

ORDINANCE NO. 2052-20

AN ORDINANCE AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO AN AGREEMENT WITH ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES

BE IT ORDAINED by the Mayor and Board of Trustees of the Village of Hawthorn Woods, Illinois, that the Chief Operating Officer be, and the same is, hereby authorized and directed to enter into an Agreement between the Village of Hawthorn Woods, a municipal corporation located in Lake County, Illinois and Arthur J. Gallagher Risk Management Services, in substantially the form attached hereto as Exhibit "A", and, by this reference, made a part hereof, with such changes as are approved by the Mayor and Village Attorney.

BE IT ORDAINED by the Mayor and Board of Trustees of the Village of Hawthorn Woods, Lake County, Illinois, that the Chief Operating Officer is authorized to expend funds for the purchase of property, casualty and workers compensation insurance coverage from Atlantic Specialty Insurance Company, BCS Insurance Company, Starr Indemnity & Liability Company, Hanover Insurance Company and the Illinois Public Risk Fund for the period January 1, 2021 to December 31, 2021 in an amount not to exceed \$186,232 as outlined in the attached Proposal of Insurance, a copy of which is attached hereto as Exhibit "A", and, by this reference, made a part hereof, with such changes as are approved by the Mayor and the Village Attorney.

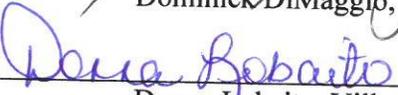
The foregoing Ordinance was adopted by the Village Board of the Village of Hawthorn
Woods, Illinois on November 23, 2020:

AYES: Kaiser, Kasik, Press, David, McCartney, Rezacik

NAYS: 0

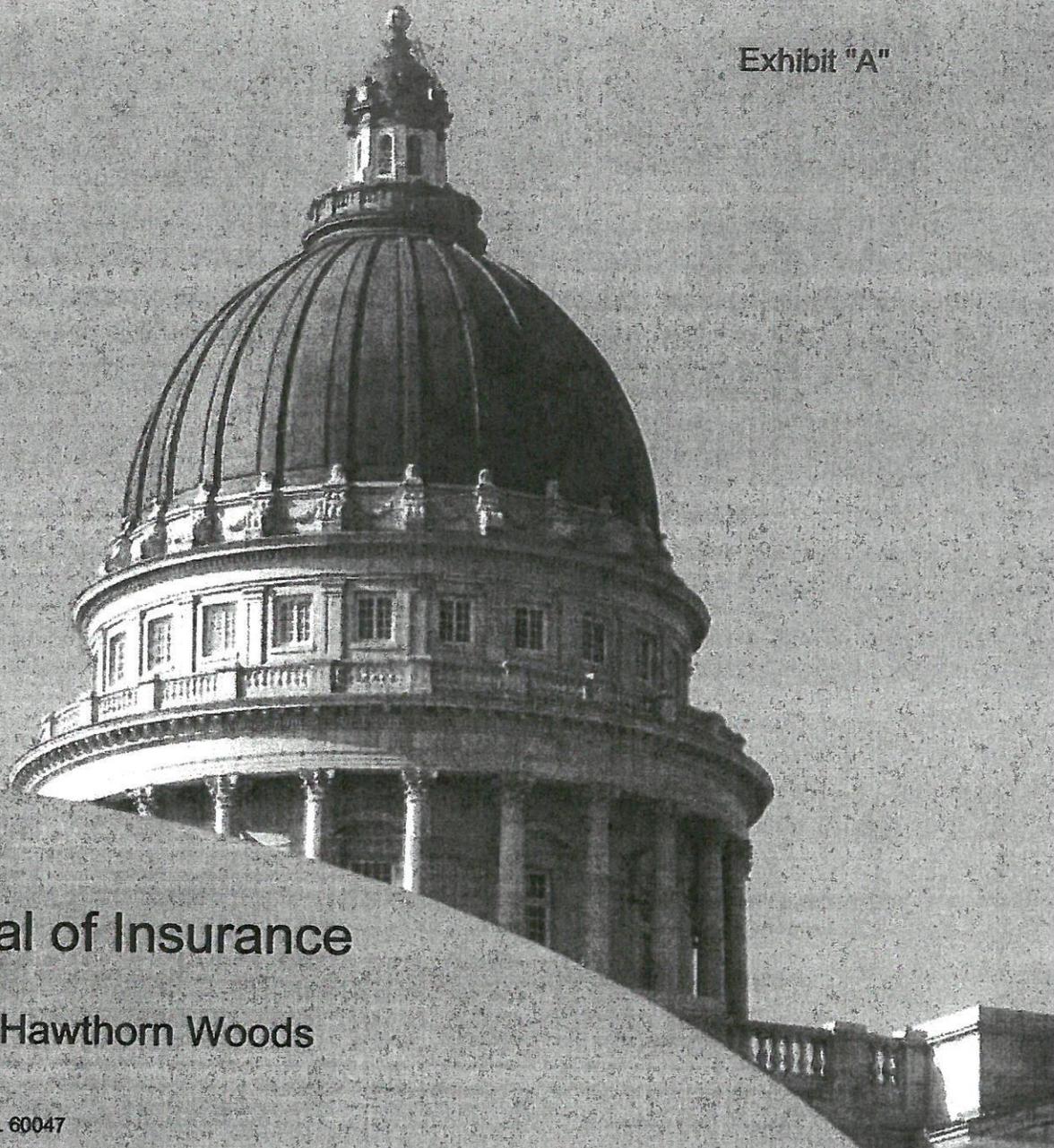
ABSENT AND NOT VOTING: 0

APPROVED: 
Dominick DiMaggio, Mayor

ATTEST: 
Donna Lobaito, Village Clerk

ADOPTED: November 23, 2020

APPROVED: November 23, 2020



Proposal of Insurance

Village of Hawthorn Woods

2 Lagoon Drive
Hawthorn Woods, IL 60047

Presented: November 6, 2020

Effective: December 31, 2020

Ethan Salsinger

Account Executive

Arthur J. Gallagher Risk Management Services, Inc.

2850 Golf Road

Rolling Meadows, IL 60008

(630) 773-3800

Ethan_Salsinger@ajg.com



ajg.com

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Gallagher

Insurance | Risk Management | Consulting

Table of Contents

| | |
|--|-----------|
| Executive Summary | 3 |
| Service Team | 4 |
| Service Commitment | 4 |
| Program Structure | 7 |
| Named Insured | 8 |
| Market Review | 9 |
| Location Schedule | 10 |
| Program Details | 11 |
| Package - Property - Atlantic Specialty Insurance Company | 11 |
| Package - Inland Marine - Atlantic Specialty Insurance Company | 17 |
| Package - Crime - Atlantic Specialty Insurance Company | 19 |
| Package - General Liability - Atlantic Specialty Insurance Company | 21 |
| Package - Professional Liability - Atlantic Specialty Insurance Company | 23 |
| Business Auto - Atlantic Specialty Insurance Company | 25 |
| Umbrella - Atlantic Specialty Insurance Company | 29 |
| Cyber Liability - BCS Insurance Company | 31 |
| Crime - Hanover Insurance Company | 35 |
| Accidental Death and Dismemberment - Starr Indemnity & Liability Company | 37 |
| Workers' Compensation - Illinois Public Risk Fund | 39 |
| Premium Summary | 42 |
| Premium Financing | 44 |
| Payment Plans | 45 |
| Coinsurance Illustration | 46 |
| Carrier Ratings and Admitted Status | 47 |
| Proposal Disclosures | 48 |
| Proposal Disclosures | 49 |
| Client Signature Requirements | 50 |
| Coverages for Consideration | 51 |
| Client Authorization to Bind Coverage | 52 |
| Appendix | 55 |
| Bindable Quotations & Compensation Disclosure Schedule | 56 |
| Binding Requirements | 58 |
| Claims Reporting By Policy | 59 |
| CORE360™ Loss Control Flyer | 60 |
| Cyber Liability eRiskHub Features | 61 |
| Appendix A: IPRF Letter 2021 | 63 |
| Appendix B: Cyber Renewal Application | 64 |
| OneBeacon Signed Forms | |
| Fall Market Update | |

Executive Summary

Arthur J. Gallagher Risk Management Services, Inc. appreciates the opportunity to present this proposal for your consideration.

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

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

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

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

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

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

Below is an exposure comparison from expiring to renewal term. It is important to point out that no additional premium was charged for any changes that were submitted throughout the current term with BRIT due to their Limited Midterm Adjustment Policy.

| Coverage | 2019-2020 | 2020-2021 | % Change |
|----------------------|--------------|--------------|----------|
| Total Values | \$15,365,565 | \$15,222,968 | -.9% |
| # Autos | 29 | 29 | 0% |
| Payroll | \$3,312,486 | \$3,301,357 | -.3% |
| Contractor Equipment | \$1,125,051 | \$1,272,486 | 13.1 |

In the following pages, we will demonstrate what makes our company the best fit for your insurance placement and risk management needs. Thank you again for allowing us to be your partner in this placement.

