

## 2019 Property & Casualty Renewal Proposal Pueblo City – County Library District

Policy Term: January 1, 2019 – January 1, 2020

Presented: HUB International Insurance  
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The strength of an international  
company, right where you do  
business.

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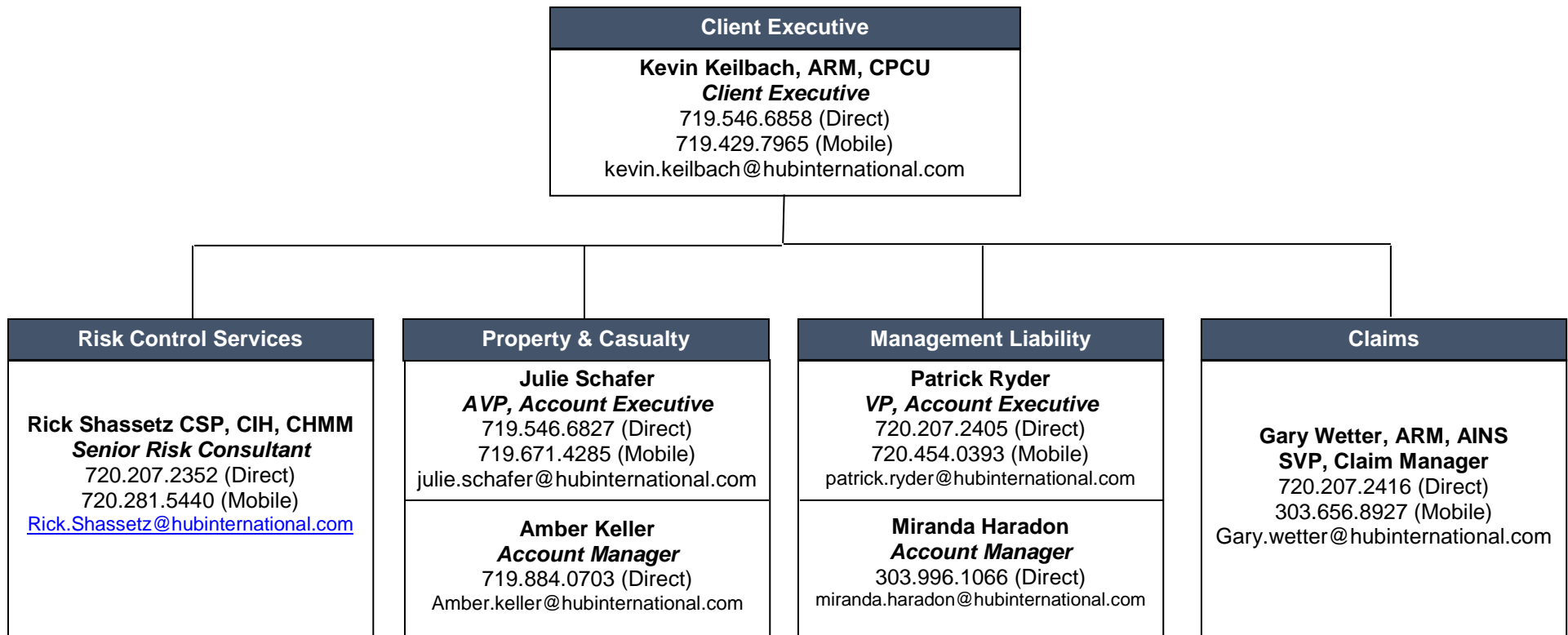
# Premium Summary

Coverage	Expiring		Renewal	
	Carrier	Premium	Carrier	Premium
General Liability	 25 years Colorado Special Districts Property and Liability Pool	\$11,867.01	 25 years Colorado Special Districts Property and Liability Pool	\$13,268.87
Public Officials Liability	 25 years Colorado Special Districts Property and Liability Pool	\$6,470.17	 25 years Colorado Special Districts Property and Liability Pool	\$6,960.78
Business Auto	 25 years Colorado Special Districts Property and Liability Pool	\$1,959.38	 25 years Colorado Special Districts Property and Liability Pool	\$2,396.89
Umbrella Liability	 25 years Colorado Special Districts Property and Liability Pool	\$2,109.94	 25 years Colorado Special Districts Property and Liability Pool	\$2,337.54
Property	 25 years Colorado Special Districts Property and Liability Pool	\$39,894.06	 25 years Colorado Special Districts Property and Liability Pool	\$44,660.69
Equipment Breakdown	 25 years Colorado Special Districts Property and Liability Pool	\$7,081.43	 25 years Colorado Special Districts Property and Liability Pool	\$7,468.75
Crime	 25 years Colorado Special Districts Property and Liability Pool	\$484.25	 25 years Colorado Special Districts Property and Liability Pool	\$508.37
Cyber Liability		\$2,899		\$2,899
Workers' Compensation	 25 years Colorado Special Districts Property and Liability Pool	\$23,230	 25 years Colorado Special Districts Property and Liability Pool	\$24,023
		<b>\$95,995.24</b>		<b>\$104,523.89</b>

\*Workers' Comp premium will be \$24,972 if payment not received by January 4, 2019.

