains and exertions. This training program teaches participants the contributing factors of strain and exertion related injuries; how to identify potential strain and exertion related tasks; and how to implement corrective actions to minimize exertion related injuries. Interactive scenarios encourage participants to formulate corrective actions for preventing strain and exertion exposures and injuries within industrial environments. A quiz is included at the end of the program to reinforce program elements.

### Topics include:

- Impact of strain and exertion related claims
- Back injuries
- Poor and awkward postures
- Bending and overreaching
- Twisting and turning
- Force and repetition
- Duration and posture
- Ergonomic Assessment Survey
- Ergonomic red flags
- Proper lifting techniques
- Repetitive motion
- Hand, wrist and arm posture
- Practice scenarios
- Quiz

## **Machine Guarding: Protecting Employees from Injuries** Approx. 19:42 Min.

This training program teaches participants about the hazards associated with operating moving machinery; identifies common industrial machinery and whether or not it is properly guarded and safe for operation; and helps employees understand their roles and responsibilities when utilizing moving machinery. Interactive scenarios encourage participants to determine whether or not machinery is properly guarded and prompts them for corrective solutions. A quiz is included at the end of the program to reinforce program elements.

### Topics include:

- The hazards of moving machinery
- Safeguards and accident/injury prevention
- Rotating parts and feed mechanisms
- In-running nip point hazards
- Types of guards
- Grinders, saws, power presses and conveyor systems
- Identification of correct and incorrect guarding
- Restraint and pullback devices
- Light curtains
- The employee's role in the safe operation of machinery
- Practice scenarios
- Quiz

## **Accident Investigation Techniques** Approx. 11:00 Min.

Provides participants with background information on the importance of conducting thorough accident investigations and explains the procedures to follow when an employee is involved in a workplace accident or incident. Narration and interactive quiz questions teach the skills necessary to identifying accident causes so that actions may be implemented to minimize the risk of future recurrences.

### Topics include:

- Fact-finding vs. fault-finding
- The Heinrich Theory
- Ratio of indirect to direct accident costs
- Unsafe acts and conditions
- Job and personal factors
- Accident investigation responsibilities
- Conducting an accident investigation
- Quiz



**THE BENEFIT:**  
Increases the speed at which you can convey critical information to employees to reduce accidents and loss.

# Employment Practices Liability Resource

AGOSNET™ is a loss control platform that features a menu of training and best practices tools designed to empower organizations in their efforts to minimize and properly manage workplace wrongdoing, loss and litigation.

AGOSNET™ standard features include:

- Weekly Manager's Training Bulletins for frontline managers and supervisors.
- An online library of Experts' Forum™ articles—management briefs on a wide range of workplace related topics—for risk managers, human resources professionals, and other upper-level managers.
- Best Practices Knowledge Base—a searchable archive of real-life workplace scenarios that provide insight into the proper management of workplace-related risks and exposures.

- Self-Assessment tools to help evaluate risk/exposure levels.
- Model Workplace Policies.
- Model Workplace Forms.
- Communication Center—easy access to other AGOSNET™ users in your organization.
- Links to hundreds of helpful workplace-related websites.

Other features that may be added to your AGOSNET™:

- Online access to the Employee Protection Line®.
- Access to SmartTrain.com™ online training courses.
- Access to TRAC™—online security and diversity training for all employees.



**THE BENEFIT:**  
Empowers your organization to minimize workplace wrongdoing and litigation.

# Leading Your Organization to Results

*Gallagher Bassett will be your partner and your guide in preparing for and controlling your exposures to risk.*

A successful risk control program is made up of several fundamental elements. It begins with a solid plan that addresses loss history, frequency and severity, regulatory compliance, physical hazards and applied training and implementation.

When organizations take a responsibility-based approach to safety, a sustained improvement in safety performance can be achieved. At Gallagher Bassett we emphasize that taking chances, whether corporately, managerially or individually, is an unacceptable way to do business. It is also unnecessary.

We've had measurable success working with our clients utilizing a managed, systematic approach



to controlling exposures and promoting a safe work environment. [gbriskcontrol.com](http://gbriskcontrol.com) is one such approach to helping our clients control exposures and promote a safe work environment. It is a tool that we bring to our partnership with you to produce a successful risk control program that addresses and manages your risk exposures.