Ethan Salsinger

Friday, November 6, 2020

Service Team

Ethan Salsinger has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

| NAME / TITLE | PHONE / ALT. PHONE | EMAIL | ROLE |
|--|--------------------|-------------------------|--------------------------|
| Ethan Salsinger Account Executive | (630) 285-3651 | Ethan_Salsinger@ajg.com | Producer |
| Deb Canning Client Service Manager | (630) 647-3102 | Deb_Canning@ajg.com | Client Service Manager |
| Jeremiah Polk Client Service Associate | (630) 438-1675 | Jeremiah_Polk@ajg.com | Client Service Associate |

Arthur J. Gallagher Risk Management Services, Inc.
Main Office Phone Number: (630) 773-3800

Service Commitment

Account Service

At Arthur J. Gallagher & Co., our goal is to provide you with an exceptional insurance and risk management program delivered by a world class service organization. Gallagher is committed to partnering with our clients to ensure we consistently deliver the highest quality service possible.

Renewals

We use a standard Renewal Timeline and start early to make sure your needs are met and we are able to offer you the most comprehensive and competitively priced insurance program. At each renewal, we will meet with you to establish a renewal game plan, determine how many markets should be approached, discuss pricing in the insurance marketplace, and identify what specific needs must be addressed. We will then approach markets that we feel will offer the best alternatives. These alternatives will be presented at renewal as an option, even if we feel the incumbent program is strongest. We will demonstrate how we have created competition within the marketplace to ensure that you receive the best renewal terms.

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

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

Acquisitions

On request, we will perform an insurance due-diligence review on all products and acquisitions.

Profit Center Premium Allocations

We will provide premium breakdown by entities and/or location schedule.

Automobile Identification Cards

ID cards will be issued upon binding of coverage.

Phone Calls

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

Certificates of Insurance

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

Quarterly Account Review

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

Loss Control

We will coordinate all loss control activities between you and the carrier. We recommend that service be provided on a quarterly basis.



Our Service Commitment

Our clients repeatedly tell us the most important thing that we can do as their broker is to protect their assets while providing a comprehensive and tailored insurance program with the most competitive terms. We also know that a critical component of every customer experience is receiving an accurate and timely response to their day to day business needs and challenges.

At Arthur J. Gallagher and Co. our goal is to provide every client with an exceptional insurance and risk management program delivered by a world-class service organization.

We're on a journey to set a new standard for service within our industry – utilizing innovative technology and tools that create value for our clients, and raising the bar beyond expectations. The result is consistent and predictable service for our clients – with the highest quality at every interaction.



For the client, words and pledges only go so far. In order to deliver on our promise, Gallagher is committed to partnering with our clients to ensure we consistently deliver the highest quality service possible:

- **Clients get what they need, when they need it** – as a result of managing our work more effectively, your needs and requests are addressed promptly and professionally at all times
- **Our service team is able to focus on you**, and the solutions needed to support your unique business needs
- **We proactively manage your renewal cycle**, delivering a predictable timeline that creates time for thorough decision-making
- **You play a role in this too** – we're asking for more information ahead, so that you receive the best outcome, every time

Program Structure

Named Insured

Named Insured Schedule:

| Named Insured | Package | Business Auto | Umbrella | Cyber Liability | Crime | Accidental Death and Dismemberment | Workers' Compensation |
|---------------------------|---------|---------------|----------|-----------------|-------|------------------------------------|-----------------------|
| Village of Hawthorn Woods | X | X | X | X | X | X | X |

Note: Any entity not named in this proposal, may not be an insured entity. This may include affiliates, subsidiaries, LLC's, partnerships and joint ventures.



Market Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

| INSURANCE COMPANY | LINE OF COVERAGE | RESPONSE | PREMIUM |
|--|------------------------------------|--|----------|
| Atlantic Specialty Insurance Company | Package/ Auto / Umbrella | Recommended Quote | \$86,425 |
| BCS Insurance Company | Cyber Liability | Recommended Quote | \$3,626 |
| Hanover Insurance Company | Crime | Recommended Quote | \$1,572 |
| Starr Indemnity & Liability Company | Accidental Death and Dismemberment | Recommended Quote | \$1,250 |
| Illinois Public Risk Fund | Workers' Compensation | Recommended Quote | \$74,691 |
| Underwriters at Lloyd's London | Package | Declined to Quote - Declined to Offer Quote / BRIT book moved to OneBeacon | n/a |
| Underwriters at Lloyd's London | Business Auto | Declined to Quote - Declined to Offer Quote / BRIT book moved to OneBeacon | n/a |
| Underwriters at Lloyd's London | Umbrella | Declined to Quote - Declined to Offer Quote / BRIT book moved to OneBeacon | n/a |

Location Schedule

| LINE OF COVERAGE | LOC # / BLDG # | LOCATION ADDRESS |
|------------------|----------------|---|
| Package | 1/1 | 2 Lagoon DR, Hawthorn Woods, IL 60047-9061 |
| | 2/1 | Outdoor Property, Hawthorn Woods, IL 60047 |
| | 3/1-4 | 27 Acorn DR, Hawthorn Woods, IL 60047-7408 |
| | 4/1-5 | 42 Park View LN, Hawthorn Woods, IL 60047-8972 |
| | 5/1-4 | 8 Copperfield DR, Hawthorn Woods, IL 60047-7549 |
| | 6/1-2 | 9 Heather LN, Hawthorn Woods, IL 60047-1603 |
| | 7/1-12 | 436 Heritage Oaks, Hawthorn Woods, IL 60047 |
| | 8/1-5 | 19 N Highview Cir, Hawthorn Woods, IL 60047-8052 |
| | 9/1 | TBD, Hawthorn Woods, IL 60047 |
| | 10/1-3 | Magnolia Parkway, Hawthorn Woods, IL 60047 |
| | 11/1-2 | Elm ST. & Juel Cir, Hawthorn Woods, IL 60047 |
| | 12/1-7 | 35 Old Mchenry RD, Hawthorn Woods, IL 60047-6610 |
| | 13/1 | Krueger and Midlothian Road, Hawthorn Woods, IL 60047 |
| | 14/1 | 1 Hubbard LN, Hawthorn Woods, IL 60047-8923 |
| | 15/1-8 | 94 Midlothian RD, Hawthorn Woods, IL 60047-6829 |
| | 16/1-2 | 35 Old Mchenry RD, Hawthorn Woods, IL 60047-6610 |
| | 17/1 | 42 Park View LN, Hawthorn Woods, IL 60047-8972 |
| | 18/1-4 | 35 Old Mchenry RD, Hawthorn Woods, IL 60047-6610 |
| | 19/1 | Acacia Drive, Hawthorn Woods, IL 60047 |
| | 20/1 | 28 Bruce Circle North, Hawthorn Woods, IL 60047 |
| | 21/1 | 28 Palisades Blvd, Hawthorn Woods, IL 60047-7723 |
| | 22/1 | 2 Hawthorn Hills DR, Hawthorn Woods, IL 60047 |
| | 23/1 | 3 Hawthorn Hills DR, Hawthorn Woods, IL 60047 |

Program Details

Coverage: Package - Property
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

The following is a general summary of the Insuring Agreement. Refer to actual policy form for complete terms and conditions.

Coinsurance or Agreed Amount:

| DESCRIPTION | AGREED AMOUNT | COINSURANCE % |
|---|---------------|---------------|
| Building, Business Personal Property, Business Income | Stated Value | N/A |

Coverage:

| LOCATION DETAILS | SUBJECT OF INSURANCE | AMOUNT |
|---|--|----------------------------|
| | Property Limits - the Limits of Insurance Shown are the Total Coverage Limits for that Particular Coverage and Apply in any One Occurrence Unless Otherwise Stated - Property Blanket Coverages: | |
| Loc.#/Bldg.#: 1/1, 2/1, 3/1-4, 4/1-5, 5/1-4, 6/1-2, 7/1-12, 8/1-5, 9/1, 10/1-3, 11/1-2, 12/1-6, 13/1, 14/1, 15/1-8 - Each | Building | \$13,981,339 |
| Loc.#/Bldg.#: 1/1, 12/4,7, 15/1, 16/1-2, 17/1, 18/1-4, 19/1, 20/1, 21/1, 22/1, 23/1 - Each | Business Personal Property | \$1,241,629 |
| Loc.#/Bldg.#: 1/1, 2/1, 3/1-4, 4/1-5, 5/1-4, 6/1-2, 7/1-12, 8/1-5, 9/1, 10/1-3, 11/1-2, 12/1-7, 13/1, 14/1, 15/1-8, 16/1-2, 17/1, 18/1-4, 19/1, 20/1, 21/1, 22/1, 23/1 - Each | Business Income and Extra Expense Including Rental Value | \$600,000 |
| | - Extended Period of Indemnity | 90 Days |
| | - Civil Authority | Included |
| | -- Coverage Period | 4 Weeks |
| | -- Coverage Radius | 1 Mile |
| | - Alteration and New Buildings | Included |
| | - Ingress and Egress | Included |
| | -- Coverage Period | 4 Weeks |
| | -- Coverage Radius | 1 Mile |
| Loc.#/ Bldg.#: 1-23/ All | Earthquake (Includes EQSL) | |
| | Earthquake - All Covered Property and Coverages Located at Described Premises | \$5,000,000 Per Occurrence |