*Please note that we can increase limits or purchase any other additional coverage at any time during the year.*

# Team Chart



# Named Insureds

Named Insured	FEIN
Pueblo City-County Library District	
The Friends of the Library/Books Again	
Pueblo Library Foundation	

**NOTE: Review Named Insured(s) and Property Owners**

**Please check to insure all appropriate entities are named.** Any entity (including Partnerships, corporations, joint ventures, individuals, etc.) not listed above is not included as a Named Insured. Entities with limited interests in policies, such as those who are to be included as an Additional Insured, Loss Payee, Lessor, or Mortgagee, are listed in the relevant coverage sections of this proposal.

# Location Schedule

Loc. No.	Address	City	State	Zip Code
1	100 E Abriendo Ave	Pueblo	CO	81004
2	2525 S Pueblo Blvd	Pueblo	CO	81005
3	1300 Jerry Murphy	Pueblo	CO	81001
4	298 S Joe Martinez Blvd	Pueblo West	CO	81007
5	618-622 S Union Ave	Pueblo	CO	81003
6	24655 E. US Highway 50	Pueblo	CO	81006
7	4801 Cibola Dr.	Colorado City	CO	81019
8	8734 Schoolhouse Ln	Beulah	CO	81023
9	3200 Spaulding Ave	Pueblo	CO	81008
10	213 E. Highway 50	Avondale	CO	81022
11	1315 E. 7 <sup>th</sup> St.	Pueblo	CO	81001

## Statement of Values



#	Address	City	State	Zip	Buildings	Business Personal Property	Business Income & Extra Expense	Electronic Hardware
1	100 E Abriendo Ave	Pueblo	CO	81004	\$27,269,721.11	\$6,758,845.69	\$1,062,861.00	\$808,212.19
1	2525 S Pueblo Blvd	Pueblo	CO	81005	\$2,227,334.23	\$1,178,017.76		\$166,552.20
2	1300 Jerry Murphy	Pueblo	CO	81001	\$1,509,397.21	\$1,276,213.03		\$175,910.59
3	298 S Joe Martinez Blvd	Pueblo West	CO	81007	\$6,072,308.95	\$1,570,690.34		\$219,176.19
4	618-622 S Union Ave	Pueblo	CO	81003		\$6,118.37		
	622 S Union Ave (Friends of Library)	Pueblo	CO	81003		\$106,293.60		
5	24655 E. US Highway 50	Pueblo	CO	81006	\$1,854,964.37	\$305,762.89		\$130,430.33
6	4801 Cibola Dr.	Colorado City	CO	81019	\$1,732,401.20	\$312,177.50		\$130,430.33
7	8734 Schoolhouse Ln	Beulah	CO	81023		\$26,573.40		
8	3200 Spaulding Ave	Pueblo	CO	81008		\$89,895.79		\$23,012.56
9	213 E. Highway 50	Avondale	CO	81022		\$27,125.77		
10	1315 E. 7 <sup>th</sup> St.	Pueblo	CO	81001	\$1,699,357.62	\$315,384.80		\$130,430.33
					<b>\$42,365,484.69</b>	<b>\$11,973,098.94</b>	<b>\$1,062,861.00</b>	<b>\$1,784,157.72</b>

To the best of my knowledge, all values have been accurately declared, On behalf of Pueblo City-County Library District