There may be other service needs or tools not listed here that Gallagher Bassett would be pleased to address with you. We look forward to discussing your needs and options in greater detail. Contact us today for more information.



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**ILLINOIS PUBLIC RISK FUND**  
*An Illinois Not-For-Profit Corporation*  
**BY-LAWS**  
*(As Amended and Restated to Be Effective May 9, 2012)*

**ARTICLE I**  
**Name and Address**

Section 1.1 The name of this not-for-profit corporation shall be the ILLINOIS PUBLIC RISK FUND, hereinafter referred to as the "IPRF" or "Fund".

Section 1.2 The IPRF shall be a corporation organized under the laws of the State of Illinois, pursuant to the General Not for Profit Corporation Act of 1986, as amended (805 ILCS 105/101.1 *et seq.*).

Section 1.3 The registered office of the IPRF shall be in the City of Chicago, County of Cook, State of Illinois, or at such other place as may be designated by the Fund's Board of Trustees.

**ARTICLE II**  
**Purpose**

The purpose of the Fund is to establish an intergovernmental joint insurance pool providing for the defense and payment when due of all compensation and other benefits under the Illinois Workers' Compensation Act and the Illinois Workers' Occupational Diseases Act (hereinafter referred to as the "Workers' Compensation Laws"), on behalf of "public agency members," as such term is defined by section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6), and other units of local government and public entities within the State of Illinois which may become eligible for membership from time to time according to these By-Laws, the Intergovernmental Cooperation Act, or Article VII, Section 10 of the Illinois Constitution of 1970.

**ARTICLE III**  
**Membership**

Section 3.1 The Fund shall have one class of members (individually referred to herein as a "Member" and collectively as the "Members"). To be eligible for membership, applicants must qualify as "public agency members" within the meaning of and subject to section 6 of the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6), or as other units of local government or public entities within the State of Illinois that may become eligible for membership from time to time according to Article VII, Section 10 of the Illinois Constitution of 1970, the Intergovernmental Cooperation Act, or these By-Laws, and must:

- (a) File with the IPRF through its Marketing Agents, consultants, or other duly authorized persons as may be designated by the Fund from time to time, the applications, questionnaires, and other materials required by the Board of Trustees and the Fund's insurers and reinsurers;
- (b) Be qualified, approved, and accepted for membership by the IPRF and the Fund's insurers and reinsurers;

(c) Execute the IPRF's Pooling Agreement, constituting an intergovernmental agreement or contract under the Intergovernmental Cooperation Act, acknowledging the applicant's intent to jointly self-insure and participate in a joint insurance pool, and also indicating the applicant's promise of prompt, full, and complete compliance with these By-Laws and with the provisions of the Fund's guarantees of coverage, indemnity, and defense to claims under the Workers' Compensation Laws for and on behalf of all of the public agencies who are now or may hereafter become Members of the Fund;

(d) Execute any and all agreements and documents as may be necessary or required by the IPRF, its Board of Trustees, employees, contractors, consultants, agents, and representatives including, but not limited to, the Fund's Marketing Agents, the Fund Administration or Fund Administrator, the Fund Accountant, and the Fund's insurers and reinsurers; and, such other agreements and documents as may be necessary or required by governmental agencies, including the Illinois Workers' Compensation Commission;

(e) Submit to audits, examinations, and inspections by the IPRF and its duly authorized employees, contractors, consultants, agents, and representatives; provided, however, that neither the right to conduct audits, examinations, and inspections, nor the conducting and making thereof, nor any report thereon, shall constitute a duty or undertaking on behalf or for the benefit of any applicant, Member, or third party to determine or warrant that such records, things, and places audited, examined, or inspected are in compliance with any law, statute, rule, regulation, ordinance, code, or standard, or are not hazardous to the health or safety of any person ; and

(f) Demonstrate a serious commitment to intergovernmental cooperation, and to loss control, accident prevention, safety, and risk reduction.

