



MARSH & McLENNAN  
AGENCY

It's our business  
to be there for you in the

**MOMENTS  
THAT  
MATTER.**

# Tulare Local Healthcare District

## Proposal for Insurance Services

EFFECTIVE: 07/01/20 - 07/01/21

REVISED 06/23/2020

**MARSH & MCLENNAN AGENCY TEAM**

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**CLIENT ADVOCATE**

Client Executive      **BRETT BUCHANAN**  
E: Brett.Buchanan@MarshMMA.com  
T: 415-230-7208

**WORLD CLASS SERVICE TEAM**

Client Executive      **JIM GONZALES**  
E: Jim.Gonzales@MarshMMA.com  
T: 858-550-1147

Client Manager      **ALEX GOODMAN**  
E: Alex.Goodman@MarshMMA.com  
T: 858-750-4538

Property/Casualty Claims      **YVETTE BEAUBIEN**  
E: Yvette.Beaubien@MarshMMA.com  
T: 858-875-3055

Workers Comp. Claims      **TIFFANY BACA**  
E: Tiffany.Baca@MarshMMA.com  
T: 858-587-7165

Risk & Loss Advisor      **CECILIA DEAN**  
E: Cecilia.Dean@MarshMMA.com  
T: 858-587-7451

Certificates      **ALEX GOODMAN**  
E: Alex.Goodman@MarshMMA.com  
T: 858-750-4538

**SERVICING OFFICE**

San Diego      9171 Towne Centre Dr., Ste. 100  
San Diego, CA 92122  
Phone: (858) 457-3414 / (800) 321-4696  
Fax: (858) 452-7530  
www.MarshMMA.com

**REPORT ALL CLAIMS AND CIRCUMSTANCES TO**

Client Executive      **JIM GONZALES**  
E: Jim.Gonzales@MarshMMA.com  
T: 858-550-1147

## RENEWAL DASHBOARD

### FACTORS IMPACTING RENEWAL

#### GENERAL MARKET CONDITIONS

|                            |              |       |
|----------------------------|--------------|-------|
| Property                   | Increasing   | 25% ▲ |
| General Liability/Umbrella | Increasing   | 10% ▲ |
| Workers Comp               | Upward Trend | 5% ▲  |
| Management Liability       | Increasing   | 20% ▲ |
| Auto                       | Increasing   | 10% ▲ |

#### EXPOSURES

|                        |
|------------------------|
| Total Insurable Values |
| Payroll                |

#### EXPIRING

|                |
|----------------|
| \$ 315,658,741 |
| \$ 336,000     |

#### RENEWAL

|                |
|----------------|
| \$ 306,175,754 |
| \$ 294,519     |

#### VARIANCE

|      |
|------|
| -3%  |
| -12% |

### MARKETING STRATEGY

A broad marketing of the program was conducted to ensure best terms.

10-12 carriers were approached for each line of coverage. Carriers declined due to loss history, not competitive with incumbent carrier, and overall tough CA Healthcare market where carriers aren't looking to write new hospital exposure in California due to COVID-19.

Deductible options provided on property.

#### RESULTS

#### RATES

|                      |       |
|----------------------|-------|
| Property             | 20% ▲ |
| General Liability    | 5% ▲  |
| Auto                 | 5% ▲  |
| Workers Comp         | -2% ▼ |
| Management Liability | 12% ▲ |

**CARRIER SUMMARY**

| INSURER                                                          | STATUS          | AM BEST      | PREMIUM           | COMMENTS                                  | POLICY FORM        |
|------------------------------------------------------------------|-----------------|--------------|-------------------|-------------------------------------------|--------------------|
| <b>GENERAL LIABILITY / AUTO / WC</b>                             |                 |              |                   |                                           |                    |
| <b>BETA (incumbent)</b>                                          | <b>N/A</b>      | <b>A IX</b>  |                   | <b>General Liability</b>                  | <b>Occurrence</b>  |
|                                                                  |                 |              | \$ 7,128          | \$2M/\$4M                                 |                    |
|                                                                  |                 |              | <b>\$ 7,972</b>   | <b>\$3M/\$5M</b>                          |                    |
|                                                                  |                 |              |                   | <b>Auto</b>                               | <b>Occurrence</b>  |
|                                                                  |                 |              | \$ 2,622          | Deductible \$1,000 Comp/Collision         |                    |
|                                                                  |                 |              | <b>\$ 2,742</b>   | <b>Deductible \$250Comp/\$500 Coll.</b>   |                    |
|                                                                  |                 |              | <b>\$ 9,698</b>   | <b>Work Comp</b>                          | <b>Occurrence</b>  |
| Allianz                                                          |                 |              | Declined          | Class of Business                         |                    |
| C N A                                                            |                 |              | Declined          | Not currently writing hospitals           |                    |
| Chubb                                                            |                 |              | Declined          | Need Prof. Liability to consider          |                    |
| Hanover                                                          |                 |              | Declined          | Not currently writing hospitals           |                    |
| Hartford                                                         |                 |              | Pending           | Underwriting Guidelines - Eligibility     |                    |
| Liberty                                                          |                 |              | Declined          | Below Minimum Premium                     |                    |
| Nationwide                                                       |                 |              | Declined          | Need loss control review                  |                    |
| Philadelphia                                                     |                 |              | Declined          | Class of Business/Operations              |                    |
| Travelers                                                        |                 |              | Declined          | Stand alone Healthcare District           |                    |
| Zurich                                                           |                 |              | Declined          | Need Prof. Liability to consider          |                    |
| <b>DIRECTORS &amp; OFFICERS / EMPLOYMENT PRACTICES LIABILITY</b> |                 |              |                   |                                           |                    |
| <b>BETA (incumbent)</b>                                          | <b>N/A</b>      | <b>A IX</b>  |                   | <b>Quoted</b>                             | <b>Claims Made</b> |
|                                                                  |                 |              | \$ 26,362         | \$3M Occur./\$3M Agg.                     |                    |
|                                                                  |                 |              | <b>\$ 29,277</b>  | <b>\$5M Occur./\$5M Agg.</b>              |                    |
| Argo                                                             |                 |              | Declined          | Class of Business                         |                    |
| Beazley                                                          |                 |              | Declined          | Class of Business                         |                    |
| Berkley                                                          |                 |              | Declined          | Class of Business                         |                    |
| Everestre                                                        |                 |              | Declined          | Excess only for CA Healthcare             |                    |
| Hudson                                                           |                 |              | Declined          | Only consider if incumbent non-renewed    |                    |
| Ironshore                                                        |                 |              | Declined          | Not Competitive                           |                    |
| Markel                                                           |                 |              | Declined          | No Response                               |                    |
| RSUI                                                             |                 |              | Declined          | Not Competitive                           |                    |
| Scottsdale                                                       |                 |              | Declined          | Underwriting Guidelines                   |                    |
| Starstone                                                        |                 |              | Declined          | Excess Only                               |                    |
| THB (Lloyds)                                                     |                 |              | Declined          | Account Size                              |                    |
| Travelers                                                        |                 |              | Declined          | Not Competitive                           |                    |
| <b>PROPERTY</b>                                                  |                 |              |                   |                                           |                    |
| <b>Affiliated FM (incumbent)</b>                                 | <b>Admitted</b> | <b>A+ XV</b> |                   |                                           | <b>Occurrence</b>  |
|                                                                  |                 |              | \$ 271,507        | \$100K Deductible                         |                    |
|                                                                  |                 |              | <b>\$ 276,007</b> | <b>\$10K Deductible</b>                   |                    |
| AIG                                                              |                 |              | Declined          | Loss History                              |                    |
| Allianz                                                          |                 |              | Declined          | Loss History                              |                    |
| Chubb                                                            |                 |              | Declined          | Hospital not fully sprinklered            |                    |
| C N A                                                            |                 |              | Declined          | Premium Not competitive/\$100K Deductible |                    |
| Hartford                                                         |                 |              | Pending           | Underwriting Guidelines - Eligibility     |                    |
| Liberty Mutual                                                   |                 |              | Declined          | Losses/Bankruptcy/Construction            |                    |
| Sompo                                                            |                 |              | Declined          | Building protection deficiencies          |                    |
| SwissRE                                                          |                 |              | Declined          | Premium not competitive/\$50K Deductible  |                    |
| Travelers                                                        |                 |              | Declined          | Not Competitive                           |                    |
| Zurich                                                           |                 |              | Declined          | Tower not complete                        |                    |