Coverage:

| LOCATION DETAILS | SUBJECT OF INSURANCE | AMOUNT |
|-------------------------------|---|------------------------------|
| | Earthquake - All Covered Property and Coverages Located at Described Premises | \$5,000,000 Annual Aggregate |
| Loc.#/ Bldg.#: 1-2, 4-23/ All | Flood | |
| | Flood - All Covered Property and Coverages Located at Described Premises | \$5,000,000 Per Occurrence |
| | Flood - All Covered Property and Coverages Located at Described Premises | \$5,000,000 Annual Aggregate |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|--|----------|
| Deductible | Building - Loc.#/Bldg.#: 1/1, 2/1, 3/1-4, 4/1-5, 5/1-4, 6/1-2, 7/1-12, 8/1-5, 9/1, 10/1-3, 11/1-2, 12/1-6, 13/1, 14/1, 15/1-8 - Each | \$1,000 |
| Deductible | Business Personal Property - Loc.#/Bldg.#: 1/1, 12/4,7, 15/1, 16/1-2, 17/1, 18/1-4, 19/1, 20/1, 21/1, 22/1, 23/1 - Each | \$1,000 |
| Deductible | Business Income and Extra Expense Including Rental Value - Loc.#/Bldg.#: 1/1, 2/1, 3/1-4, 4/1-5, 5/1-4, 6/1-2, 7/1-12, 8/1-5, 9/1, 10/1-3, 11/1-2, 12/1-7, 13/1, 14/1, 15/1-8, 16/1-2, 17/1, 18/1-4, 19/1, 20/1, 21/1, 22/1, 23/1 - Each | 72 Hours |
| Deductible | - Civil Authority | 72 Hours |
| Deductible | - Ingress and Egress | 72 Hours |
| Deductible | Earthquake - Loc.#/ Bldg.#: 1-23/ All | \$25,000 |
| Deductible | Flood - Loc.#/ Bldg.#: 1-2, 4-23/ All | \$25,000 |
| Deductible | Electronic Data Processing Equipment - Loc.#/Bldg.#: 1/1 | \$1,000 |
| Deductible | Discharge from Sewer, Drain or Sump Property Damage - Loc.#/Bldg.#: 3/1-4 Each | \$1,000 |
| Deductible | Ordinance or Law-Coverage B & C - Loc.#/Bldg.#: 1/1, 2/1, 3/1-4, 4/1-5, 5/1-4, 6/1-2, 7/1-12, 8/1-5, 9/1, 10/1-3, 11/1-2, 12/1-6, 13/1, 14/1, 15/1-8 Each | \$1,000 |
| Deductible | Green Upgrades | \$1,000 |
| Deductible | Accounts Receivable | \$1,000 |
| Deductible | Debris Removal | \$1,000 |
| Deductible | Electronic Data | \$1,000 |
| Deductible | Equipment Breakdown | \$1,000 |
| Deductible | Fungus, Wet Rot and Dry Rot | \$1,000 |
| Deductible | Newly Acquired or Constructed Property | \$1,000 |
| Deductible | Non-Owned Detached Trailers | \$1,000 |
| Deductible | Outdoor Property | \$1,000 |
| Deductible | Paved Surfaces Coverage Limit of Insurance | \$1,000 |
| Deductible | Personal Effects of Others | \$1,000 |
| Deductible | Pollutant Clean-up and Removal | \$1,000 |
| Deductible | Valuable Papers and Records | \$1,000 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|--|----------|
| Deductible | Bucket | \$1,000 |
| Deductible | Exhibition, Fair or Trade Show Coverage | \$1,000 |
| Deductible | Fine Arts | \$1,000 |
| Deductible | Property In Transit | \$1,000 |
| Deductible | Property at Other Locations | \$1,000 |
| Deductible | Dependent Properties | 72 Hours |
| Deductible | Cyber Vandalism - Employee Enactment or Introduction | \$1,000 |
| Deductible | Cyber Vandalism - Non-Employee Enactment or Introduction | \$1,000 |
| Deductible | Utility Services - Direct Damage Coverage | \$1,000 |

Additional Coverage:

| LOCATION DETAILS | DESCRIPTION | AMOUNT |
|---|--|-----------|
| | Ordinance or Law-Coverage A - Applicable at Each Building with Building Coverage Under Commercial Property Coverage Part | Included |
| Loc.#/Bldg.#: 1/1 | Electronic Data Processing Equipment | \$128,117 |
| Loc.#/Bldg.#: 3/1-4 Each | Discharge from Sewer, Drain or Sump Property Damage | \$100,000 |
| Loc.#/Bldg.#: 3/1-4 Each | Discharge from Sewer, Drain or Sump Time Element | \$100,000 |
| Loc.#/Bldg.#: 1/1, 2/1, 3/1-4, 4/1-5, 5/1-4, 6/1-2, 7/1-12, 8/1-5, 9/1, 10/1-3, 11/1-2, 12/1-6, 13/1, 14/1, 15/1-8 Each | Ordinance or Law-Coverage B & C | \$350,000 |
| | Green Upgrades Limit of Insurance | \$50,000 |
| | - Green Upgrades Percentage | 10% |
| | Accounts Receivable | \$100,000 |
| | Claims Expenses Coverage | \$25,000 |
| | Debris Removal | \$250,000 |
| | Electronic Data | \$50,000 |
| | Emergency Response Service Charge | \$25,000 |
| | Equipment Breakdown Limit of Insurance | Included |
| | - Expediting Expenses | \$100,000 |
| | - Hazardous Substances | \$100,000 |
| | - Public Relations | \$5,000 |
| | - Spoilage | \$100,000 |

Additional Coverage:

| LOCATION DETAILS | DESCRIPTION | AMOUNT |
|---------------------|--|---------------------------|
| | Fungus, Wet Rot and Dry Rot | \$15,000 Annual Aggregate |
| | - Period of Restoration | 30 Days |
| | - Extended Period of Restoration | 30 Days |
| | Newly Acquired or Constructed Property | |
| | - Building | \$2,000,000 |
| | - Personal Property | \$1,000,000 |
| | - Coverage Period Days | 180 Days |
| | Non-Owned Detached Trailers | \$15,000 |
| | Outdoor Property | \$25,000 |
| | Paved Surfaces Coverage Limit of Insurance | \$250,000 |
| | Personal Effects of Others | \$25,000 |
| | Pollutant Clean-up and Removal | \$50,000 Annual Aggregate |
| | Preservation of Property - Expense Coverage | \$50,000 |
| | Valuable Papers and Records | \$100,000 |
| | Bucket Limit of Insurance - Tenants Improvements & Betterments Emergency Response Service Charge Additional Coverage, Personal Effects of Others Coverage Extension, Valuable Papers and Records Coverage Extension, Accounts Receivable Coverage Extension, Outdoor Property Coverage Extension, Fine Arts Additional Coverage, Fire Extinguisher and Automatic Extinguishing System Recharge Additional Coverage, Lock Replacement Additional Coverage | \$500,000 |
| | Fine Arts Unscheduled Per Item Limit | \$10,000 |
| | Catastrophe Allowance Coverage | \$50,000 Annual Aggregate |
| | Exhibition, Fair or Trade Show Coverage | \$50,000 |
| | Expediting Expense Coverage | \$50,000 |
| | Extra Expense | \$100,000 |
| | Fine Arts | \$50,000 |
| | Fire Extinguisher & Automatic Extinguishing System Recharge Coverage | \$25,000 |
| | Lock Replacement Coverage | \$10,000 |
| | Property In Transit | \$50,000 |
| | Property at Other Locations | \$100,000 |
| | Reward Coverage | \$50,000 |
| | Soft Costs Coverage | \$25,000 |
| | Contractual Penalties | \$50,000 |
| | Dependent Properties | \$250,000 |

Additional Coverage:

| LOCATION DETAILS | DESCRIPTION | AMOUNT |
|------------------|--|---------------------------|
| | Interruption of Computer Operations | \$50,000 |
| | Lessee's Leasehold Interest Coverage | \$25,000 |
| | Lessor's Lease Cancellation Coverage | \$25,000 |
| | Lessor's Tenant Relocation Expense Coverage | \$25,000 |
| | Newly Acquired Locations - Business Income and Extra Expense | \$250,000 |
| | - Coverage Period Days | 180 Days |
| | Time Element Claims Expenses Coverage | \$25,000 |
| | Cyber Vandalism - Employee Enactment or Introduction | \$50,000 Annual Aggregate |
| | Cyber Vandalism - Non-Employee Enactment or Introduction | \$10,000 Annual Aggregate |
| | Cyber Vandalism Business Income and Extra Expense - Employee Enactment or Introduction | \$50,000 Annual Aggregate |
| | Cyber Vandalism Business Income and Extra Expense - Non-Employee Enactment or Introduction | \$10,000 Annual Aggregate |
| | Denial of Service Attack Business Income Coverage | \$10,000 Annual Aggregate |
| | Utility Services - Business Income and Extra Expense Coverage | \$25,000 |
| | Utility Services - Direct Damage Coverage | \$25,000 |

Valuations:

| DESCRIPTION | LIMITATIONS |
|------------------|---|
| Replacement Cost | Applies to Most Types of Covered Property |

Perils Covered:

| TYPE | DESCRIPTION |
|---------------------|-------------|
| Special Form Perils | Applies |

Exclusions include, but are not limited to:

| DESCRIPTION |
|-------------------------------|
| Earth Movement Exclusion |
| Flood Exclusion |
| Government Action Exclusion |
| War Exclusion |
| Nuclear Hazard, Power Failure |