Section 3.2 Upon the filing of an application for membership in the Fund and related documents, the IPRF through its Board of Trustees and duly authorized representatives shall investigate the applicant to assure that only duly qualified and financially sound Illinois public agencies, employing generally accepted accounting and financial practices, and demonstrating good safety records, practices, and programs, become Members of the Fund.

Section 3.3 Upon approval of an application for membership in the IPRF by the Fund's Board of Trustees or their duly authorized representatives, the applicant will be admitted to membership in the Fund and shall continue as a Member of the Fund unless and until such membership is terminated as hereinafter provided. No membership certificate of the Fund shall be required. Membership in the IPRF is not transferable or assignable, and no applicant shall become a Member without first being approved, accepted, and admitted by the Fund's Board of Trustees or their duly authorized representatives.

Section 3.4 In consideration of the rights, privileges, and benefits of IPRF membership, the Member agrees and consents that it may be sued by the Fund in any Illinois court having jurisdiction for any premiums, assessments, contributions, debts, penalties, or other monies that are not paid to the Fund on the due date thereof, including all reasonable attorney's fees, expenses, and costs incurred by the Fund in the collection process through litigation, arbitration, or otherwise. Each Member further specifically agrees, consents, and submits to the jurisdiction, venue, and service of process of the Circuit Court of Cook County, Illinois, and any of that Court's Municipal Districts.

**ARTICLE IV**  
**Board of Trustees**

**Section 4.1** The affairs of the IPRF shall be managed by or under the direction of its Board of Trustees. The number of Trustees which shall constitute the whole board shall be five (5). The Board of Trustees shall be divided into two classes. Class I shall consist of two Trustees who, if the Fund has appointed one or more Marketing Agents, shall be representatives of such Marketing Agents. The Trustees of Class I shall be nominated and elected for a term of five (5) years. Class II shall consist of three Trustees who shall be nominated and elected for a term of three (3) years. Thereafter, as the Class I Trustees' respective terms of office expire, their successors shall be elected for a term of five (5) years, and as the Class II Trustees' respective terms of office expire, their successors shall be elected for a term of three (3) years. All Trustees shall hold office for the term for which they were elected and until their successors are elected and qualified. If the number of Trustees is changed, then any increase or decrease shall be apportioned among the classes so as to maintain or attain, if possible, the equality of the number of Trustees in each class, but in no case will a decrease in the number of Trustees shorten the term of any incumbent Trustee.

**Section 4.2** It shall be the responsibility and duty of the Board of Trustees:

- (a) To provide for the efficient administration of claims by either employing or contracting for the services of an independent third party claims administrator (the "Fund Claims Administrator" or "Fund Administrator"), or by employing or contracting for the services of claims administration personnel or staff (the "Fund Claims Administration" or "Fund Administration"). The Fund Administrator or Fund Administration, as the case may be, shall have the responsibilities for claims processing and administration; the investigation and adjustment of claims; the management and reporting of claims; compensation, claims, and benefits payments; and, risk data management and reports, including the establishing and monitoring of reserves and serving as attorney-in-fact, among other duties as may be authorized, directed, or delegated from time to time by the Board of Trustees;
- (b) To provide or contract for safety and loss control programs and services for the benefit of the Fund and its Members;
- (c) To employ or contract for the services of an independent accountant (the "Fund Accountant") who, at the direction of the Board of Trustees and the Treasurer, shall be responsible for IPRF's day-to-day financial matters, including the collection of Members' current, past due, and delinquent accounts, premiums, contributions, assessments, and penalties; the keeping and maintenance of the Fund's financial records, statements, reports, and books of account; and, the satisfaction and payment of the Fund's bills, debts, and other financial obligations;
- (d) To employ or contract for the services of an independent, fiduciary investment advisor (the "Fund Advisor") for advice and management concerning the Fund's assets and investments in accordance with the purposes and investment guidelines established by the IPRF, the Intergovernmental Cooperation Act, and all other applicable duties and standards created by law, regulation, or resolution of the Board of Trustees;
- (e) To employ exclusive Marketing Agents who shall be responsible for the promotion and marketing of the Fund, and its program and services;