**NON-ADMITTED CARRIER DISCLOSURE NOTICE**

Insurer is not admitted or licensed by your home state. As such, insureds under this policy are not protected by any state guaranty fund in the event the insurer becomes insolvent. Surplus Lines taxes and fees may apply and are subject to change based upon respective Home State NRRRA regulatory updates.

**CLAIMS MADE POLICY**

A policy providing coverage that is triggered when a claim is made against the insured during the policy period and after any applicable retroactive/continuation dates stated in the policy. All claims must be reported within a specified time as described in the policy form. Timely reporting is required to minimize claim denial for late notice. Circumstances that may lead to a claim must also be reported within a specified time as described in the policy form. Each carrier has specific claims made wording, please refer to policy form for carrier specific reporting guidelines.

**KEY TO AM BEST FINANCIAL STRENGTH RATING**

Superior: A++, A+

Excellent: A, A-

Very Good: B++, B+

**KEY TO AM BEST FINANCIAL SIZE RATING (IN \$MILLIONS)**

|            |              |            |                    |
|------------|--------------|------------|--------------------|
| Class I    | Up to \$1    | Class IX   | \$250 to 500       |
| Class II   | \$1 to 2     | Class X    | \$500 to 750       |
| Class III  | \$2 to 5     | Class XI   | \$750 to 1,000     |
| Class IV   | \$5 to 10    | Class XII  | \$1,000 to 1,250   |
| Class V    | \$10 to 25   | Class XIII | \$1,250 to 1,500   |
| Class VI   | \$25 to 50   | Class XIV  | \$1,500 to 2,000   |
| Class VII  | \$50 to 100  | Class XV   | \$2,000 or greater |
| Class VIII | \$100 to 250 |            |                    |

**KEY TO AM BEST OUTLOOK**

Positive

Indicates possible rating upgrade due to favorable financial/market trends relative to the current

Stable

Indicates low likelihood of a rating change due to stable financial/market trends.