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

# Property incl. Equipment Breakdown

	Expiring	Renewal
Policy covers your buildings, contents or specified other property against perils defined by the form, subject to the terms of the policy. Coverage for off-premises property is limited		
<b>Coverage Limits</b>		
<b>Total Insured Value</b>	\$53,667,367	\$56,122,738
Property	\$40,388,165	\$42,365,485
Contents	\$11,557,045	\$11,973,099
Electronic Data Processing (EDP)	\$1,722,157	\$1,784,158
Business Income	\$1,000,000	\$1,021,000
<b>Equipment Breakdown Limits</b>		
Program Loss Limit	\$100,000,000 or TIV**	\$100,000,000 or TIV**
Hazardous Substances Coverage	\$250,000	\$250,000
Spoilage Coverage	\$250,000	\$250,000
CFC Refrigerants	Included	Included
<b>Notable Sublimits</b>		
Valuable Papers	---	---
Computers	Included in EDP	Included in EDP
Collections in Transit	\$5,000	\$5,000
Fine Arts	\$88,000	\$88,000
John Deere Tractor & Quick Hitch Front Blade	\$9,631	\$9,631
Flood	\$2,000,000	\$2,000,000
Earthquake	\$2,000,000	\$2,000,000
<b>Deductibles</b>		
Each Occurrence except for the following	\$1,000	\$1,000
Flood	2% per occurrence*	2% per occurrence*
Earthquake	2% per occurrence*	2% per occurrence*
<b>Terms &amp; Conditions</b>		
Property Schedule	RC	RC
Inland Marine Schedule	ACV	ACV

\*Flood & Earthquake – 2% per occurrence of the value of the covered damaged property at the time of loss, subject to a \$5,000 minimum and \$50,000 maximum.

\*\*Equipment Breakdown Program Limit - \$100,000,000 or Total Insured Values (100% Buildings, Contents & EDP) whichever is less.



# Property Coverage Definitions

## **BLANKET INSURANCE:**

This coverage allows for a single limit of insurance to apply to two or more property items at one location, or to two or more kinds of property at several locations, instead of a specific amount applying to a specific subject of insurance. It allows you to shift property values with no impairment of recovery, as long as the total amount of insurance carried complies with the coinsurance requirement stated in the policy.

## **BUILDINGS:**

This coverage provides protection for permanent structures listed on the policy. Completed additions, permanently-installed fixtures, machinery and equipment, outdoor fixtures, owned personal property used to service, repair or maintain the building and additions under construction or repair are all included in this definition. Various additional endorsements and extensions can also be added to ensure that adequate protection is being provided for your particular situation.

## **PERSONAL PROPERTY:**

This coverage protects personal property owned by your firm and used in your operations. Furniture and fixtures, equipment and machinery, raw stock, and finished goods all fall within this category. Various additional endorsements and extensions can also be added to ensure that adequate protection is being provided for your particular situation.

## **BUSINESS INCOME AND EXTRA EXPENSE:**

When selected, this coverage insures you against loss of business income (including any continuing normal operating expenses) that you experience because of a suspension of your business when insured property has been damaged by a covered peril. It also covers those necessary extra expenses you incur to operate your business during that period of time your damaged property is being repair or replaced.

## **COINSURANCE:**

A policy may contain a coinsurance provision requiring that the limits of insurance be a minimum percentage (usually 80%) of the insurable value of your property. If the limits of your policy are less than what is required by this provision, then any claim payment made to you may be reduced by the same percentage as the deficiency. For example, covered property worth \$100,000 may require a minimum of 80%, or \$80,000, of coverage for compliance with the policy's coinsurance requirement. If only \$60,000 of coverage is carried (25% less than the required \$80,000), then any loss payment would be reduced by 25%.

## **DEDUCTIBLE:**





The deductible provision specifies the amount that will be deducted from any payment made to you because of a covered loss.

## **VALUATION:**



- **ACTUAL CASH VALUE VALUATION** - This valuation method pays for the cost to repair or replace damaged property with like kind and quality, less reasonable deductions for wear and tear, deterioration, and economic obsolescence.
- **AGREED VALUE VALUATION** - This coverage is used to remove the coinsurance requirement from your property policy. With it your company agrees that the limits of insurance purchased by you are adequate, and any coinsurance requirements will be waived in the event of a covered loss.

- *REPLACEMENT COST VALUATION* - This loss valuation method pays for the cost to repair or replace damaged items with like kind and quality without deduction for depreciation. This is important since you could face a substantial loss if you must replace property at today's prices but receive only the depreciated value of the property that was destroyed.