Binding Requirements:

| DESCRIPTION |
|---|
| Subject to: |
| - Signed Illinois Notice and Waiver of Mine Subsidence Coverage Form. |
| - Signed Selection or Rejection of Terrorism Insurance Coverage Form |
| - Signed Application (s) |
| - Signed SOV |

| | |
|--|--------------------|
| Premium | \$20,124.00 |
| ESTIMATED PROGRAM COST | \$20,124.00 |
| Fire Surcharge | \$362 |
| TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable) | \$235.00 |

Coverage: Package - Inland Marine
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Coverage:

| SUBJECT OF INSURANCE | AMOUNT |
|--|-------------|
| Contractor's Equipment | |
| Description of Property: Per Schedule on File with Co. | \$1,022,486 |
| Leased/Borrowed Equipment | \$250,000 |
| All Covered Property | \$1,272,486 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|------------------------|---------|
| Deductible | Contractor's Equipment | \$1,000 |

Additional Coverage:

| DESCRIPTION | AMOUNT |
|--|----------------------|
| Additionally Acquired Equipment | \$250,000 |
| Additionally Acquired Equipment | 60 Days |
| Construction Documents | \$2,500 |
| Debris Removal | \$5,000 |
| Employee Tools and Clothing | \$2,500 |
| Pollutant Clean Up | \$10,000 |
| Preservation of Property - Expense Coverage | \$2,500 |
| Preservation of Property - Expense Coverage | 30 Days |
| Rental Expense Reimbursement | \$2,500 |
| Rental Expense Reimbursement | 2 Days |
| Leased, Rented or Borrowed Contractors Equipment from Others | \$1,000 Any One Item |
| Leased, Rented or Borrowed Contractors Equipment from Others | \$2,000 All Items |
| Your Contractor's Equipment Leased, Rented or Borrowed by Others | \$1,000 Any One Item |
| Your Contractor's Equipment Leased, Rented or Borrowed by Others | \$2,000 All Items |

Valuations:

| DESCRIPTION | LIMITATIONS |
|-------------------|-------------|
| Actual Cash Value | Applies |

Exclusions include, but are not limited to:

| COVERAGE TYPE | DESCRIPTION |
|----------------------------------|---|
| Inland Marine | Cranes & Rigging Equipment |
| Inland Marine, Equipment Floater | Mechanical or Equipment Breakdown |
| Equipment Floater | Pollution |
| Equipment Floater, EDP, Transit | War and Nuclear Hazard |
| Equipment Floater, EDP, Transit | Wear and Tear, Gradual Deterioration, or Obsolescence |
| Equipment Floater | Mold / Fungus |
| EDP | Utility Service Interruption |
| EDP | Expected or Intended Loss |
| EDP | Programming Errors |
| Transit | Government Authority Exclusion |

Binding Requirements:

| DESCRIPTION |
|--------------------------|
| Subject to: |
| - Signed Application (s) |

| | |
|-------------------------------|-------------------|
| Premium | \$4,454.00 |
| ESTIMATED PROGRAM COST | \$4,454.00 |

Coverage: Package - Crime
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Form Type:

| COVERAGE |
|----------|
| Crime |

Coverage:

| DESCRIPTION | AMOUNT |
|--|----------|
| Employee Theft - Per Loss Coverage | \$25,000 |
| Forgery or Alteration | \$25,000 |
| Inside the Premises-Theft of Money & Securities | \$25,000 |
| Inside the Premises-Robbery or Safe Burglary of other property | \$25,000 |
| Outside the Premises | \$25,000 |
| Computer & Funds Transfer Fraud | \$25,000 |
| Money Orders & Counterfeit Money | \$25,000 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|--|---------|
| Deductible | Employee Theft - Per Loss Coverage | \$1,000 |
| Deductible | Forgery or Alteration | \$1,000 |
| Deductible | Inside the Premises-Theft of Money & Securities | \$1,000 |
| Deductible | Inside the Premises-Robbery or Safe Burglary of other property | \$1,000 |
| Deductible | Outside the Premises | \$1,000 |
| Deductible | Computer & Funds Transfer Fraud | \$1,000 |
| Deductible | Money Orders & Counterfeit Money | \$1,000 |

Exclusions include, but are not limited to:

| DESCRIPTION |
|--|
| Third Party Employee Dishonesty |
| Government Action Exclusion |
| Accounting or Arithmetic Errors |
| Voluntary Parting of Property |
| Loss in which the existence of such loss is only proved by a profit and loss comparison or inventory records |
| Any theft or criminal act committed by a partner of the insured |
| Employee Dishonesty (does not apply to Employee Theft Coverage) |

Binding Requirements:

| DESCRIPTION | |
|--------------------------|--|
| Subject to: | |
| - Signed Application (s) | |

| | |
|-------------------------------|----------------|
| Premium | \$75.00 |
| ESTIMATED PROGRAM COST | \$75.00 |

Coverage: Package - General Liability
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Form Type:

| COVERAGE | FORM TYPE | RETROACTIVE DATE | PENDING & PRIOR DATE |
|-------------------|------------|------------------|----------------------|
| General Liability | Occurrence | Not Applicable | Not Applicable |

Defense Limitations:

| DEFENSE COST DOLLAR LIMIT | DEFENSE COST TYPE / COMMENTS |
|---------------------------|---|
| Applies | In addition to Policy Limit, and if so: limited |

Coverage:

| DESCRIPTION | AMOUNT |
|--|-----------------------------|
| General Aggregate | \$3,000,000 |
| Products/Completed Operation Aggregate | \$3,000,000 |
| Coverage A Bodily Injury and Property Damage | \$1,000,000 Each Occurrence |
| Coverage B Personal and Advertising Injury | \$1,000,000 |
| Damage to Premises Rented to You | \$1,000,000 Each Occurrence |
| Sexual Abuse | \$500,000 Each Occurrence |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|--|--------|
| Deductible | Coverage A & B Loss Only Deductible - Each Occurrence or Offense | \$0 |

Exclusions include, but are not limited to:

| DESCRIPTION |
|---|
| Bodily Injury and Property Damage from pollutants - Absolute Exclusion |
| Losses arising from the ownership maintenance or use of aircraft (including drones), autos, or watercraft, with some minor exceptions including certain contractual obligations |
| Employment Related Practices Exclusion |
| Liquor Liability Exclusion |
| Aircraft Products Exclusion |
| Professional Liability Exclusion |
| Real Property in Your Care, Custody, and Control Exclusion |
| Absolute Asbestos Exclusion |
| Absolute Lead Exclusion |
| War and Nuclear Hazard |

Exclusions include, but are not limited to:

| DESCRIPTION |
|---|
| Mold / Fungus |
| General Liability Medical Payment Exclusion |
| Pollution Liability Exclusion Exceptions for Water Treatment, Propane Gas Used in Certain Operations, Pesticide and Herbicide Application, Emergency Response Services and Training, Hostile Fire, Heat, Fumes or Smoke |

Binding Requirements:

| DESCRIPTION |
|--|
| Subject to: |
| - Signed Selection or Rejection of Terrorism Insurance Coverage Form |
| - Signed Application (s) |

| | |
|--|-------------------|
| Premium | \$3,649.00 |
| ESTIMATED PROGRAM COST | \$3,649.00 |
| TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable) | \$109.00 |

Coverage: Package - Professional Liability
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Form Number:

Form Type:

| COVERAGE | FORM TYPE | RETROACTIVE DATE |
|---|-------------|------------------|
| Public Officials Errors & Omissions | Claims Made | 12/31/2015 |
| Public Officials Employment Practices | Claims Made | 12/31/2015 |
| Public Officials Employee Benefits Administration | Claims Made | 12/31/2015 |
| Law Enforcement Liability | Occurrence | N/A |

Defense Limitations:

| DEFENSE COST DOLLAR LIMIT | DEFENSE COST TYPE / COMMENTS |
|---------------------------|---|
| Applies | In addition to Policy Limit, and if so: Limited |

Coverage:

| DESCRIPTION | AMOUNT | BASIS |
|---|-------------|-------------------|
| Public Officials Errors & Omissions | \$1,000,000 | Each Wrongful Act |
| Public Officials Errors & Omissions | \$2,000,000 | Aggregate |
| Public Officials Employment Practices | \$1,000,000 | Each Offense |
| Public Officials Employment Practices | \$2,000,000 | Aggregate |
| Public Officials Employee Benefits Administration | \$1,000,000 | Each Offense |
| Public Officials Employee Benefits Administration | \$3,000,000 | Aggregate |
| Law Enforcement Liability | \$1,000,000 | Each Wrongful Act |
| Law Enforcement Liability | \$2,000,000 | Aggregate |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|---|---------|
| Deductible | Public Officials Errors & Omissions | \$5,000 |
| Deductible | Public Officials Employment Practices | \$5,000 |
| Deductible | Public Officials Employee Benefits Administration | \$1,000 |
| Deductible | Law Enforcement Liability | \$5,000 |

Claims Made Coverage:

Should you elect to change carriers (if a new retroactive date is provided) or non-renew this policy, a supplemental extended reporting endorsement may be available subject to policy terms and conditions. You must request the extended reporting period in writing to the carrier within ([Days To Extend]) days of the expiration date. The cost of this extended reporting period is

[Percent Cost]% of the annual premium and is fully earned. The extended reporting period extends only to those claims made during the extended reporting period for wrongful acts that occurred prior to the expiration date and would have been covered by the policy. Claims must be reported to the carrier within ([Days To Report]) days of the end of the policy period. The extended reporting period does not increase the limits of liability and is subject to all policy terms, conditions and exclusions.