Negative

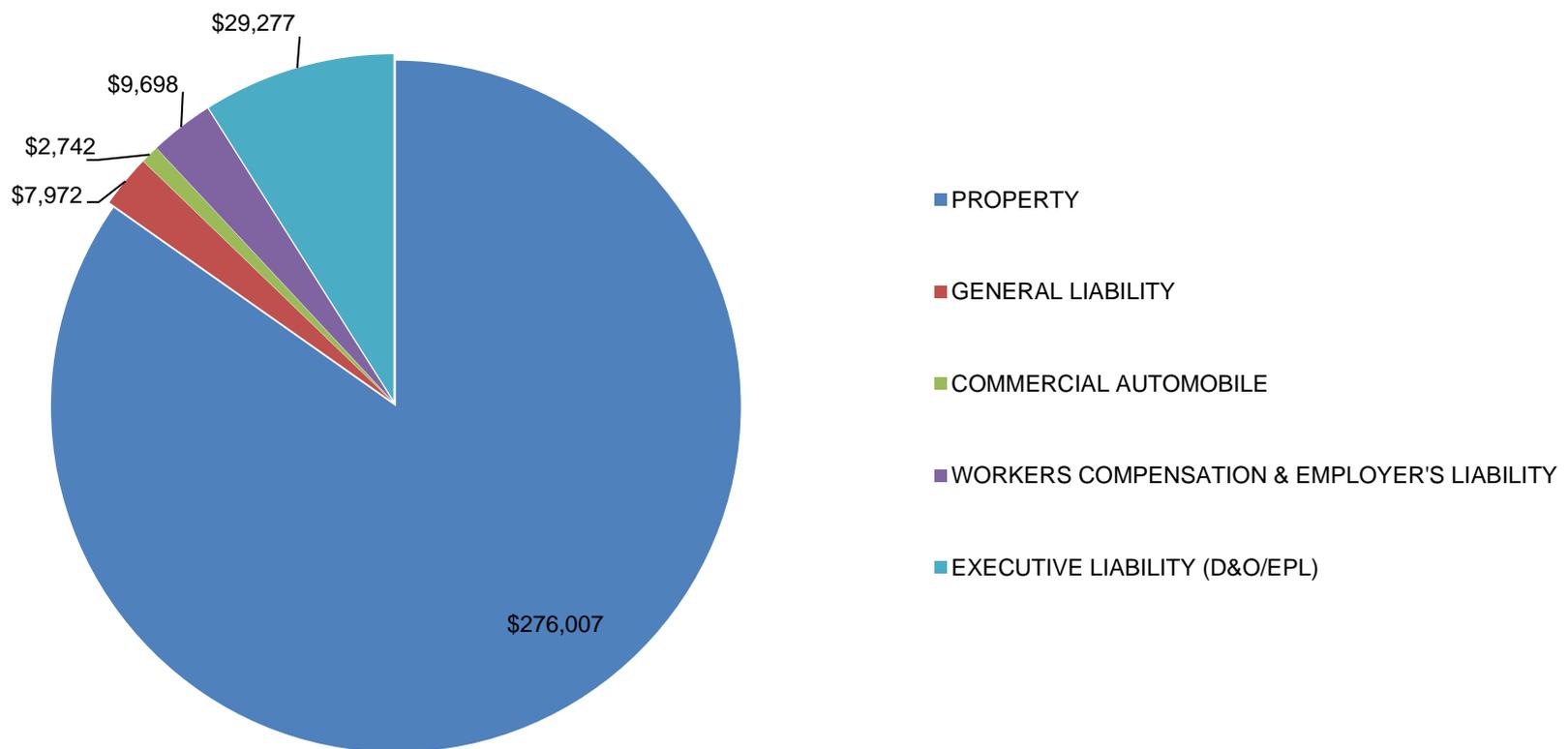
Indicates possible rating downgrade due to unfavorable financial / market trends relative to the current rating level.

**DISCLAIMER**

This document is for presentation purposes only. The precise coverage afforded is subject to the terms, conditions and exclusions of the policies as issued. Marsh & McLennan Insurance Agency LLC makes no representations, either expressed or implied, as to the adequacy of any limits of protection. Determination of the adequacy of the limits of protection is your responsibility. CA Insurance Lic. 0H18131 | MarshMMA.com

**PREMIUM SUMMARY**

| COVERAGE                                    | EXPIRING            | RENEWAL             | CHANGE         |
|---------------------------------------------|---------------------|---------------------|----------------|
| POLICY TERM                                 | 07/01/19 - 07/01/20 | 07/01/20 - 07/01/21 |                |
| PROPERTY                                    | \$ 237,400          | \$ 276,007          | 16.26%         |
| GENERAL LIABILITY                           | \$ 7,250            | \$ 7,972            | 9.96%          |
| COMMERCIAL AUTOMOBILE                       | \$ 2,500            | \$ 2,742            | 9.68%          |
| WORKERS COMPENSATION & EMPLOYER'S LIABILITY | \$ 11,013           | \$ 9,698            | -11.94%        |
| EXECUTIVE LIABILITY (D&O/EPL)               | \$ 25,027           | \$ 29,277           | 16.98%         |
| <b>TOTAL</b>                                | <b>\$ 283,190</b>   | <b>\$ 325,696</b>   | <b>15.01%</b>  |
| PROFESSIONAL LIABILITY TAIL                 | \$ 212,593          | \$ -                | -100.00%       |
| <b>YEAR OVER YEAR PREMIUM</b>               | <b>\$ 495,783</b>   | <b>\$ 325,696</b>   | <b>-34.31%</b> |



## SCHEDULE OF NAMED INSURED

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### NAMED INSURED AND MAILING ADDRESS

Tulare Local Healthcare District  
869 N. Cherry St.  
Tulare, CA 93274

### SCHEDULE OF NAMED INSUREDS

**This is our understanding of your entire list of named insureds. This list may or may not appear on every policy. Each policy should be reviewed to confirm the appropriate list of named insureds.**

Tulare Local Healthcare District  
DBA Tulare Regional Medical Center  
Tulare Hospital Foundation  
Mineral King Lab (Inactive)  
Tulare Hospital Auxiliary (Inactive)  
Tulare Family X-Ray (Inactive)  
Tulare Physical Therapy (Inactive)  
Tulare District Health Care System Foundation (Inactive)  
Tulare District Health Care System Lab Drawing Station (Inactive)  
Tulare Surgical Services (Inactive)