# Public Entity Liability

	Expiring		Renewal	
				
	Occurrence	Aggregate	Occurrence	Aggregate
<b>Public Entity Liability Coverage</b>	<b>\$2,000,000</b>	<b>None</b>	<b>\$2,000,000</b>	<b>None</b>
General Liability	Included	None	Included	None
Medical Payments - Premises	\$10,000	None	\$10,000	None
Employee Benefits Admin. Liability	Included	None	Included	None
Public Officials Liability	Included	None	Included	None
Employment Practices Liability	Included	None	Included	None
Pre Loss Legal Assistance	\$2,000	\$4,000	\$3,500	\$4,000
No Fault Water & Sewage Backup	No Coverage	No Coverage	No Coverage	No Coverage
Cyber Liability	\$200,000	**\$1,000,000	\$200,000	**\$1,000,000
Fiduciary Liability	\$200,000	**\$1,000,000	\$200,000	**\$1,000,000
Excess Liability	\$2,000,000	None	\$2,000,000	None
Auto Liability	Included	None	Included	None
Medical Payments - Auto	\$10,000	None	\$10,000	None
Non-Owned/Hired Auto Liability	Included	None	Included	None
Uninsured/Underinsured Motorist	\$1,000,000	None	\$1,000,000	None
<b>Auto Physical Damage</b>	<b>Per Schedule</b>	<b>Per Schedule</b>	<b>Per Schedule</b>	<b>Per Schedule</b>
Hired Auto Physical Damage	\$50,000	N/A	\$50,000	N/A
Auto Physical Damage – Employee Deductible Reimbursement	\$2,500	N/A	\$2,500	N/A
<b>Deductible</b>				
General Liability	None		\$500	
Public Officials Liability	\$1,000		\$1,000	
Employment Practices Liability	\$10,000*		\$10,000*	
Cyber Liability	None		\$1,000	
Fiduciary Liability	None		\$1,000	
Hired Auto Physical Damage	\$500/\$500		\$500/\$500	

# Crime

Commercial Crime	Expiring	Renewal
Manages the loss exposures resulting from criminal acts such as robbery, burglary or other forms of theft.		
<b>Coverage</b>		
Public Employee Dishonesty	\$100,000	\$100,000
Forgery or Alteration	\$100,000	\$100,000
Theft, Disappearance & Destruction		
<ul style="list-style-type: none"> <li>• Inside Premises</li> </ul>	\$100,000	\$100,000
<ul style="list-style-type: none"> <li>• Outside Premises</li> </ul>	\$100,000	\$100,000
Computer & Funds Transfer Fraud	\$100,000	\$100,000
Debit, Credit or Charge Card Forgery	\$100,000	\$100,000
Money Orders & Counterfeit Paper Currency	\$100,000	\$100,000
<b>Deductibles</b>		
Employee Theft	\$10,000	\$10,000

# Vehicle Schedule



Year	Make	Model	VIN	Comp	Coll
1998	CM Route 66	Cargo Trailer	49TCB1620W1035294	\$1,000	\$1,000
2005	Ford	F250	1FTNF21505EB98907	\$1,000	\$1,000
2008	Ford	F250 Econoline	1FTNS24L68DB29915	\$1,000	\$1,000
2010	Chev	Express Van 1500	1GCUGAD46A1166275	\$1,000	\$1,000
2013	Big Tex	Flatbed Trailer	16VCX1623D2D62896	\$1,000	\$1,000
2018	Chevrolet	Express 3500	1GAZGLFG8J1338503	\$1,000	\$1,000

# Drivers Schedule

Name	License	State	DOB
Sherri Baca	950900211	CO	02/14/1974
Kayci Barnett	131930331	CO	08/09/1977
Andrew Bregar	960670086	CO	03/08/1980
Kendra Case	921432668	CO	12/03/1977
Gerald Childs	030160560	CO	09/05/1960
Midori Clark	920421106	CO	09/26/1975
Jacque Collins	922283813	CO	02/06/1968
Jeanette Cortez	022260714	CO	03/08/1983
Christopher Currey	022830844	CO	12/22/1986
Terri Daly	960100695	CO	08/12/1960
J Dean	971210793	CO	10/20/1947
Kirsten Dees	961650568	CO	06/13/1979
Kim Dillon	132700497	CO	05/25/1965
Jerry Gardner	920739816	CO	11/06/1958
Alicia Griebel	090440924	CO	11/25/1983
Christopher Harmes	942803357	CO	11/10/1978
David Hayden	920974957	CO	06/06/1952
Charles Hutchins	990780477	CO	05/25/1978
Kathy Kearney	921192041	CO	12/10/1957
Mark Koch	921247210	CO	05/18/1959
Maria Kramer	112241012	CO	07/28/1985
LouAnn Lucero	942553646	CO	09/01/1976
Richard Lucero	921387262	CO	04/20/1951
Amy Martin	950652853	CO	01/12/1979
Thea Martinez	103200636	CO	07/29/1987
Loretta McDaniel	950933935	CO	02/26/1963
Sarah Meador	082551119	CO	10/08/1991
Edna Renee Montano	943400061	CO	12/11/1964
Elizabeth O'Keefe	132830441	CO	06/17/1988
Linda Pacheco	921860087	CO	09/21/1953
Albert Perea	943221539	CO	12/01/1960
Paula Pryich	980080336	CO	06/22/1963
Linda Reifschneiderrice	131480382	CO	09/24/1964
Cory Reimers	053390935	CO	05/11/1989
Alan Rocco	921960356	CO	07/02/1959
Israel Rodriguez	921965811	CO	03/07/1972
Felix Ruybal	960230698	CO	08/20/1952
Rachel Salazar	060390970	CO	09/15/1990
Valerie Sanchez	963061023	CO	02/24/1960
Kari Schafer	973070607	CO	01/26/1982
Darlene Sherwood	922122959	CO	11/15/1960
Todd Smith	052490199	CO	04/10/1977
Maria Smyer	922182378	CO	02/09/1971