(f) To authorize and direct the Fund Accountant and the Marketing Agents in the collection of delinquent accounts resulting from any unpaid premiums, contributions, assessments, or penalties;

(g) To cause each Member to execute a Pooling Agreement governing, among other matters and things, the liability of all Members for claims against the Fund;

(h) To obtain excess reinsurance coverage, along with errors and omissions liability (E&O) and directors and officers (D&O) liability coverages for the Fund's Board of Trustees, officers, and employees with insurance companies acceptable to the Board of Trustees, and in amounts considered reasonably adequate to cover the liabilities of the Fund, its Board of Trustees, officers, and employees, and to keep and maintain such insurance policy coverages in full force and in effect at all times along with such other insurance coverages as the Board of Trustees may determine to be reasonably prudent and necessary to protect the Fund and its assets; and, to procure and maintain a fidelity bond covering the IPRF's Board of Trustees, individually and collectively, the Fund Treasurer, the Fund Accountant, and any other person employed or engaged by the Fund having any responsibility respecting the IPRF's monies and securities, in an amount sufficient to protect the Fund against loss, misappropriation, or misuse of any monies or securities;

(i) To set standards for the admission of Members to the Fund which shall include such requirements, guidelines, and precautions as the Board of Trustees from time to time shall deem to be reasonable and appropriate to promote the safe, prudent, proper, and responsible operation of the Fund, for the benefit of duly qualified and financially suitable Members that are seriously committed to sound safety practices, risk management, and loss control programs; and

(j) To employ or contract for the services of such other persons, parties, providers, vendors, or consultants as the Board of Trustees may from time to time deem reasonably necessary or desirable to carry out the purposes of the Fund and to assure the continuous, efficient, and cost-effective operation of its programs.

Section 4.3 A Trustee may resign at any time upon written notice to the Board of Trustees. Any Trustee may be removed from office at any time, but only for cause, by the affirmative vote of a majority of the entire Board of Trustees.

Section 4.4 Whenever any vacancy shall occur on the Board of Trustees by reason of death, incapacity, resignation, removal, or otherwise, a majority of the Trustees then in office, though less than a quorum, may fill such vacancy or vacancies at any meeting, and the person so elected shall be a Trustee until his successor is elected by the Board of Trustees at an annual meeting, or at any special meeting of the Board of Trustees duly called for that specific purpose, and shall qualify. The resignation of a Trustee shall be effective upon receipt of the written notice thereof by the Chairman of the Board of Trustees, or at a subsequent time as set forth in the notice of resignation.

Section 4.5 Subject to any specific limitation or restriction imposed by law or by these By-Laws, the Board of Trustees is authorized to direct, by appropriate action, the carrying out of the IPRF's purposes as set forth in these By-Laws, and to exercise all of the powers of board of trustees or directors provided by law and by-law, and any and all persons and parties dealing with the Fund shall have the right to rely upon any action taken pursuant to authority of the Board of Trustees.

**ARTICLE V**  
**Officers**

Section 5.1 The officers of the Fund shall be a Chairman of the Board of Trustees, a President, a Secretary, a Treasurer, and such other officers as may be elected or appointed by the Board of Trustees. Officers whose authority and duties are not defined in these By-Laws shall have the authority and perform the duties prescribed and directed, from time to time, by the Board of Trustees. Any two or more offices may be held by the same person.

Section 5.2 The officers of the Fund shall be elected annually by the Board of Trustees at the first regular meeting of the Board of Trustees of each fiscal year. Officers must be Members of the Board of Trustees. If the election of officers shall not be held at such meeting, then such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled and new offices created and filled, at any meeting of the Board of Trustees. Each officer shall hold office until his successor shall have been duly elected and qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

Section 5.3 Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Fund would be served thereby.

Section 5.4 The Chairman of the Board of Trustees shall preside at all meetings of the Members and of the Board of Trustees, shall discharge all duties incident to the office of Chairman of the Board of Trustees, and shall perform all other duties as may be prescribed by the Board of Trustees.

Section 5.5 The President shall assist the Chairman in the discharge of his duties as the Chairman may direct, and shall perform such other duties as from time to time may be assigned to him by the Chairman or the Board of Trustees. In the absence of the Chairman, or in the event of his inability or refusal to act, the President shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman.