**COVERAGE TERMS AND COMPARISON**

| PROPERTY                                      | EXPIRING                                                                                                                                                                                                                                           | RENEWAL                                                                                                                                                                                                                                                                                                                                                                                                                           | CHANGE        |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
|                                               | AFFILIATED FM                                                                                                                                                                                                                                      | AFFILIATED FM                                                                                                                                                                                                                                                                                                                                                                                                                     |               |
| COVERAGE TERM                                 | 07/01/19 - 07/01/20                                                                                                                                                                                                                                | 07/01/20 - 07/01/21                                                                                                                                                                                                                                                                                                                                                                                                               |               |
| Per Occurrence Limit                          | \$ 315,290,741                                                                                                                                                                                                                                     | \$ 306,175,754                                                                                                                                                                                                                                                                                                                                                                                                                    | -2.89%        |
| Blanket Real Property                         | Included                                                                                                                                                                                                                                           | Included                                                                                                                                                                                                                                                                                                                                                                                                                          |               |
| Blanket Personal Property                     | Excluded Locations Scheduled                                                                                                                                                                                                                       | Excluded Locations Scheduled                                                                                                                                                                                                                                                                                                                                                                                                      |               |
| Blanket Business Interruption - Rental Income | Included                                                                                                                                                                                                                                           | Included                                                                                                                                                                                                                                                                                                                                                                                                                          |               |
| Extra Expense                                 | \$ 2,500,000                                                                                                                                                                                                                                       | \$ 2,500,000                                                                                                                                                                                                                                                                                                                                                                                                                      |               |
| Flood - Annual Aggregate                      | \$ 85,000,000                                                                                                                                                                                                                                      | \$ 85,000,000                                                                                                                                                                                                                                                                                                                                                                                                                     |               |
| Earthquake Sprinkler Leakage (EQSL)           | Included                                                                                                                                                                                                                                           | \$ 5,000,000                                                                                                                                                                                                                                                                                                                                                                                                                      |               |
| DEDUCTIBLE                                    |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |
| Each Loss Except                              | \$ 10,000                                                                                                                                                                                                                                          | \$ 10,000                                                                                                                                                                                                                                                                                                                                                                                                                         |               |
| Flood                                         | \$ 100,000                                                                                                                                                                                                                                         | \$ 100,000                                                                                                                                                                                                                                                                                                                                                                                                                        |               |
| Earthquake Sprinkler Leakage - Per Location   | \$ 10,000                                                                                                                                                                                                                                          | 1% / \$100K Minimum                                                                                                                                                                                                                                                                                                                                                                                                               |               |
| RATING BASIS                                  |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |
| Total Insurable Values                        | \$ 315,290,741                                                                                                                                                                                                                                     | \$ 306,175,754                                                                                                                                                                                                                                                                                                                                                                                                                    | -2.89%        |
| Rate for Comparison - per \$100 of Values     | 0.08                                                                                                                                                                                                                                               | 0.09                                                                                                                                                                                                                                                                                                                                                                                                                              | 19.72%        |
| <b>Premium</b>                                | <b>\$ 237,400</b>                                                                                                                                                                                                                                  | <b>\$ 276,007</b>                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>16.26%</b> |
| <i>*Terrorism Included in Premium</i>         |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |
| <b>Conditions</b>                             | Occurrence Form                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |
| <b>Endorsements</b>                           | Per Policy Form; Including But Not Limited To:<br>Special Form Coverage<br>Agreed Amount<br>Replacement Cost Coverage                                                                                                                              | Building Ordinance<br>Worldwide Territory<br>Newly Acquired Property \$2,500,000<br>Communicable Disease \$1,000                                                                                                                                                                                                                                                                                                                  |               |
| <b>Exclusions</b>                             | Per Policy Form; Including But Not Limited To:<br>Date Recognition<br>Mold & Mildew<br>Terrorism (Additional Premium \$5,000)<br>Earth Movement<br>Raw materials, stock and supplies, and finished goods                                           | Personal Property Excluded at the following locations:<br>869 North Cherry Street, Tulare, CA, 93274<br>869 North Cherry Street, Tulare, CA, 93274<br>935-945 Gem Street, Tulare, CA, 93274<br>890 North Cherry Street, Tulare, CA, 93274<br>906 North Cherry Street, Tulare, CA, 93274<br>922 North Cherry Street, Tulare, CA, 93274<br>591 East Merritt Avenue, Tulare, CA, 93274<br>874 North Cherry Street, Tulare, CA, 93274 |               |
| <b>Subjectivities</b>                         | Signed Terrorism Form<br>Status update on recommendations from 11/12/19 Risk Report<br>Confirm highlighted locations on Statement of Values should be deleted<br>Confirm Computer Hardware/Software Limits - Value needed to be included in values |                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |

| MARKETING / ADDITIONAL COVERAGE OPTIONS     | CARRIER       | LIMIT/DEDUCTIBLE                | PREMIUM    |
|---------------------------------------------|---------------|---------------------------------|------------|
| Remove EQSL Sub-Limit / Increase EQSL Ded.  | Affiliated FM | \$5M Sublimit Removed / 3% Ded. | No Change  |
| Higher Deductible - \$4,500 Premium Savings | Affiliated FM | \$100,000 Deductible            | \$ 271,507 |