Monique Speier	922201215	CO	02/06/1975
Michael Stelter	003120910	CO	07/17/1984
Patricia Stuckey	922257916	CO	07/05/1960
Jackie Swanson	152310563	CO	01/14/1956
Maria Tucker	951071883	CO	03/30/1974
Jon Walker	041750817	CO	08/15/1955
Hannah Weber	W1603329166901	WI	5/9/1991
Denise Vargas	922395494	CO	01/20/1959

# Workers' Compensation & Employer's Liability

Workers' Compensation & Employer's Liability	Expiring	Renewal
		
<b>Limits of Liability</b>		
Workers' Compensation	Statutory	Statutory
<b>Employer's Liability</b>		
Bodily Injury by Accident – Each Accident	\$2,000,000	\$2,000,000
Bodily Injury by Disease – Policy Limit	\$2,000,000	\$2,000,000
Bodily Injury by Disease – Each Employee	\$2,000,000	\$2,000,000
<b>Deductibles</b>		
Each Occurrence	\$1,000	\$1,000
<b>NCCI</b>		
Experience Modification	1.46	1.22
<b>Payroll</b>		
Clerical Office Employees	\$3,846,593	\$3,943,956
Board Member Coverage	\$8,400	\$8,400
College, Library – All Other Employees	\$243,283	\$285,254
Security Guard – Unarmed	\$100,000	\$141,190












# Cyber Liability

	Incumbent	Compared
		
<b>Coverage Limits</b>		
<b>Policy Aggregate Limit of Liability for:</b> Information Security and Privacy Liability, Regulatory Defense and Penalties, Website Media Content Liability, and PCI Fines, Expenses, and Costs	\$1,000,000	\$25,000 Aggregate for "Identity Theft" Claims Solely
<b>Privacy Breach Response Services (In Addition to Policy Aggregate)</b>		
<b>Privacy Breach Response Services Aggregate Limit of Coverage</b>	100,000 <b>Notified Individuals</b> in the aggregate	---
<b>Computer Expert Services, Legal Services, and Public Relations and Crisis Management Expenses</b> , the Limit of Cover is subject to an aggregate sublimit of:	\$1,000,000	\$25,000 Aggregate for "Identity Theft" Claims Solely
<b>Retentions</b>		
<b>Each Claim Retention</b> (Including each Claim in the form of a <b>Regulatory Proceeding</b> ) includes <b>Claims Expenses</b>	\$5,000	None: Identity Theft Claims Only
<b>Notification Services, Call Center Services and Breach Resolution and Mitigation Services</b> to be available for each incident involving at least:	100 <b>Notified Individuals</b> in the aggregate	---
<b>Retention</b> applicable to <b>Computer Expert Services, Legal Services and Public Relations and Crisis Management Expenses</b> :	\$5,000 combined, but one-half (1/2) of the amount shown herein for <b>Legal Services</b> (which retention is part of and not in addition to the combined retention)	---
<b>Coverage Terms and Conditions</b>		
Retroactive Date	Full Prior Acts	---
Continuity Date	01-Jan-2017	---
Optional Extension Period	12 Months	---
Premium for Optional Extension Period	100%	---
Consequential Reputational Loss Sublimit	\$100,000	---
Criminal Reward Coverage	\$25,000	---
Electronic Crime Endorsement	\$100,000	---
First Party Endorsement	Yes (Inclusive of Cyber Extortion and Business Interruption)	---

# Authorization to Bind Coverage

Effective January 1, 2019, we accept your proposal and authorize HUB International Insurance Services to bind coverage as follows and understand that our instructions constitute acceptance of the policy terms, conditions, exclusions and proposal disclosures. It is understood that this document contains only a summary of our insurance coverages. It is our (client) responsibility to carefully and completely review the actual policies for actual terms, limits and conditions. In the event of any inconsistency between the terms of the policies and the provisions of this document, the terms of the policies will govern and control. Furthermore, we confirm the values, schedules, and other data contained in the proposal are from our (client) records and acknowledge that it is our (client) responsibility to see that they are accurately maintained.