Definition of Claim:

| DESCRIPTION |
|-------------------------------|
| Refer to attached policy form |

Incident or Claim Reporting Provision:

| DESCRIPTION |
|-------------------------------|
| Refer to attached policy form |

Run Off Provisions:

| DESCRIPTION |
|-------------------------------|
| Refer to attached policy form |

Binding Requirements:

| DESCRIPTION |
|--------------------------|
| Subject to: |
| - Signed Application (s) |

| | |
|-------------------------------|--------------------|
| Premium | \$18,427.00 |
| ESTIMATED PROGRAM COST | \$18,427.00 |

Coverage: Business Auto
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Coverage:

| DESCRIPTION | AMOUNT | COVERED AUTOS |
|---|---|---------------|
| Liability | \$1,000,000 | 1 |
| Hired Primary Auto Liability | Covered | |
| Non-Owned Auto Liability | Covered | |
| Illinois Uninsured Motorists Bodily Injury | \$350,000 | 6 |
| Illinois Underinsured Motorists Bodily Injury | \$350,000 | 6 |
| Medical Payments | \$10,000 | 2 |
| Comprehensive | ACV, cost to repair or replace, or stated amount, whichever is less | 7, 8 |
| Collision | ACV, cost to repair or replace, or stated amount, whichever is less | 7, 8 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|---------------|---------|
| Deductible | Comprehensive | \$1,000 |
| Deductible | Collision | \$1,000 |

Covered Autos:

| SYMBOL | SYMBOL NAME | DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS |
|--------|---|--|
| 1 | Any Auto | |
| 2 | Owned Autos Only | Only those autos you own (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins. |
| 3 | Owned Private Passenger Autos Only | Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins. |
| 4 | Owned Autos Other Than Private Passenger Autos Only | Only those autos you own that are not of the private passenger type (and for Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos not of the private passenger type you acquire ownership of after the policy begins. |
| 5 | Owned Autos Subject To No-Fault | Only those autos you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged. |
| 6 | Owned Autos Subject To A Compulsory Uninsured Motorists Law | Only those autos you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those autos you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists' requirement. |

Covered Autos:

| SYMBOL | SYMBOL NAME | DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS |
|--------|--|--|
| 7 | Specifically Described Autos | Only those autos described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any trailers you don't own while attached to any power unit described in Item Three). |
| 8 | Hired Autos Only | Only those autos you lease, hire, rent or borrow. This does not include any auto you lease, hire, rent, or borrow from any of your employees, partners (if you are a partnership), members (if you are a limited liability company) or members of their households. |
| 9 | Nonowned Autos Only | Only those autos you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes autos owned by your employees, partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs. |
| 11 | | Illinois Hired "Autos" Only. Only Those "Autos" You Lease, Hire, Rent, Or Borrow. This Does not Include any "Auto" You Lease, Hire, Rent or Borrow from any of Your Employees, Partners, Or Members of Their Households. |
| 11 | | Illinois Hired "Autos" Only. Only Those "Autos" You Lease, Hire, Rent, Or Borrow. This Does not Include any "Auto" You Lease, Hire, Rent or Borrow from any of Your Employees, Partners, Or Members of Their Households. |
| 12 | | Illinois Non-Owned "Autos" Only. Only Those "Autos" You do not Own, Lease, Hire, Rent or Borrow that are Used in Connection with Your Business. This Includes "Autos" Owned by Your Employees or Members of Their Households but Only While See ASC 00 11 01 98, Schedule 4 |
| 12 | | Illinois Non-Owned "Autos" Only. Only Those "Autos" You do not Own, Lease, Hire, Rent or Borrow that are Used in Connection with Your Business. This Includes "Autos" Owned by Your Employees or Members of Their Households but Only While See ASC 00 11 01 98, Schedule 4 |
| 19 | Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only | Only those autos that are land vehicles and that would qualify under the definition of mobile equipment under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged. |

Endorsements include, but are not limited to:

| DESCRIPTION |
|---|
| Broad Form Automobile Endorsement - Government Risks - GRS CA 400 06 18 |

Exclusions include, but are not limited to:

| DESCRIPTION |
|---|
| Excluded Drivers |
| Expected or Intended Injury |
| Contractual |
| Workers' Compensation |
| Employers' Liability |
| Property Damage to Property Owned or Transported by you |
| Pollution |
| Other standard policy exclusions apply |
| Terrorism |

Binding Requirements:

| DESCRIPTION |
|---|
| Subject to: |
| - Signed Application (s) |
| - Signed Illinois Uninsured Motorists Coverage and Underinsured Motorists Coverage Selection/Rejection Form |

Auto Disclaimer:

Commercial Auto policies utilize a set of coverage symbols to stipulate a category of covered autos. One or more symbols are assigned to each coverage purchased indicating which autos that coverage applies to. Please refer to your policy and make certain that you read and understand the various auto symbols and associated descriptions. Specific symbols may apply to either a particular kind of vehicle or the vehicle's ownership status. The symbols could also differ depending upon whether the coverage is for liability or physical damage. Also, in certain circumstances, an insurance company may agree to provide coverage for an auto scenario that is not described in the auto symbols. When this occurs, a unique symbol and related description is used. If you have any questions regarding the auto symbols or associated descriptions contained in your policy, please contact us.

| | |
|-------------------------------|--------------------|
| Premium | \$25,404.00 |
| ESTIMATED PROGRAM COST | \$25,404.00 |

Village of Hawthorn Woods



Vehicles:

| VEH# | YEAR | MAKE MODEL | VIN | COST NEW | GARAGE ADDRESS | RADIUS | RATING CLASS | DEDUCT OTC | DEDUCT COLL |
|------|------|--------------------------|-------------------|-----------|--------------------|--------|--------------|------------|-------------|
| 1 | 2006 | Ford / Explorer Admin | 4243 | \$35,000 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 2 | 2008 | Ford / Crown Victoria PW | 8981 | \$35,000 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 3 | 1999 | Intematio / Dump Truck | 2265 | \$76,175 | Hawthorn Woods, IL | 1 | 21479 | \$1,000 | \$1,000 |
| 4 | 2001 | Intematio / Truck 5T #8 | 7344 | \$150,000 | Hawthorn Woods, IL | 1 | 31499 | \$1,000 | \$1,000 |
| 5 | 2006 | Ford / Pickup Truck #819 | 2267 | \$45,000 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 6 | 2008 | Intematio / Truck 2T #8 | 7765 | \$140,000 | Hawthorn Woods, IL | 1 | 21499 | \$1,000 | \$1,000 |
| 7 | 2008 | Ford / Truck - F550 1T # | 2913 | \$90,000 | Hawthorn Woods, IL | 1 | 21499 | \$1,000 | \$1,000 |
| 8 | 2010 | Ford / Pickup Truck #804 | 266 | \$35,000 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 9 | 2002 | Ford / Econoline E350 Va | 9614 | \$30,000 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 10 | 2010 | Ford / Expedition PW | 1439 | \$35,000 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 11 | 1987 | Ford-Milit / Hummer #357 | 34627 | | Hawthorn Woods, IL | 1 | 21499 | | |
| 12 | 2004 | Chevy / Blazer Public W | 4918 | \$35,000 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 13 | 2012 | Intematio / Dump Truck | 3829 | \$140,000 | Hawthorn Woods, IL | 1 | 21479 | \$1,000 | \$1,000 |
| 14 | 2012 | Ford / Pickup Truck #10 | 9256 | \$35,000 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 15 | 2013 | Dodge / Durango #306 | 1715 | \$35,000 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 16 | 2015 | Ford / Explorer #301 | 6324 | \$35,000 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 17 | 2014 | Intematio / Dump Truck | 6961 | \$141,444 | Hawthorn Woods, IL | 1 | 21479 | \$1,000 | \$1,000 |
| 18 | 1995 | Ford / Econoline E350 Va | 8548 | \$5,000 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 19 | 2016 | Dodge / Charger #303 | 6839 | \$24,493 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 20 | 2016 | Intematio / Terrastar 1 | 5700 | \$108,332 | Hawthorn Woods, IL | 1 | 31499 | \$1,000 | \$1,000 |
| 21 | 2017 | Dodge / Charger | 2C3CDXKT7HH585558 | \$36,375 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 22 | 2017 | Dodge / Charger | 2C3CDXKT8HH576688 | \$36,375 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 23 | 2005 | Ford / Excursion | 1FMNU41S75ED39880 | \$40,420 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 24 | 2018 | Intematio / 7000 | 3HAWDSTR5JL330365 | | Hawthorn Woods, IL | 1 | 21479 | | |
| 25 | 2018 | Ford / Utility Intercept | 1FM5KBAR1JGB12015 | \$27,950 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 26 | 1999 | Ford / Explorer | 1FMDU35P2XZB09493 | \$29,580 | Hawthorn Woods, IL | 1 | 01499 | \$1,000 | \$1,000 |
| 27 | 1997 | Intematio / Vactor / Ro | 1HTSDAAR8VM446957 | \$19,995 | Hawthorn Woods, IL | 1 | 31499 | \$1,000 | \$1,000 |
| 28 | 2018 | Ford / Explorer | 1FM5K8AR2JGC74476 | \$32,895 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |
| 29 | 2019 | Ford / Explorer | 1FM5K8D81KGA38003 | \$38,444 | Hawthorn Woods, IL | | 79110 | \$1,000 | \$1,000 |