**STATEMENT OF VALUES**

**POLICY TERM:** 07/01/20 - 07/01/21

| NO.          | BLDG. | ADDRESS                                   | DESCRIPTION                                          | BUILDING TYPE            | STORIES | YEAR BUILT | SQ. FT. | SPRINK. | ALARM | BUILDING              | BUSINESS PERSONAL PROPERTY | COMPUTER HARDWARE & SOFTWARE | BUSINESS INTERRUPTION | TOTAL INSURED VALUE   |
|--------------|-------|-------------------------------------------|------------------------------------------------------|--------------------------|---------|------------|---------|---------|-------|-----------------------|----------------------------|------------------------------|-----------------------|-----------------------|
| 1.           | 1.    | 869 Cherry Street<br>Tulare, CA 93274     | Hospital                                             | Reinforced Concrete      | 3       | 1951       | 124,359 | N       | Y     | \$ 121,250,025        | \$ -                       | Included                     | \$ 28,200,000         | \$ 149,450,025        |
|              |       | 869 Cherry Street<br>Tulare, CA 93274     | Course of Construction<br>New Tower 1                | Metal Framing / Concrete | 4       |            | 115,000 | Y       | Y     | \$ 112,125,000        | \$ -                       |                              | Included              | \$ 112,125,000        |
| 1.           | 2.    | 869 Cherry Street<br>Tulare, CA 93274     | Laundry / Pump House                                 | Reinforced Concrete      | 1       | 1951       | 3,240   | N       | Y     | \$ -                  | \$ -                       | Included                     | Included              | \$ -                  |
| 1.           | 3.    | 869 Cherry Street<br>Tulare, CA 93274     | Allied Services Building                             | Steel Frame              | 2       | 1987       | 21,040  | N       | Y     | \$ 8,394,960          | \$ -                       | Included                     | Included              | \$ 8,394,960          |
| 2.           | 1.    | 935 - 945 Gem St<br>Tulare, CA 93274      | Medical Office Building                              | Frame                    | 1       | 1978       | 6,000   | N       | Y     | \$ 175,000            | \$ -                       | Included                     | Included              | \$ 175,000            |
| 3.           | 1.    | 890 Cherry Street<br>Tulare, CA 93274     | Pathology Lab                                        | Concrete Tilt Up         | 1       | 1968       | 2,280   | N       | Y     | \$ 93,128             | \$ -                       | Included                     | Included              | \$ 93,128             |
| 4.           | 1.    | 906 Cherry Street<br>Tulare, CA 93274     | Foundation                                           | Concrete Tilt Up         | 1       | 1979       | 1,044   | N       | Y     | \$ 42,643             | \$ -                       | Included                     | Included              | \$ 42,643             |
| 5.           | 1.    | 922 Cherry Street<br>Tulare, CA 93274     | Home Care/<br>Marketing/ Medical<br>Staff office     | Frame                    | 1       | 1967       | 5,000   | N       | Y     | \$ 204,229            | \$ -                       | Included                     | Included              | \$ 204,229            |
| 6.           | 1.    | 591 Merritt<br>Tulare, CA 93274           | Medical Office Building / IT Department              | Joisted Masonry          | 1       | 1958       | 1,250   | N       | Y     | \$ 142,800            | \$ -                       | Included                     | Included              | \$ 142,800            |
| 7.           | 1.    | 979 Gem Street<br>Tulare, CA 93274        | Medical Office Building                              | Joisted Masonry          | 1       | 1958       | 1,687   | N       | Y     | \$ 197,200            | \$ -                       | Included                     | Included              | \$ 197,200            |
| 8.           | 1.    | 1050 Cherry Street<br>Tulare, CA 93274    | Medical Office Building                              | Steel Frame              | 1       |            | 6,977   | Y       | Y     | \$ 2,783,823          | \$ -                       | Included                     | Included              | \$ 2,783,823          |
| 9.           | 1.    | 1425 E. Prosperity St<br>Tulare, CA 93274 | Evolutions Medical<br>Fitness / Rehab Center         | Steel Frame              | 2       | 2005       | 55,970  | Y       | Y     | \$ 22,332,030         | \$ 1,144,916               | Included                     | Included              | \$ 23,476,946         |
| 10.          | 1.    | 874 Cherry Street<br>Tulare, CA 92374     | Medical Office Building                              | Concrete Tilt Up         | 1       | 1963       | 1,281   | N       | Y     | \$ 90,000             | \$ -                       | Included                     | Included              | \$ 90,000             |
| 11.          | 1.    | 446 Prosperity Ave<br>Tulare, CA 92374    | Storage Facility Location                            |                          |         |            |         | Y       | Y     | \$ -                  | \$ 9,000,000               | Included                     | Included              | \$ 9,000,000          |
| 12.          | 1.    | 398 South Street<br>Earlimart, CA 93218   | Earlimart School Based - Community Healthcare Center | Modular                  | 1       | 2015       | 2,015   | N       | Y     | \$ -                  | \$ -                       | Included                     | Included              | \$ -                  |
| <b>TOTAL</b> |       |                                           |                                                      |                          |         |            |         |         |       | <b>\$ 267,830,838</b> | <b>\$ 10,144,916</b>       | <b>\$ -</b>                  | <b>\$ 28,200,000</b>  | <b>\$ 306,175,754</b> |

**PROPERTY CLAIMS SUMMARY**

| POLICY YEAR           | PAID              | RESERVE     | TOTAL INCURRED    | PREMIUM           | LOSS RATIO | VALUATION DATE | NO. OF LOSSES | CARRIER       |
|-----------------------|-------------------|-------------|-------------------|-------------------|------------|----------------|---------------|---------------|
| 7/1/2019 - 2020       | \$ -              | \$ -        | \$ -              | \$ 231,400        | 0%         | 3/9/2020       | 2             | Affiliated FM |
| 7/1/2018 - 2019       | \$ -              | \$ -        | \$ -              | \$ 146,539        | 0%         | 3/9/2020       | 1             | Affiliated FM |
| 7/1/2017 - 2018       | \$ 3,099          | \$ -        | \$ 3,099          | \$ 133,587        | 2%         | 3/9/2020       | 0             | Affiliated FM |
| 7/1/2016 - 2017       | \$ 21,125         | \$ -        | \$ 21,125         | \$ 133,803        | 16%        | 3/9/2020       | 2             | Affiliated FM |
| 7/1/2015 -2016        | \$ 245,226        | \$ -        | \$ 245,226        | \$ 135,147        | 181%       | 3/9/2020       | 3             | Affiliated FM |
| <b>5 Year Total</b>   | <b>\$ 269,450</b> | <b>\$ -</b> | <b>\$ 269,450</b> | <b>\$ 780,476</b> |            |                | <b>8</b>      |               |
| <b>5 Year Average</b> | <b>\$ 53,890</b>  | <b>\$ -</b> | <b>\$ 53,890</b>  | <b>\$ 156,095</b> | <b>35%</b> |                | <b>2</b>      |               |

\*Engineering fees not included in premium

**COVERAGE TERMS AND COMPARISON**

|                                 |                                                                                                                        | EXPIRING                                                                                                                                   | RENEWAL             | CHANGE         |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------|
| GENERAL LIABILITY               |                                                                                                                        | BETA<br>GL ONLY                                                                                                                            | BETA<br>GL ONLY     |                |
| COVERAGE TERM                   |                                                                                                                        | 07/01/19 - 07/01/20                                                                                                                        | 07/01/20 - 07/01/21 |                |
| Per Occurrence Limit            |                                                                                                                        | \$ 3,000,000                                                                                                                               | \$ 3,000,000        |                |
| General Aggregate               |                                                                                                                        | \$ 5,000,000                                                                                                                               | \$ 5,000,000        |                |
| HCL COVERAGE INCLUDES:          |                                                                                                                        |                                                                                                                                            |                     |                |
| Professional Liability          |                                                                                                                        | Excluded                                                                                                                                   | Excluded            |                |
| General Liability               |                                                                                                                        | Included                                                                                                                                   | Included            |                |
| Bodily Injury & Property Damage |                                                                                                                        | Included                                                                                                                                   | Included            |                |
| Personal & Advertising Injury   |                                                                                                                        | Included                                                                                                                                   | Included            |                |
| Employee Benefits Liability     |                                                                                                                        | Included                                                                                                                                   | Included            |                |
| DEDUCTIBLE                      |                                                                                                                        |                                                                                                                                            |                     |                |
| Each Claim - Indemnity Only     |                                                                                                                        | \$ 10,000                                                                                                                                  | \$ 10,000           |                |
| <b>Annualized Premium</b>       |                                                                                                                        | <b>\$ 7,250</b>                                                                                                                            | <b>\$ 7,972</b>     | 9.96%          |
| Tail Premium                    |                                                                                                                        | \$ 212,593                                                                                                                                 | \$ -                | -100.00%       |
| <b>Total Premium</b>            |                                                                                                                        | <b>\$ 219,843</b>                                                                                                                          | <b>\$ 7,972</b>     | <b>-96.37%</b> |
| <b>Conditions</b>               | General Liability - Occurrence Form                                                                                    | All defense expenses are paid outside the per occurrence limits.<br>All sub-limits are subject to the per occurrence and aggregate limits. |                     |                |
| <b>Endorsements</b>             | Per Policy Form; Including But Not Limited To:<br>Additional Insureds – Lessors of Premises or<br>Equipment            | Employee Benefit Liability<br>Fire and Water Damage Legal Liability sub-limit of \$500,000 each<br>occurrence/\$500,000 annual aggregate   |                     |                |
| <b>Exclusions</b>               | Per Policy Form; Including But Not Limited To:<br>Pollution – Hostile Fire Exception<br>Employment Practices Liability | Nuclear Energy Liability<br>Asbestos<br>Professional Liability                                                                             |                     |                |
| <b>Subjectivities</b>           | None                                                                                                                   |                                                                                                                                            |                     |                |