Coverage	Carrier	Accept / Reject		Premium Charge including Taxes & Fees
<b>General Liability and Pollution Extension</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$13,268.87
<b>Public Officials Liability</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$6,960.78
<b>Business Auto</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$2,396.89
<b>Umbrella Liability</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$2,337.54
<b>Property</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$44,660.69
<b>Equipment Breakdown</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$7,468.75
<b>Crime</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$508.37
<b>Cyber Liability</b>		Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$2,899
<b>Workers' Compensation</b>	 25 years Colorado Special Districts Property and Liability Pool	Yes <input type="checkbox"/>	No <input type="checkbox"/>	\$24,023

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

# Consent to Receive Electronic Documents

Pueblo City-County Library District ("Client") hereby consents and agrees to receive electronic documents related to insurance coverage procured or quoted by, or Client's business relationship with, HUB International ("HUB"). In addition to traditional manners of delivery, HUB may transmit documents to Client through electronic means, such as electronic mail and facsimile. The documents that may be transmitted electronically include, but are not limited to, the following: insurance policies; policy information pages; coverage forms; endorsements; applications; binders; certificates and evidence of insurance; invoices; premium finance agreements; audit statements; loss control reports; claim reports; correspondences; notices of cancellation and non-renewal; and policies related to the operation of HUB'S business.

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

# Coverages to Consider

<p>HUB International is committed to delivering the services necessary to make a long-term impact on your organization. Below is a summary of the coverages offered by HUB International:</p>	
<p><b>Property &amp; Casualty</b></p>	
<p>HUB International is one of the top ten brokers in North America. With very few exceptions, HUB has access to virtually all major insurance carriers, both regional and national. We can assist you with the following coverages:</p>	
<p><b>Aviation (Hull &amp; Liability and Products)</b></p>	<p><b>Flood &amp; Earthquake (Difference in Conditions)</b></p>
<p><b>Bond &amp; Surety</b></p>	<p><b>Kidnap &amp; Ransom</b></p>
<p><b>Cyber Insurance</b></p>	<p><b>Railroad Protective</b></p>
<p><b>Directors &amp; Officers</b></p>	<p><b>Workplace Violence</b></p>
<p><b>Errors &amp; Omissions/Professional Liability</b></p>	<p><b>Environmental Protection/Pollution</b></p>
<p><b>Employee Benefits</b></p>	
<p>HUB Employee Benefit Consultants provide our clients with meaningful health care claims and utilization information. We will convert claims data into meaningful trends and key indicators, giving our clients the power to make informed decisions on changes to its health care plans. By analyzing critical components of data in multiple ways, we can answer nearly any question you may have about claims experience. Our results will help us formulate focused strategies for reducing utilization and costs. After we isolate problem areas, we use Alternative Modeling to experiment with plan design alternatives, and most importantly, determine how plan changes can lead to savings.</p>	
<p><b>Insured &amp; Self Funded Health Plans</b></p>	<p><b>HRA and HSA</b></p>
<p><b>Dental and Vision</b></p>	<p><b>Voluntary Benefits</b></p>
<p><b>Group Life, AD&amp;D and Disability</b></p>	<p><b>Part-Time Employee Benefits</b></p>
<p><b>Section 125 Plans</b></p>	<p><b>Retirement Programs</b></p>
<p><b>Worldwide Benefits Coverage</b></p>	
<p><b>Personal Insurance</b></p>	
<p>HUB International is also one of the largest personal insurance brokers in the U.S. and Canada. We have access to multiple personal insurance carriers to find the best coverage and price for the personal protection you need. We offer coverages such as: Home, Auto, Fine Art, Collectibles, Personal Umbrella, Recreational Vehicles, and Jewelry. HUB offers personal insurance to - Individuals or Your Employees by establishing an Employer Group Program</p>	

# AM Best's Insurer Financial Strength Ratings

## Guide to A.M. Best's Insurer Financial Strength Ratings

The objective of Best's rating system is to provide an opinion as to an insurer's financial strength and ability to meet ongoing obligations to policy holders. Opinions are derived from an evaluation of a company's balance sheet strength, operating performance and business profile as compared with Best's quantitative and qualitative standards. Best's Rating may be viewed at [www.ambest.com](http://www.ambest.com). Best's ratings are not a warranty of a company's financial strength and ability to meet its ongoing obligations to policyholders.