Section 5.6 The Secretary shall (a) record the minutes of any and all meetings of the Members and of the Board of Trustees in one or more books provided for that purpose; (b) see that any notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be a custodian of the corporate records and of the seal of the Fund; and, (d) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Chairman or by the Board of Trustees.

Section 5.7 The Treasurer shall keep, or cause to be kept by the Fund Accountant, a record of all the Members participating in the Fund, and shall keep, or cause to be kept by the Fund Accountant, a ledger account of the premiums, contributions, and assessments, and shall bill or invoice, or cause to be billed or invoiced, the Members when any such amounts are due and payable to the IPRF. The Treasurer shall also be responsible for all monies paid to and collected by the Fund, and shall be responsible for administering the timely collections from each Member of the premiums, contributions, and assessments established by the Board of Trustees. The Treasurer may, with approval of the Board of Trustees, (a) engage outside financial and accounting services to assist him in discharging all or part of his duties; (b) direct the Fund Accountant to collect Members' current and delinquent accounts, premiums, contributions, assessments, and penalties; and, (c) enter into contracts and fiduciary agreements as necessary to protect the assets of the IPRF and further the Fund's purposes.

Section 5.8 The Treasurer shall prepare and forward or cause to be prepared and forwarded to the Board of Trustees and to the Members upon request, no later than sixty (60) days after the end of each annual fiscal reporting period of the Fund (the "Fund Year"), a financial accounting showing the balance in the Fund's accounts at the end of the Fund Year, current period contributions, and the amount and nature of all investments and payments, including a separate accounting for claims, management, legal, and accounting expenses, claims paid, and the Fund balance.

**ARTICLE VI**  
**Meetings of the Board of Trustees**

Section 6.1 The annual meeting of the Board of Trustees shall be held during the month of March in each calendar year, at the principal office of the Fund or other such place as may be designated by the Board of Trustees, for the purpose of electing Trustees, in the event that there is a vacancy on the Board or the term of any class of Trustees has expired, and for the transaction of such other business as may properly be brought before the meeting.

Section 6.2 The Chairman or any two (2) or more Trustees may call a special meeting of the Board of Trustees at any time, to be held at the principal office of the Fund, or at such other place within the State of Illinois as the person or persons calling the meeting shall designate.

Section 6.3 Written notice of the time, place, and purpose of all meetings of the Board of Trustees shall be provided to each Trustee by the Chairman of the Board of Trustees, or his designee, not less than five (5) nor more than thirty (30) days before the meeting. Meetings of the Board may be held on less than five (5) days' notice if consented to by any four (4) or more Trustees. Whenever any notice is required by this Section, a waiver thereof in writing, signed by the person or persons entitled to such notice, and sent or delivered by them before the holding of the meeting by mail, express delivery, facsimile, other electronic means, or personally shall be deemed equivalent to the giving of such notice.

Section 6.4 Four (4) Members of the Board shall constitute a quorum for the transaction of business, and the action of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, except actions by a majority or greater number of the Trustees then in office may be specifically required by other sections of these By-Laws. If there shall be less than a quorum present at any meeting of the Board, then a majority of those present may adjourn the meeting from time to time until a quorum is present.

Section 6.5 Trustees may participate in and act at any meeting of the Board of Trustees through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in a meeting by such means shall constitute attendance and presence in person at such meeting.

Section 6.6 Unless otherwise restricted by the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting, if all members of the Board consent thereto in writing and the writing is filed with the minutes of proceedings of the IPRF Board of Trustees.

Section 6.7 The Board of Trustees, by the affirmative vote of Trustees then in office and irrespective of any personal interest of any Trustee, shall have the authority to establish reasonable compensation for all Trustees for services to the Fund as directors, officers, or otherwise notwithstanding any Trustee's conflict of interest. By resolution of the Board of Trustees, Trustees may be paid their expenses, if any, of attendance at each meeting of the Board or any Committee thereof. No such payment shall preclude any Trustee from serving the Fund in

any other capacity and receiving reasonable compensation therefor. The salaries and other compensation of the officers and employees of the IPRF, if any, shall be fixed from time to time by the Board of Trustees, and no officer or employee of the IPRF shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a Trustee.