| MARKETING / ADDITIONAL COVERAGE OPTIONS | CARRIER | LIMIT                 | PREMIUM  |
|-----------------------------------------|---------|-----------------------|----------|
| Lower Limits                            | BETA    | \$2M Occur./\$4M Agg. | \$ 7,128 |

**COVERAGE TERMS AND COMPARISON**

|                                                |                                                                         | EXPIRING             | RENEWAL                    | CHANGE         |
|------------------------------------------------|-------------------------------------------------------------------------|----------------------|----------------------------|----------------|
| <b>COMMERCIAL AUTOMOBILE</b>                   |                                                                         | <b>BETA</b>          | <b>BETA</b>                |                |
| COVERAGE TERM                                  |                                                                         | 07/01/19 - 07/01/20  | 07/01/20 - 07/01/21        |                |
| Per Accident - Combined Single Limit           |                                                                         | \$ 1,000,000         | \$ 1,000,000               |                |
| Description of Covered Autos                   |                                                                         | Hired/Non-Owned Auto | Hired/Non-Owned Auto       |                |
| <b>HIRED CAR PHYSICAL DAMAGE COVERAGE</b>      |                                                                         |                      |                            |                |
| Comprehensive Deductible                       |                                                                         | \$ 250               | \$ 250                     |                |
| Collision Deductible                           |                                                                         | \$ 500               | \$ 500                     |                |
| <b>RATING BASIS</b>                            |                                                                         |                      |                            |                |
| # Autos                                        |                                                                         | \$ -                 | \$ -                       |                |
| <b>Premium</b>                                 |                                                                         | <b>\$ 2,500</b>      | <b>\$ 2,742</b>            | 9.68%          |
| <b>Conditions</b>                              | Occurrence Form                                                         |                      |                            |                |
| <b>Endorsements</b>                            | Per Policy Form; Including But Not Limited To:                          |                      | Hired Auto physical Damage |                |
| <b>Exclusions</b>                              | Per Policy Form; Including But Not Limited To:<br>Contractual Liability |                      | Pollution                  |                |
| <b>Subjectivities</b>                          | None                                                                    |                      |                            |                |
| <b>MARKETING / ADDITIONAL COVERAGE OPTIONS</b> |                                                                         | <b>CARRIER</b>       | <b>DEDUCTIBLE</b>          | <b>PREMIUM</b> |
| Higher Deductible                              |                                                                         | BETA                 | \$1,000 Comp./Collision    | \$ 2,622       |

**COVERAGE TERMS AND COMPARISON**

|                                                        | EXPIRING                                                                                                                                                                                                                                                                                                          | RENEWAL                                                                           | CHANGE         |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------|
| <b>WORKERS COMPENSATION &amp; EMPLOYER'S LIABILITY</b> | <b>BETA</b>                                                                                                                                                                                                                                                                                                       | <b>BETA</b>                                                                       |                |
| COVERAGE TERM                                          | 07/01/19 - 07/01/20                                                                                                                                                                                                                                                                                               | 07/01/20 - 07/01/21                                                               |                |
| WORKERS COMPENSATION LIMIT                             | Statutory                                                                                                                                                                                                                                                                                                         | Statutory                                                                         |                |
| EMPLOYER'S LIABILITY LIMITS                            |                                                                                                                                                                                                                                                                                                                   |                                                                                   |                |
| 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                                                                      |                |
| RATING BASIS                                           |                                                                                                                                                                                                                                                                                                                   |                                                                                   |                |
| Estimated Annual Payroll                               | \$ 336,000                                                                                                                                                                                                                                                                                                        | \$ 294,519                                                                        | -12.35%        |
| Rate for Comparison - per \$100 of Payroll             | \$ 3.28                                                                                                                                                                                                                                                                                                           | \$ 3.29                                                                           | 0.46%          |
| <b>Total Estimated Annual Premium</b>                  | <b>\$ 11,013</b>                                                                                                                                                                                                                                                                                                  | <b>\$ 9,698</b>                                                                   | <b>-11.94%</b> |
| <b>Work Comp</b> CA                                    |                                                                                                                                                                                                                                                                                                                   |                                                                                   |                |
| <b>States Covered</b>                                  |                                                                                                                                                                                                                                                                                                                   |                                                                                   |                |
| <b>Conditions</b>                                      | Comply with BETARMA Employee Safety in order to develop a Service Plan and execute as agreed.<br>Provide all relevant data related to the underwriting and claims administration on an as needed basis.<br>Provide quarterly IRS 941 Forms and quarterly Productive Hours Form within 45 days post quarter close. |                                                                                   |                |
| <b>Premium</b>                                         | Premium is Auditable based on Payroll                                                                                                                                                                                                                                                                             | Policy Minimum Premium: 40% of bound Estimated Annual Premium                     |                |
| <b>Endorsements</b>                                    | Blanket waivers of subrogation may only be included with the policy when required by contract                                                                                                                                                                                                                     |                                                                                   |                |
| <b>Independent Contractors</b>                         | Retained sole proprietors and/or independent contractors will be included in final audit.                                                                                                                                                                                                                         |                                                                                   |                |
| <b>Exclusions</b>                                      | Per Policy Form; Including But Not Limited To:<br>Volunteers                                                                                                                                                                                                                                                      | Coverage does not include employees who reside outside of the State of California |                |
| <b>Subjectivities</b>                                  | None                                                                                                                                                                                                                                                                                                              |                                                                                   |                |