**A++ and A+ (Superior):** Assigned to companies which have, on balance, superior balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in Best's opinion, have a very strong ability to meet their ongoing obligations to policyholders.

**A and A- (Excellent):** Assigned to companies which have, on balance, excellent balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in Best's opinion, have a strong ability to meet their ongoing obligations to policyholders.

**B++ and B+ (Very Good):** Assigned to companies which have, on balance, very good balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in Best's opinion, have good ability to meet their ongoing obligations to policyholders.

**B and B- (Fair):** Assigned to companies which have, on balance, fair balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in Best's opinion, have an ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions.

**C++ and C+ (Marginal):** Assigned to companies which have, on balance, marginal balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in Best's opinion, have an ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions.

**C and C- (Weak):** Assigned to companies which have, on balance, weak balance sheet strength, operating performance and business profile when compared to the standards established by the A.M. Best Company. These companies, in Best's opinion, have an ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions.

**E (Under Regulatory Supervision):** Assigned to companies (and possibly their subsidiaries/affiliates) that have been placed by an insurance regulatory authority under a significant form of supervision, control or restraint, whereby they are no longer allowed to conduct normal ongoing insurance operations. This would include conservatorship or rehabilitation, but does not include liquidation. It may also be assigned to companies issued cease and desist orders by regulators outside their home state or country.

**F (In Liquidation):** Assigned to rated companies which have been placed under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company.

## Guide to A.M. Best's Insurer Financial Strength Ratings

**S (Rating Suspended):** Assigned to companies that have experienced sudden and significant events affecting their financial position or operating performance whose rating implications cannot be evaluated due to a lack of timely or adequate information.

**Not Rated Categories (NR):** Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.

**NR-1 (Insufficient Data):** Assigned predominantly to small companies for which A.M. Best does not have sufficient financial information required to assign a rating opinion. The information contained in these limited reports is obtained from several sources, which include the individual companies and the National Association of Insurance Commissioners (NAIC). The data received from the NAIC, in some cases, is prior to the completion of their cross checking and validation process.

**NR-2 (Insufficient Size and/or Operating Experience)**

**NR-3 (Rating Procedure Inapplicable)**

**NR-4 (Company Request)**

**NR-5 (Not Formally Followed)**

**U (Under Review):** Under Review (u) Rating Modifiers are assigned to Best's Ratings and Financial Performance Ratings to identify companies whose rating opinions are Under Review and may be subject to near-term change.

### Financial Size Categories (FSC):

Assigned to companies and reflects their size based on their capital, surplus and conditional reserve funds in millions of U.S. dollars, using the scale below.

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

HUB does not guarantee the solvency of any market with which we place business. HUB encourages our clients to review the publicly available information since only the insured can make the ultimate decision to accept or reject a particular market.

# How We Get Paid

## How We Get Paid

HUB International takes pride in the services our brokerages provide to you, our client, for insurance and risk management programs. For our efforts we are compensated in a variety of ways, primarily in the form of commissions and contingency amounts paid by insurance companies and, in some cases, fees paid by clients or third parties. The means by which we are compensated are described below.

### Commission Income

Commission, normally calculated as a percentage of the premium paid to the insurer for the specific policy, is paid to us by the insurer to distribute and service your insurance policy. Our commission is included in the premium paid by you. The individuals at HUB International who place and service your insurance may be paid compensation that varies directly with the commissions we receive.

### Contingency Income

We also receive income through contingency arrangements with most insurers. They are called “contingent” because to qualify for payment we normally need to meet certain criteria, usually measured on an annual basis. Contingency arrangements vary, but payment under these agreements is normally the result of growing the business by attracting new customers, helping the insurance company gather and assess underwriting information and/or working to renew the policies of existing insureds. There is currently no meaningful method to determine the exact impact that any particular insurance policy has on contingency arrangements. However, brokers tend to receive higher contingency payments when they grow their business and retain clients through better service. In other words, the amount of earned contingency income depends on the overall size and/or profitability of all of a group of accounts, as opposed to the placement or profitability of any particular insurance policy. For this reason, the individuals involved in placing or servicing insurance are rarely, if ever, compensated directly for the contingent income that we receive.

### Supplemental Commissions

Some insurance companies have recently replaced contingent commissions with supplemental commissions. These commissions, in fixed amounts, are established annually in advance based on historical performance measured by criteria comparable to those by which contingent commissions are calculated. We refer to these commissions as guaranteed supplemental commissions, or “GSCs”.