Section 6.8 The Board of Trustees, by resolution adopted by a majority of the Trustees in office, may designate one or more Committees, each of which will consist of two (2) or more Trustees and such other person or persons as the Board of Trustees shall designate, provided that the majority of each Committee's membership shall be Trustees. The Committees, to the extent provided for by the Board of Trustees and not restricted by law, shall have and exercise the authority of the Board of Trustees in the management of the IPRF, but the establishment of Committees and the delegation thereto of authority shall not operate to relieve the Board of Trustees, or any individual Trustee, of any duty or responsibility imposed by law. Committee members shall be designated by the Board of Trustees at the annual meeting of the Board of Trustees. If the designation of Committee members shall not take place at such annual meeting, then the designation shall take place as soon thereafter as conveniently may be. Vacancies on Committees may be filled, and new positions created and filled, at any meeting of the Board of Trustees. Each Committee member shall keep and maintain his Committee membership until his successor shall have been duly appointed and qualified, or until his death, or until he shall resign, or shall have been removed by the Board of Trustees.

## **ARTICLE VII**

### **Membership Meetings**

Section 7.1 The annual meeting of the Members of the Fund may be held immediately following and at the same place as the annual meeting of the Board of Trustees, or as may be provided by resolution of the Board of Trustees, for the transaction of such business as may properly be brought before the meeting.

Section 7.2 Special meetings of the Members may be called by the Chairman of the Board of Trustees, by the Board of Trustees, or by not less than fifty percent (50%) of the Members of the Fund.

Section 7.3 Written or printed notice stating the place, day, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is being called, shall be delivered not less than five (5) nor more than sixty (60) days before the date of the meeting. If mailed, then such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at its address as it appears on the records of the Fund, with postage thereon prepaid. The date on which notice of the meeting is mailed shall be the record date for such determination of Members entitled to notice of or to vote at any meeting of Members of the Fund.

Section 7.4 A majority of the current membership shall constitute a quorum at all meetings of the membership of the Fund.

Section 7.5 Each Member shall be entitled to one vote upon each matter submitted by the Board of Trustees to a vote at a meeting of Members; provided, however, that Members shall have no right to vote for the election of or removal of any Trustee of the Board of Trustees.

Section 7.6 Meetings of the membership of the Fund shall be presided over by the duly elected Chairman of the Board of Trustees, or in his absence by the President. The Secretary of the Board of Trustees shall act as Secretary of the meeting. All questions shall be decided by the vote of a majority of the Members present and voting at the meeting unless otherwise provided by law or by these By-Laws.

**ARTICLE VIII**  
**Termination of Membership**

Section 8.1 The IPRF by action of its Board of Trustees may cancel or terminate the membership of any Member at any time for reasons that include, but are not limited to, the following:

- (a) When the Member fails to pay the premium, contribution, assessment, or other amounts due and payable to the Fund in full;
- (b) When the Member fails to cooperate with the Fund, or with any of its Trustees, Marketing Agents, officers, employees, contractors, or agents, in regards to audits, payments, financial and claims reporting, safety, loss control, and prevention, or any other subject having to do or connected in any way with the operations and purposes of the IPRF as determined by the Board of Trustees in its sole discretion;
- (c) When the Member fails to carry out the recommendations of any safety, loss control, or prevention survey, inspection, or examination, or fails to adhere to generally accepted accounting or financial practices, or fails to follow the IPRF's safety, loss control, risk prevention, or claims reduction standards, policies, or programs as determined by the Board of Trustees in its sole discretion;
- (d) When the Member fails to meet the membership eligibility requirements set forth in Article III above, as determined at any time by the Board of Trustees in its sole discretion; or
- (e) When the Member engages in conduct detrimental to the integrity, stability, or strength of the IPRF or any of its programs as determined by the Board of Trustees in its sole discretion.

Section 8.2 After the initial 1-year term of required IPRF membership, a Member may resign from membership in the Fund at any time, subject to the notice requirements set forth in Section 8.3 below.