**WORKERS COMPENSATION NET RATE COMPARISON**

|       |                                         | EXPIRING                    |             |                  | RENEWAL                     |             |                 |
|-------|-----------------------------------------|-----------------------------|-------------|------------------|-----------------------------|-------------|-----------------|
|       |                                         | BETA<br>07/01/19 - 07/01/20 |             |                  | BETA<br>07/01/20 - 07/01/21 |             |                 |
| STATE | CLASSIFICATION/DESCRIPTION              | PAYROLL                     | BASE RATE   | PREMIUM          | PAYROLL                     | BASE RATE   | PREMIUM         |
| CA    | 9043 - Acute Care Hospitals             | \$ 336,000                  | \$ 2.95     | \$ 9,912         | \$ 294,519                  | \$ 2.88     | \$ 8,482        |
|       | Estimated Manual Premium                |                             |             | \$ 9,912         |                             |             | \$ 8,482        |
|       | <b>EXPERIENCE MODIFICATION</b>          |                             | <b>1.00</b> | \$ -             |                             | <b>1.00</b> | \$ -            |
|       | Modified Contribution                   |                             |             | \$ 1,101         |                             |             | \$ 1,216        |
|       | Estimated Annual Premium                |                             |             | \$ 11,013        |                             |             | \$ 9,698        |
|       | Taxes, Fees, TRIA & Expense Constant    |                             |             | Included         |                             |             | Included        |
|       | <b>TOTAL ESTIMATED PREMIUM AND FEES</b> |                             |             | <b>\$ 11,013</b> |                             |             | <b>\$ 9,698</b> |

| APPROXIMATE NET RATE INCLUDING TAXES & FEES |                             | EXPIRING | RENEWAL | % Change |
|---------------------------------------------|-----------------------------|----------|---------|----------|
| CA                                          | 9043 - Acute Care Hospitals | 3.28     | 3.29    | 0.46% ▲  |

**COVERAGE TERMS AND COMPARISON**

|                                                                 |                                                                                                                                                                                                                       | EXPIRING                                                                                                                                                                                                                                                                                                                         | RENEWAL                     | CHANGE        |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------|
| EXECUTIVE LIABILITY (D&O/EPL)                                   |                                                                                                                                                                                                                       | BETA                                                                                                                                                                                                                                                                                                                             | BETA                        |               |
| COVERAGE TERM                                                   |                                                                                                                                                                                                                       | 07/01/19 - 07/01/20                                                                                                                                                                                                                                                                                                              | 07/01/20 - 07/01/21         |               |
| Directors & Officers Liability Limit - Each Claim and Aggregate |                                                                                                                                                                                                                       | \$ 5,000,000                                                                                                                                                                                                                                                                                                                     | \$ 5,000,000                |               |
| Employment Practices Liability Limit - Each Claim and Aggregate |                                                                                                                                                                                                                       | \$ 5,000,000                                                                                                                                                                                                                                                                                                                     | \$ 5,000,000                |               |
| Policy Aggregate Limit                                          |                                                                                                                                                                                                                       | \$ 5,000,000                                                                                                                                                                                                                                                                                                                     | \$ 5,000,000                |               |
| Retentions (Per Loss)                                           |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                  |                             |               |
| D&O Non-Indemnified Claims                                      |                                                                                                                                                                                                                       | \$ -                                                                                                                                                                                                                                                                                                                             | \$ -                        |               |
| D&O Corporate Reimbursement for Indemnified Claims              |                                                                                                                                                                                                                       | \$ 10,000                                                                                                                                                                                                                                                                                                                        | \$ 10,000                   |               |
| D&O Corporate Reimbursement for Entity-Related Claims           |                                                                                                                                                                                                                       | \$ 10,000                                                                                                                                                                                                                                                                                                                        | \$ 10,000                   |               |
| Employment Practices Liability Claims                           |                                                                                                                                                                                                                       | \$ 25,000                                                                                                                                                                                                                                                                                                                        | \$ 25,000                   |               |
| DIRECTORS & OFFICERS LIABILITY                                  |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                  |                             |               |
| Anti-trust coverage sub-limit per claim                         |                                                                                                                                                                                                                       | \$ 1,000,000                                                                                                                                                                                                                                                                                                                     | \$ 1,000,000                |               |
| <b>Annual Premium</b>                                           |                                                                                                                                                                                                                       | <b>\$ 25,027</b>                                                                                                                                                                                                                                                                                                                 | <b>\$ 29,277</b>            | <b>16.98%</b> |
| <b>Policy Form</b>                                              | Claims Made & Reported<br>Retroactive Date 9/24/19<br>Defense Costs Within Policy Limit<br>Timely reporting is required to avoid a claim denial for late notice                                                       | All claims must be reported as soon as practicable but in no event shall such notice be given later than 30 days after either expiration date or any earlier cancellation date of the policy.<br>Circumstances that may lead to a claim may be reported under this policy period and must be reported prior to policy expiration |                             |               |
| <b>Extensions</b>                                               | Entity Coverage<br>EPL Coverage                                                                                                                                                                                       | Antitrust Sublimit                                                                                                                                                                                                                                                                                                               |                             |               |
| <b>Exclusions: All Coverages</b>                                | Per Policy Form; Including But Not Limited To:<br>Prior Knowledge                                                                                                                                                     | Prior Notice                                                                                                                                                                                                                                                                                                                     |                             |               |
| <b>D&amp;O Exclusions</b>                                       | Per Policy Form; Including But Not Limited To:<br>Dishonest / Fraudulent / Criminal Acts<br>Illegal Personal Profit<br>Breach of Contract<br>Insured vs. Insured<br>Bodily Injury / Property Damage / Personal Injury | Pollution<br>Intellectual Property<br>Professional Services<br>Product Liability<br>ERISA                                                                                                                                                                                                                                        |                             |               |
| <b>EPL Exclusions</b>                                           | Per Policy Form; Including But Not Limited To:<br>Violations of Wage & Hour Laws<br>Breach of Contract                                                                                                                | Violations of Workers' Compensation, Social Security Disability Laws –<br>With Retaliation Carveback<br>Bodily Injury / Property Damage                                                                                                                                                                                          |                             |               |
| <b>Conditions</b>                                               | Duty to Defend<br>Insurer has right to appoint counsel<br>Mergers / acquisitions must be reported                                                                                                                     | Defense costs incurred before notice of a claim to insurer, without the insurer's written approval or by unapproved counsel may not be paid                                                                                                                                                                                      |                             |               |
| <b>Claims Made Notification</b>                                 | Claims under this policy must be submitted by you to the insurer during the policy period, or within a specific number of days as stated in the policy, after the expiration of the policy, for coverage to apply.    |                                                                                                                                                                                                                                                                                                                                  |                             |               |
| <b>Subjectivities</b>                                           | None                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                  |                             |               |
| MARKETING / ADDITIONAL COVERAGE OPTIONS                         |                                                                                                                                                                                                                       | CARRIER                                                                                                                                                                                                                                                                                                                          | LIMIT                       | PREMIUM       |
| Lower Limit                                                     |                                                                                                                                                                                                                       | BETA                                                                                                                                                                                                                                                                                                                             | \$3M per Occur. / \$3M Agg. | \$ 26,362     |