### Fees Paid by Clients

On occasion, with more complex business insurance programs and where additional resources, products or services are appropriate, a fee may be negotiated for placement of insurance coverage or additional services. Fees charged for the placement of insurance will be outlined in a proposal and approved, usually in writing, prior to the insurer binding coverage. On occasion, we may receive both commissions *and* client-paid fees for placing insurance, which generally will be disclosed in writing to you in advance. In certain circumstances clients pay us mutually agreed-upon fees for additional services, such as third party administration of employee benefits or workers’ compensation programs.

### Wholesale Operations

### Other Compensation and Benefits

We may receive revenue or further benefits from our insurance brokerage activities in other ways, including, but not limited to, from insurance company promotional events, payments from insurers for promotional marketing and/or employee training and development, fees or a percentage of the interest paid to us for the administration of premium finance contracts, interest paid to us by financial institutions earned on fiduciary or trust accounts in which we hold your premium payments pending remittance to the insurance company, and fees paid to us for policy and/or claims administration and/or loss control services that we provide.

### Related Party Transactions

In limited circumstances, our subsidiaries or employees may have interests in insurers and reinsurers with whom policies are placed. We own a reinsurance broker that arranges reinsurance for carriers. It is possible that coverage placed by our retail brokers could be reinsured pursuant to placements made by our reinsurance subsidiary. Ownership of a reinsurance broker also creates an additional, mutually beneficial dimension to our relationships with insurance companies.

## How We Get Paid

### Customer Centric Carriers

We have access to the products and services of hundreds of insurers. However, we believe our ability to provide the best combination of products, service, value and ongoing access to capacity is enhanced by focusing on a manageable number of carrier relationships. These strategic relationships include many of the most respected national and regional insurance companies in the insurance industry (the "Strategic Carriers"). Although we will continue to access our other insurance company relationships where appropriate, we expect that many of our clients' insurance needs may be met through the Strategic Carriers. The Strategic Carriers may pay us enhanced compensation, which we intend to use in part to invest in initiatives to improve our ability to serve our customers and to optimize their insurance buying experience. A portion of any enhanced compensation from our Strategic Carriers may be used to incentivize our employees to prioritize, investigate and access the products and services of our Strategic Carriers for the purpose of consolidating the number of insurance markets we deal with, while at the same time addressing the needs and best interests of our clients. More information regarding our Strategic Carrier relationships is available upon request from your HUB International insurance advisor or by visiting our website at [www.hubinternational.com](http://www.hubinternational.com).

Our goal is to be your insurance brokerage of choice. We know you have many brokerages to choose from, so to earn your confidence, we hold ourselves to the highest standard of service, a standard reflected in our written Client Commitment - we call it the "*The HUB Advantage*." We hope you will review the principles embodied in *The HUB Advantage*, a copy of which is attached for your convenience. You should also feel free to visit our website at [www.hubinternational.com](http://www.hubinternational.com) for more information regarding HUB International and how we do business.

Please also feel free to ask any questions about our compensation generally, or as to your specific insurance proposal or placement, by contacting your HUB broker or customer service representative directly, or by calling our client hotline at 1-866-857-4073.

We want you to choose a HUB International broker to be your insurance advisor – and we intend to make your decision an educated one.



# The HUB Advantage

## Our Commitment - The HUB Advantage

HUB International is dedicated to maintaining and upholding the highest standards of ethical conduct and integrity in all of our dealings with you, our client. We want to be your trusted risk advisor, and as such, we need to earn your confidence. So we are making a promise. We call it **The HUB Advantage**. Our mission is to make the advantage yours - and this is our commitment.

- We strive to secure the most favorable terms from insurers, taking into account all of the circumstances - the risk you need to insure, the cost of insurance, the financial condition of the insurer, the insurer's reputation for service, and any other factors that are specific to your situation.
- We are open and honest as to how we are paid for placing your insurance. Our answers to your questions will be forthright and understandable. When we intend to seek a fixed fee for our efforts, we will disclose it to you in writing and obtain your approval prior to coverage being bound.
- You make the ultimate decision as to both the terms of insurance and the company providing your coverage. Our objective is to provide you with choices that meet your insurance needs, and to educate you so your decision is fully informed and best suited to your circumstances.
- We comply with the laws of every jurisdiction in which we operate, including those that apply to how insurance brokerages and agencies are paid. If the laws change, we will respond in a timely and appropriate manner.

We take our responsibility to our customers very seriously. If at any time you feel that we are not fulfilling your expectations - that we are not meeting our Client Commitment - please contact your account executive or call our toll free client hotline at 1-866-857-4073, and your concerns will be addressed as soon as possible.

## The HUB Advantage

**The privilege is ours, but the advantage is yours.**