Radius: 1. Local 0-50 miles / 2. Intermediate 50-200 mile / 3. Over 200 Miles



Coverage: Umbrella
Carrier: Atlantic Specialty Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Form Type:

| COVERAGE | FORM TYPE | RETROACTIVE DATE | PENDING & PRIOR DATE |
|----------|------------|------------------|----------------------|
| Umbrella | Occurrence | Not Applicable | Not Applicable |

Defense Limitations:

| DEFENSE COST DOLLAR LIMIT | DEFENSE COST TYPE / COMMENTS |
|---------------------------|---|
| Applies | In addition to Policy Limit, and if so: Limited |

Coverage:

| DESCRIPTION | AMOUNT | BASIS |
|-----------------|-------------|---|
| Aggregate Limit | \$9,000,000 | All Claims excess of Underlying Insurance |
| Each Claim | \$9,000,000 | Each Claim excess of Underlying Insurance |

Underlying Policies:

| COVERAGE | CARRIER NAME | EFFECTIVE DATE | EXPIRATION DATE |
|------------------------|--------------------------------------|----------------|-----------------|
| General Liability | Atlantic Specialty Insurance Company | 12/31/2020 | 12/31/2021 |
| Professional Liability | Atlantic Specialty Insurance Company | 12/31/2020 | 12/31/2021 |
| Auto Liability | Atlantic Specialty Insurance Company | 12/31/2020 | 12/31/2021 |

Exclusions include, but are not limited to:

| DESCRIPTION |
|---|
| Workers' Compensation, Auto No Fault, Uninsured/ Underinsured Motorists, Disability, and Unemployment Compensation Laws |
| Pollution (Hostile Fire Exception) |
| Asbestos |
| Physical Damage to Property in Insured's Care, Custody, or Control |
| Auto First-party Coverage |
| Pollution (Auto) |
| Products Recall |
| Employment Related Practices Exclusion |
| Total Pollution Exclusion |
| Professional Liability Exclusion |
| Retained Limit |

Binding Requirements:

| DESCRIPTION |
|--|
| Subject to: |
| - Signed Selection or Rejection of Terrorism Insurance Coverage Form |
| - Signed Application (s) |

| | |
|--|--------------------|
| Premium | \$13,930.00 |
| ESTIMATED PROGRAM COST | \$13,930.00 |
| TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable) | \$139.00 |

Coverage: Cyber Liability
Carrier: BCS Insurance Company
Policy Period: 12/31/2020 to 12/31/2021

Form Number: 94.200 (07/19)

Form Type:

| COVERAGE | FORM TYPE | RETROACTIVE DATE |
|-----------------|-------------|------------------|
| Cyber Liability | Claims Made | Full Prior Acts |

Defense Limitations:

| DEFENSE COST DOLLAR LIMIT | DEFENSE COST TYPE / COMMENTS |
|---------------------------|---|
| Applies | Other / Claims Expenses Shall Reduce the Applicable Limits of Liability |

Coverage:

| DESCRIPTION | LIMIT TYPE | AMOUNT | BASIS |
|--|------------|-------------|--|
| Aggregate Limit of Liability | Limit | \$1,000,000 | Aggregate for Each and Every Claim including Claims Expenses |
| Sublimit of Liability for Individual Coverage(s) Purchased | Sublimit | \$1,000,000 | |
| A. Privacy Liability (including Employee Privacy) | Sublimit | \$1,000,000 | Per Claim |
| A. Privacy Liability (including Employee Privacy) | Sublimit | \$1,000,000 | Aggregate |
| B. Privacy Regulatory Claims Coverage | Sublimit | \$1,000,000 | Per Claim |
| B. Privacy Regulatory Claims Coverage | Sublimit | \$1,000,000 | Aggregate |
| C. Security Breach Response Coverage | Sublimit | \$1,000,000 | Per Claim |
| D. Security Liability | Sublimit | \$1,000,000 | Per Claim |
| D. Security Liability | Sublimit | \$1,000,000 | Aggregate |
| E. Multimedia Liability | Sublimit | \$1,000,000 | Per Claim |
| E. Multimedia Liability | Sublimit | \$1,000,000 | Aggregate |
| F. Cyber Extortion | Sublimit | \$1,000,000 | Per Claim |
| G. Business Income and Digital Asset Restoration: | | | |
| 1. Business Income Loss | Sublimit | \$1,000,000 | Per Claim |
| 2. Restoration Costs | Sublimit | \$1,000,000 | Per Claim |
| 3. Reputation Business Income Loss | Sublimit | \$1,000,000 | Per Claim |
| 4. Systems Integrity Restoration Loss * | Sublimit | \$250,000 | Per Claim |
| H. PCI DSS Assessment | Sublimit | \$1,000,000 | Per Claim |
| H. PCI DSS Assessment | Sublimit | \$1,000,000 | Aggregate |

Coverage:

| DESCRIPTION | LIMIT TYPE | AMOUNT | BASIS |
|---|------------|-----------|-----------|
| I. Electronic Fraud: | | | |
| 1. Phishing Loss | Sublimit | \$50,000 | Per Claim |
| 2. Services Fraud Loss | Sublimit | \$100,000 | Per Claim |
| 3. Reward Fund Loss | Sublimit | \$50,000 | Per Claim |
| 4. Personal Financial Loss | Sublimit | \$250,000 | Per Claim |
| 5. Corporate Identify Theft Loss | Sublimit | \$250,000 | Per Claim |
| 6. Telephone Hacking Loss | Sublimit | \$100,000 | Per Claim |
| 7. Direct Financial Loss (Funds Transfer Fraud) | Sublimit | \$100,000 | Per Claim |
| 8. Cyber Deception | Sublimit | \$100,000 | Per Claim |
| 8. Cyber Deception | Sublimit | \$100,000 | Aggregate |
| III. Supplemental Limits: | | | |
| A. Court Attendance Costs | Sublimit | \$100,000 | |
| B. Bodily Injury / Property Damage Liability | Sublimit | \$250,000 | |
| C. TCPA | Sublimit | \$100,000 | |
| D. HIPAA Corrective Action Plan Costs | Sublimit | \$50,000 | |
| E. Post Breach Response | Sublimit | \$25,000 | |
| F. Independent Consultant | Sublimit | \$25,000 | |
| G. Outsourced Provider | Sublimit | \$250,000 | |
| H. Computer System | Sublimit | \$250,000 | |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|-----------|---|---------|
| Retention | A. Privacy Liability (including Employee Privacy) - Each Claim or Event | \$2,500 |
| Retention | A. Privacy Liability (including Employee Privacy) - Aggregate | \$2,500 |
| Retention | B. Privacy Regulatory Claims Coverage - Each Claim or Event | \$2,500 |
| Retention | B. Privacy Regulatory Claims Coverage - Aggregate | \$2,500 |
| Retention | C. Security Breach Response Coverage - Each Claim or Event | \$2,500 |
| Retention | C. Security Breach Response Coverage - Aggregate | \$2,500 |
| Retention | D. Security Liability - Each Claim or Event | \$2,500 |
| Retention | D. Security Liability - Aggregate | \$2,500 |
| Retention | E. Multimedia Liability - Each Claim or Event | \$2,500 |
| Retention | E. Multimedia Liability - Aggregate | \$2,500 |
| Retention | F. Cyber Extortion - Each Claim or Event | \$2,500 |
| Retention | F. Cyber Extortion - Aggregate | \$2,500 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|--|----------|
| Retention | G. Business Income and Digital Asset Restoration - Each Claim or Event | \$2,500 |
| Retention | G. Business Income and Digital Asset Restoration - Aggregate | \$2,500 |
| Retention | H. PCI DSS Assessment - Each Claim or Event | \$2,500 |
| Retention | H. PCI DSS Assessment - Aggregate | \$2,500 |
| Retention | I. Electronic Fraud: | |
| Retention | 1. Phishing Loss - Each Claim or Event | \$2,500 |
| Retention | 1. Phishing Loss - Aggregate | \$2,500 |
| Retention | 2. Services Fraud Loss - Each Claim or Event | \$2,500 |
| Retention | 2. Services Fraud Loss - Aggregate | \$2,500 |
| Retention | 3. Reward Fund Loss - Each Claim or Event | \$2,500 |
| Retention | 3. Reward Fund Loss - Aggregate | \$2,500 |
| Retention | 4. Personal Financial Loss - Each Claim or Event | \$2,500 |
| Retention | 4. Personal Financial Loss - Aggregate | \$2,500 |
| Retention | 5. Corporate Identify Theft Loss - Each Claim or Event | \$2,500 |
| Retention | 5. Corporate Identify Theft Loss - Aggregate | \$2,500 |
| Retention | 6. Telephone Hacking Loss - Each Claim or Event | \$2,500 |
| Retention | 6. Telephone Hacking Loss - Aggregate | \$2,500 |
| Retention | 7. Direct Financial Loss (Funds Transfer Fraud) - Each Claim or Event | \$2,500 |
| Retention | 7. Direct Financial Loss (Funds Transfer Fraud) - Aggregate | \$2,500 |
| Retention | 8. Cyber Deception - Each Claim or Event | \$5,000 |
| Deductible | Waiting Period | 12 Hours |