Section 8.3 The date on which a Member ceases to be a Member of the Fund shall be determined according to this Section 8.3, as follows:

- (a) In the event the Fund terminates a Member for any of the reasons set forth in paragraphs (a) through (e) of Section 8.1, then such Member shall cease to be a Member of the Fund on the thirtieth (30th) day after the Fund gives the Member written notice (delivered personally or by certified or registered mail) of such termination, unless within such thirty (30)-day period, the reasons for the Member's termination are corrected or cured, as the case may be, to the full and complete satisfaction of the IPRF as determined by the Board of Trustees in its sole discretion.
- (b) In the event a Member elects to resign from the Fund, then it shall give written notice to the IPRF's Board of Trustees of its intent to resign, and such resignation shall take effect no sooner than ninety (90) days from the date such notice is given.

Section 8.4 No liability shall accrue to the IPRF, its Members, or any of them on account of any claim arising out of any accident, injury, exposure, disability, or disablement occurring or manifesting itself after the date on which the responsible employing Member ceases to be a Member of the Fund by operation of Section 8.3 above.

Section 9.6 Each Member of the Fund shall pay the full amount of its premium, contribution, assessment, or other cost of membership within thirty (30) days of the date of the IPRF's invoice or statement. The IPRF and its Board of Trustees are without authority to extend credit to any Member of the Fund. The IPRF by action of its Board Trustees in its full and complete discretion, however, may adopt regular payment plans or schedules for the payment of a Member's annual premium or contribution. The failure to pay premiums, contributions, assessments, or other costs shall subject the Member to dismissal or termination from the Fund as provided in Article VIII of these By-Laws.

## **ARTICLE X** **Fund Claims Administration**

Section 10.1 The Board of Trustees shall provide for the administration, handling, and adjustment of claims by either contracting for such claims management services from an independent third-party claims administrator or by employing claims administration personnel directly or indirectly. In either case, the party or persons performing claims administration services shall be known as the Fund Administrator having such duties and responsibilities as the Board of Trustees may from time to time direct or delegate.

Section 10.2 The Fund Administrator, Fund Accountant, Fund Advisor, Marketing Agents, and any other IPRF employee, contractor, vendor, consultant, agent, or representative, upon invitation of the Chairman of the Board of Trustees, shall attend meetings of the Board of Trustees, the Committees of the Board, and the Fund membership, both regular and special.

Section 10.3 The Fund Administrator or Fund Administration may, with approval of the Board of Trustees, provide for outside legal, financial, and other services, and may enter into fiduciary relationships and other contractual arrangements as determined by the Board in its sole judgment and discretion to be reasonable and necessary to protect the assets of the Fund and to further the IPRF's purposes.

## **ARTICLE XI** **Miscellaneous**

Section 11.1 Each Member shall cooperate with the IPRF, and its Board of Trustees, officers, employees, contractors, vendors, consultants, agents, and representatives to the fullest extent possible. Members shall keep and maintain accurate records accessible to the IPRF, including financial, payroll, and tax records, safety records, and accident reports; and, Members shall be willing and able to take any and all necessary action to put into effect the recommendations of any safety or loss control inspection or survey.

Section 11.2 The Fund shall defend in the name of and on behalf of a Member any claims, suits, or other proceedings which may at any time be brought or instituted against that Member on account of bodily injury or death by accident or disease under the Illinois Workers' Compensation Laws or on account of legal liability of the Member for damages because of bodily injury or death to any employee by accident or disease arising out of and in the course of employment for the Member, including claims, suits, or other proceedings alleging such injuries and demanding damages or compensation therefore, even though such suits, other proceedings, allegations, or demands are wholly groundless, false, or fraudulent, and to pay all costs taxed against the Member in any legal proceeding defended by the Fund, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

**ARTICLE XII**  
**Fiscal Year**

The fiscal year of the Illinois Public Risk Fund shall be consistent with the calendar year beginning on the first day of January and ending on the last day of December (the "Fund Year").