## OTHER COVERAGES FOR DISCUSSION

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This information has been prepared using an insurance coverage checklist. These items represent some of the possible gaps or deficiencies in the coverage currently provided

### PROPERTY

**Earthquake / Flood / Wind** – Perils typically excluded from Property policy.

### MISCELLANEOUS LIABILITY

**Watercraft / Aircraft** – Owned watercraft and aircraft typically excluded from the General Liability policy.

### EXECUTIVE RISK

**Kidnap / Ransom** – Coverage provided in the event of kidnapping, extortion and various threats against the company and its employees.

### CRIME

**Employee Dishonesty** – Coverage for theft from the Company, committed by your Employees.

**Third Party Coverage** – Coverage for theft from a Client / Third Party by your Employee.

**Forgery / Alteration** – Additional coverage grant in the Crime policy affording coverage specifically relating to forgery or alteration.

**Money & Securities – Inside & Outside Premises** – Additional coverage grant in the Crime policy affording coverage specifically relating to money and securities whether on premises or in transit.

**Electronic Funds Transfer** – An electronic, telegraphic, cable, teletype or telephone instruction fraudulently transmitted to a Financial Institution.

**Computer Fraud** – Coverage for loss from damage to Money, Securities and Other Property fraudulently transferred from inside the Premises or Bank to another person or place outside the Premises or Bank.

**Social Engineering** - Fraudulent instructions by outside party resulting in fraudulent transfer of money.

**ERISA** – Coverage for theft of Money, Securities and Other Property from covered Employee Benefits Plans. Also used to satisfy ERISA bond requirements.

### EXCESS LIABILITY

Explore additional limits

**PAYMENT TERMS**

| PAY TYPE                              | COVERAGE                                       | DEPOSIT              | INSTALLMENT        | BILL TYPE |
|---------------------------------------|------------------------------------------------|----------------------|--------------------|-----------|
| Installments                          | Workers Compensation - 12 Monthly Installments | \$ 808.00            | \$ 808.00          | Direct    |
| Installments                          | General Liability - 12 Monthly Installments    | \$ 664.34            | \$ 664.34          | Direct    |
| Full Pay                              | D&O/EPL                                        | \$ 29,277.00         |                    | Direct    |
| Full Pay                              | Auto                                           | \$ 2,742.00          |                    | Direct    |
| Full Pay                              | Property<br><i>Premium Finance</i>             | \$ 276,007           |                    | Agency    |
| <b>Total Deposit and Installments</b> |                                                | <b>\$ 309,498.34</b> | <b>\$ 1,472.34</b> |           |

Premium Finance options have been requested from First Insurance Funding for the noted coverages above.

**Direct Bill Policies:** Notices you receive from your insurer regarding past due premiums or cancellation due to non-payment of premium shall be considered notice from Marsh & McLennan Agency LLC (MMA). As a matter of general practice, MMA does not provide notice of a potential lapse of coverage due to non-payment of premium to clients where coverage is written on a direct bill basis.

## COMPENSATION DISCLOSURE

Marsh & McLennan Agency LLC (“MMA”) prides itself on being an industry leader in the area of transparency and compensation disclosure. We believe you should understand how we are paid for the services we are providing to you. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance producer, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. As an independent insurance agent, MMA may have authority to obligate an insurance company on behalf of our clients and as a result, we may be required to act within the scope of the authority granted to us under our contract with the insurer. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA engages with clients on behalf of itself and in some cases as agent on behalf of its non-US affiliates with respect to the services we may provide. For a list of our non-US affiliates, please visit: <http://global.marsh.com/about/>. In those instances, MMA will bill and collect on behalf of the non-US Affiliates amounts payable to them for placements made by them on your behalf and remit to them any such amounts collected on their behalf;

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client.
- **Client Fees** – Some clients may negotiate a fee for MMA’s services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA’s engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client’s placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to insurance producers who meet set goals for all or some of the policies the insurance producers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer’s performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation** – From time to time, MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, insurers may sponsor MMA training programs and/or events.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at <https://www.marshmma.com/resource/compensation-guide-for-client.pdf>

MMA’s aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

We appreciate your business!



Marsh & McLennan Insurance Agency LLC  
9171 Towne Centre Dr., Ste. 100  
San Diego, CA 92122  
Phone: (858) 457-3414 / (800) 321-4696  
Fax: (858) 452-7530  
[www.MarshMMA.com](http://www.MarshMMA.com)