Definition of Claim:

| DESCRIPTION |
|---|
| <p>"Claim" Means:</p> <ol style="list-style-type: none"> 1. A Written Demand Received by "You" for Money or Services, Including the Service of a Civil Suit or Institution of Arbitration Proceedings; 2. Initiation of a Civil Suit Against "You" Seeking Injunctive Relief; 3. A Written Notice of an Alleged "Privacy Wrongful Act" or "Security Wrongful Act" from a Third Party. 4. Solely with Respect to Coverage B., A "Regulatory Claim" Made Against "You"; Or 5. Solely with respect to Coverage H., written notice to "You" of a "PCI DSS Assessment". <p>Multiple "Claims" Arising from the Same or a Series of Related or Repeated "Wrongful Acts", Acts, Errors, Or Omissions or from any Continuing "Wrongful Acts", Acts, Errors or Omissions Shall be Considered a Single "Claim" for the Purposes of This Policy, Irrespective of the Number of Claimants or "You" Involved Therein. All Such Related "Claims" Shall be Deemed to Have Been First Made at the Time the Earliest Such "Claim" was Made or Deemed Made Under Section IX.A.</p> |

Incident or Claim Reporting Provision:

DESCRIPTION

Refer to attached policy form

Run Off Provisions:

DESCRIPTION

Refer to attached policy form

Endorsements include, but are not limited to:

DESCRIPTION

Cyber and Privacy Liability Insurance Policy - 94.111 (07/19)

Cyber and Privacy Liability Policy Form - 94.200 (07/19)

Cyber Deception Endorsement (If elected) - 94.510 IL (07/19)

Breach Response Team Endorsement - 94.805 (06/17)

Illinois Amendatory Endorsement - 94.801 IL (07/19)

Coverage for Certified Acts of Terrorism (Included only if Terrorism coverage is elected at 1% additional premium) - 94.551 (01 15)

War and Terrorism Endorsement - 94.552 IL (04 15)

IL Notice - BCSI-X010 IL (01 15)

Exclusions include, but are not limited to:

DESCRIPTION

Nuclear Incident Exclusion - 94.102 (01 15)

Radioactive Contamination Exclusion - 94.103 (01 15)

War

Other Significant Terms and Conditions/Restrictions:

DESCRIPTION

Premium Includes Cyber Deception Premium: \$171.00 (if Elected) and TRIA Premium: \$36.00 (if Elected is 1% of the Total Premium)

Retroactive Date Full Prior Acts

| | |
|--|-------------------|
| Premium | \$3,626.00 |
| ESTIMATED PROGRAM COST | \$3,626.00 |
| TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable) | INCLUDED |

Subject to Audit: Not Auditable



Coverage: Crime
Carrier: Hanover Insurance Company
Policy Period: 12/31/2020 to 12/31/2023

Form Type:

| COVERAGE | FORM TYPE | RETROACTIVE DATE | PENDING & PRIOR DATE |
|----------|-----------|------------------|----------------------|
| Crime | Discovery | Not Applicable | Not Applicable |

Coverage:

| DESCRIPTION | AMOUNT |
|---|-----------|
| Employee Theft | \$500,000 |
| Forgery or Alteration | \$100,000 |
| Inside the Premises - Theft of Money and Securities | \$100,000 |
| Inside the Premises - Robbery or Burglary of Other Property | \$100,000 |
| Money and Securities Outside the Premises | \$100,000 |
| Computer Fraud | \$100,000 |
| Funds Transfer Fraud | \$100,000 |
| Money Orders and Counterfeit Paper Currency | \$10,000 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|---|---------|
| Deductible | Employee Theft | \$2,500 |
| Deductible | Forgery or Alteration | \$1,000 |
| Deductible | Inside the Premises - Robbery or Burglary of Other Property | \$1,000 |
| Deductible | Inside the Premises - Theft of Money and Securities | \$1,000 |
| Deductible | Money and Securities Outside the Premises | \$1,000 |
| Deductible | Computer Fraud | \$1,000 |
| Deductible | Funds Transfer Fraud | \$1,000 |
| Deductible | Money Orders and Counterfeit Paper Currency | \$250 |
| Deductible | Funds Transfer - False Pretenses Coverage | \$5,000 |

Additional Coverage:

| DESCRIPTION | AMOUNT |
|--|-----------|
| Add Faithful Performance of Duty Coverage for Government Employees | \$500,000 |
| Funds Transfer - False Pretenses Coverage | \$25,000 |

Endorsements include, but are not limited to:

| DESCRIPTION |
|---|
| Delete Employee Exclusions - (Endorsement 54) |
| Government Crime Policy - CR 00 26 |
| Add Faithful Performance Of Duty Coverage - CR2519 05/01/2006 |
| Government Crime Policy Declarations - CRDS04 07/01/2002 |
| Include Specified Non-compensated Officers as Employees -CR 25 08 08 07 Fill in: All board members and Trustees |
| Amend Computer Fraud Insuring Agreement -181-1661 03/16 |
| Funds Transfer - False Pretenses Coverage- 181-1663 03/16 |
| State Endorsement(Illinois Changes) - CR 02 02 10 10 |

Exclusions include, but are not limited to:

| DESCRIPTION |
|--|
| Third Party Employee Dishonesty |
| Government Action Exclusion |
| Accounting or Arithmetic Errors |
| Voluntary Parting of Property |
| Loss in which the existence of such loss is only proved by a profit and loss comparison or inventory records |
| Any theft or criminal act committed by a partner of the insured |
| Employee Dishonesty (does not apply to Employee Theft Coverage) |

Binding Requirements:

| DESCRIPTION |
|-------------------------------------|
| Signed Client authorization to bind |

Other Significant Terms and Conditions/Restrictions:

| DESCRIPTION |
|--|
| Properly signed application -- needs a wet signature or electronic signature. |
| Does the insured currently design internal controls so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher or sign a check)? |
| 3 Year policy term total premium is \$4,716 / Annual installment of \$1,572 |

| | |
|-------------------------------|-------------------|
| Premium | \$1,572.00 |
| ESTIMATED PROGRAM COST | \$1,572.00 |

Coverage: Accidental Death and Dismemberment
Carrier: Starr Indemnity & Liability Company
Policy Period: 12/31/2020 to 12/31/2021

Form Number:

Form Type:

| COVERAGE | FORM TYPE | RETROACTIVE DATE | PENDING & PRIOR DATE |
|------------------------------------|------------|------------------|----------------------|
| Accidental Death and Dismemberment | Occurrence | Not Applicable | Not Applicable |

Coverage:

| DESCRIPTION | AMOUNT |
|---|--|
| Aggregate | \$250,000 |
| Accidental Death and Dismemberment Benefit: Covered Person Principal Sum/Amount of Insurance | \$100,000 |
| Loss Period | 365 days from the date of the Covered Accident |
| Accidental Medical and Dental Expense Benefit : Total Benefit Maximum for all Accident Medical and Dental | \$100,000 |
| - Loss Period (first Covered Expenses must be incurred within): | 90 Days After the Covered Accident |
| - Benefit Period | 1 Year from the Date of the Covered Accident |
| Disability Benefit - Maximum Benefit Period | 26 Weeks |
| Disability Benefit - Amount of Benefit | \$300 |

Deductibles / Self-Insured Retention

| TYPE | COVERAGE | AMOUNT |
|------------|-------------------------------------|---------|
| Deductible | Accident Total Disability Benefit | \$1,000 |
| Deductible | Disability Benefit : Waiting Period | 7 Days |

Endorsements include, but are not limited to:

| DESCRIPTION |
|--|
| AH-20001 - Blanket Accident Insurance Policy |
| AH-20005 - Illinois Rider |
| AH-20007 - Administrative Change Rider |
| AH-20008 - Schedule of Benefits |

Exclusions include, but are not limited to:

| DESCRIPTION |
|-------------|
| War |

Exclusions include, but are not limited to:

| DESCRIPTION |
|-------------|
| Nuclear |
| Pollution |

Binding Requirements:

| DESCRIPTION |
|--------------------------------------|
| Signed Client Authorization to bind. |

Other Significant Terms and Conditions/Restrictions:

| DESCRIPTION |
|--|
| Coinsurance: 100% of Usual and Customary Charges |
| Premium Payment is Due Within Twenty (20) Days from Effective Date Accident Medical Expense Benefits are only payable: 1) for Usual and Customary Charges incurred after the Deductible has been met; 2) for those Medically Necessary Covered Expenses incurred by or on behalf of the Covered Person; 3) for Covered Expenses incurred within 365 days after the date of the Covered Accident |
| We will not pay more than the Benefit Maximum for all losses per Accidental Death & Dismemberment Covered Accident. If, in the absence of this provision, We would pay more than Benefit Maximum for all losses from one Accidental Death & Dismemberment Covered Accident, then the benefits payable to each person with a valid claim will be reduced proportionately, so the total amount We will pay is the Benefit Maximum. |
| Classes of Eligible Persons: All registered CERT Team Trainees of the Policyholder |
| Hazards Insured Against: Supervised and Sponsored Activities |
| Covered Activities: While Participating in supervised and sponsored CERT training program |

| | |
|-------------------------------|-------------------|
| Premium | \$1,250.00 |
| ESTIMATED PROGRAM COST | \$1,250.00 |