**ARTICLE XIII**  
**Notices**

Any notice required by these By-Laws, by statute, or by any rule or regulation of any governmental agency shall be sufficient if delivered personally or given by depositing the same in a United States post office box or receptacle in a sealed, envelope, addressed to the person to be notified at his or her last address as the same appears in the records of the IPRF, and with first-class postage prepaid; and, any mailed notice shall be deemed to have been given on the date of mailing, provided that any notice pursuant to Article VIII of the By-Laws that is mailed shall be sent by certified or registered mail.

**ARTICLE XIV**  
**Amendment of By-Laws**

Section 14.1 These By-Laws may be amended, altered, changed, added to, or repealed, and new By-Laws may be adopted, by an affirmative vote of at least two-thirds (2/3) of the Board of Trustees at any annual or special meeting of the Board. Any proposed alteration, change, addition, amendment, or repeal of these By-Laws shall be mailed to each Member not less than ten (10) days before such meeting.

Section 14.2 Each Member shall be furnished with a copy of these By-Laws and a copy of any change thereof that is made as provided in Section 14.1 of this Article.

**ARTICLE XV**  
**Indemnification of Officers, Trustees, Employees,  
and Agents; Insurance**

Section 15.1 The Fund may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Fund) by reason of the fact that he or she is or was a Trustee, officer, employee, or agent of the Fund, or who is or was serving at the request of the Fund as a Trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) costs, awards, judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Fund, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Fund, and, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

Section 15.2 The Fund may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Fund to procure a judgment in its favor by reason of the fact that such person is or

was a Trustee, officer, employee, or agent of the Fund, or is or was serving at the request of the Fund as a Trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) and costs actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Fund, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Fund, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 15.3 To the extent that a Trustee, officer, employee, or agent of the Fund has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Sections 15.1 and 15.2 hereof, or in defense of any claim, issue, or matter therein, then such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 15.4 Any indemnification under Sections 15.1 and 15.2 hereof (unless ordered by a court) shall be made by the Fund only as authorized in the specific case, upon a determination that indemnification of the Trustee, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 15.1 and 15.2 hereof. Such determination shall be made (1) by the Board of Trustees by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Trustees so directs, by independent legal counsel in a written opinion, or (3) by the Members entitled to vote, if any.

Section 15.5 Expenses incurred in defending or responding to a civil or criminal action, suit, proceeding, inquiry, or investigation may be paid by the Fund in advance of the final disposition of such action, suit, proceeding, inquiry, or investigation as authorized by the board of Trustees in the specific case, upon receipt of an undertaking by or on behalf of the Trustee, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Fund as authorized in this Article.

Section 15.6 The indemnification provided by this Article shall be in accordance with and to the full extent permitted by the Illinois General Not For Profit Corporation Act of 1986, as in effect on the date of the adoption of these By-Laws, or as amended from time to time, and such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of Members or disinterested Trustees, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Trustee, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 15.7 The Fund may purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee, or agent of the Fund, or who is or was serving at the request of the Fund as a Trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Fund would have the power to indemnify such person against such liability under the provisions of this Article.

Section 15.8 If the Fund has paid indemnity or has advanced expenses under this Article to a Trustee, officer, employee, or agent, then the Fund shall report the indemnification or advance in writing to the Members entitled to vote with or before the notice of the next meeting of the Members entitled to vote.

Section 15.9 For purposes of this Article, references to "the Fund" shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its Trustees, officers, and employees or agents, so that any person who was a Trustee, officer, employee or agent of such merging corporation, or was serving at the request of such merging corporation as a Trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article with respect to the surviving corporation as such person would have with respect to such merging corporation if its separate existence had continued.

Section 15.10 For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and reference to "serving at the request of the Fund" shall include any service as a Trustee, officer, employee or agent of the Fund which imposes duties on, or involves services by such Trustee, officer, employee, or agent with respect to any employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Fund" as referred to in this Article.

These By-Laws, as amended and restated, were approved by the Board of Trustees of the Illinois Public Risk Fund on May 9, 2012 (subject to the mailing requirements of Section 14.1 hereof), and shall take effect as of May 9, 2012.

*Thomas P. English*

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Thomas P. English,  
*Chairman of and for the Illinois Public Risk  
Fund.*

Dated: April 11, 2012