Subject to Audit: Not Auditable

Coverage: Workers' Compensation

Carrier: Illinois Public Risk Fund

Policy Period: 1/1/2021 to 1/1/2022

Coverage:

| DESCRIPTION | AMOUNT | BASIS |
|--|-------------|---------------|
| Coverage A - Workers' Compensation | Statutory | |
| Employers' Liability Limits: Bodily Injury by Accident | \$3,000,000 | Each Accident |
| Employers' Liability Limits: Bodily Injury by Disease | \$3,000,000 | Per Employee |
| Employers' Liability Limits: Bodily Injury by Disease | \$3,000,000 | Policy Limit |

States:

| DESCRIPTION | STATE |
|-----------------|-------|
| States Covered: | IL |

Endorsements include, but are not limited to:

| DESCRIPTION |
|--|
| Broad Form All States for Employee Travel - IPRF WC 00 001 18 |
| Federal Employers' Liability Act Coverage - IPRF WC 00 002 18 |
| Foreign Voluntary Workers' Compensation and Employers' Liability For Traveling Employees - IPRF WC 00 003 18 |
| Longshoremen's and Harbor Workers' Compensation Act Coverage - IPRF WC 00 004 18 |
| Maritime Coverage - IPRF WC 00 005 18 |
| Voluntary Compensation - IPRF WC 00 006 18 |

Exclusions include, but are not limited to:

| DESCRIPTION |
|---|
| Owners or Officers |
| Bodily Injury to an Employee While Employed in Violation of Law |
| Bodily Injury Intentionally Caused by Insured |

Binding Requirements:

| DESCRIPTION |
|-------------------------------------|
| Signed Client Authorization to Bind |

Other Significant Terms and Conditions/Restrictions:

| DESCRIPTION |
|--|
| In the Event that the Policy is Cancelled Prior to the Expiration Date, Then the Total Annual Premium Stated on Page 2 Will be 100% Fully Earned |

Other Significant Terms and Conditions/Restrictions:

| DESCRIPTION | |
|--|--------------------|
| IPRF Safety Grant: \$8,828 - Deadline to use grant: December 1, 2021. | |
| As per Safety National Casualty Corp. Excess policy, and Illinois Public Risk Fund's By-Laws and Pooling Agreement | |
| Premium | \$74,691.00 |
| Fees | |
| 3% Administrative Fee | \$2,241.00 |
| Total Fees | \$2,241.00 |
| ESTIMATED PROGRAM COST | \$76,932.00 |
| TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable) | INCLUDED |

Subject to Audit: At Expiration

Auditable Exposures:

| STATE | CLASS CODE | DESCRIPTION | EXPOSURE | RATE PER \$100 |
|-------|------------|---------------------|-------------|----------------|
| IL | 5506 | Street Maintenance | \$551,327 | 6.695 |
| IL | 7720 | Policeman | \$1,281,306 | 1.692 |
| IL | 8380 | Auto Repair | \$79,193 | 2.801 |
| IL | 8810 | Clerical | \$903,517 | 0.089 |
| IL | 8868 | School Professional | \$5,864 | 0.235 |
| IL | 9102 | Parks NOC | \$264,446 | 2.728 |
| IL | 9410 | Municipal Employees | \$215,704 | 2.712 |

Payroll Comparison:

| CLASS CODE | DESCRIPTION | EXPIRING PAYROLL | RENEWAL PAYROLL | % CHANGE |
|----------------------|---------------------|--------------------|--------------------|-------------|
| 5506 | Street Maintenance | \$534,450 | \$551,327 | 3.2% |
| 7720 | Policeman | \$1,221,611 | \$1,281,306 | 4.9% |
| 8380 | Auto Repair | \$78,331 | \$79,193 | 1.1% |
| 8810 | Clerical | \$873,064 | \$903,517 | 3.5% |
| 8868 | School Professional | \$11,282 | \$5,864 | -48.0% |
| 9102 | Parks NOC | \$385,731 | \$264,446 | -31.4% |
| 9410 | Municipal Employees | \$208,017 | \$215,704 | 3.7% |
| TOTAL PAYROLL | | \$3,312,486 | \$3,301,357 | -.3% |

Rate Comparison:

| STATE | CLASS CODE | DESCRIPTION | EXPIRING RATE PER \$100 | RENEWAL RATE PER \$100 | % CHANGE |
|-------|------------|---------------------|----------------------------|---------------------------|----------|
| IL | 5506 | Street Maintenance | 6.572 | 6.695 | 1.9% |
| IL | 7720 | Policeman | 1.667 | 1.692 | 1.5% |
| IL | 8380 | Auto Repair | 2.946 | 2.801 | -4.9% |
| IL | 8810 | Clerical | 0.102 | 0.089 | -12.7% |
| IL | 8868 | School Professional | 0.241 | 0.235 | -2.5% |
| IL | 9102 | Parks NOC | 2.632 | 2.728 | 3.6% |
| IL | 9410 | Municipal Employees | 3.319 | 2.712 | -18.3% |

Premium Summary

The estimated program cost for the options are outlined in the following table:

| LINE OF COVERAGE | | EXPIRING PROGRAM | | PROPOSED PROGRAM | |
|---|-----------------------|---|------------------|---|------------------|
| | | CARRIER | EXPIRING COST | CARRIER | ESTIMATED COST |
| Package | Premium | Underwriters at Lloyd's London (Underwriters at Lloyd's London) | \$79,600 | Atlantic Specialty Insurance Company (White Mountains Insurance Group) | \$86,425 |
| | TRIA Premium | | Excluded | | \$483 AP |
| Cyber Liability | Premium | BCS Insurance Company (BCS Insurance Company) | \$2,750 | BCS Insurance Company (BCS Insurance Company) | \$3,626 |
| | TRIA Premium | | Included | | Included |
| Crime | Premium | Hanover Insurance Company (Hanover Insurance Companies) | \$1,497 | Hanover Insurance Company (Hanover Insurance Companies) | \$1,572 |
| | TRIA Premium | | N/A | | N/A |
| Accidental Death and Dismemberment | Premium | Starr Indemnity & Liability Company (Starr Indemnity & Liability Company) | \$1,250 | Starr Indemnity & Liability Company (Starr Indemnity & Liability Company) | \$1,250 |
| | TRIA Premium | | N/A | | N/A |
| Workers' Compensation | Premium | Illinois Public Risk Fund (Illinois Public Risk Fund) | \$75,770 | Illinois Public Risk Fund (Illinois Public Risk Fund) | \$74,691 |
| | Total Fees | | \$2,273 | | \$2,241 |
| | Estimated Cost | | \$78,043 | | \$76,932 |
| | TRIA Premium | | Included | | Included |
| AJG Risk Management Fee | | | \$15,949 | | \$16,427 |
| Total Estimated Program Cost | | | \$179,089 | | \$186,232 |

Village of Hawthorn Woods



Quote from Atlantic Specialty Insurance Company (White Mountains Insurance Group) is valid until 12/31/2020

Quote from Atlantic Specialty Insurance Company (White Mountains Insurance Group) is valid until 12/31/2020

Quote from Atlantic Specialty Insurance Company (White Mountains Insurance Group) is valid until 12/31/2020

Quote from Hanover Insurance Company (Hanover Insurance Companies) is valid until 12/31/2020

Quote from BCS Insurance Company (BCS Insurance Company) is valid until 12/31/2020

Quote from Illinois Public Risk Fund (Illinois Public Risk Fund) is valid until 1/1/2021

Quote from Starr Indemnity & Liability Company (Starr Indemnity & Liability Company) is valid until 12/31/2020

Gallagher is responsible for the placement of the following lines of coverage:

Package
Business Auto
Umbrella
Cyber Liability
Crime
Accidental Death and Dismemberment
Workers' Compensation

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.

Premium Financing

Arthur J. Gallagher is pleased to offer Premium Financing for our clients.

What is Premium Financing?

Premium financing is a short-term loan that provides premium payment flexibility. By financing, you have the option to spread out your premium payments instead of paying in full at the time of policy purchase or renewal.

Why Premium Financing May be Good for Your Business?

- May improve **capital and cash flow management** by spreading out premium payments over the policy period.
- Allows for **consolidation of** multiple policies into one premium finance agreement with a single monthly or quarterly payment.
- Provides automated **ACH options and flexible payment terms**.

Want to Learn More?

If you are interested in learning more or obtaining a quote, contact your Client Service Manager.

Payment Plans

| CARRIER / PAYABLE CARRIER | LINE OF COVERAGE | PAYMENT SCHEDULE | PAYMENT METHOD |
|--|---------------------------------------|---|----------------|
| Atlantic Specialty Insurance Company (White Mountains Insurance Group) | Package/ Auto/ Umbrella | Annual - Payment in Full No Installment | Agency Bill |
| BCS Insurance Company (BCS Insurance Company) | Cyber Liability | Annual Pay | Agency Bill |
| Hanover Insurance Company (Hanover Insurance Companies) | Crime | 3 year policy with Annual Installment | Agency Bill |
| Starr Indemnity & Liability Company (Starr Indemnity & Liability Company) | Accidental Death and Dismemberment | Annual Pay - Within 20 Day from effective date | Agency Bill |
| Illinois Public Risk Fund (Illinois Public Risk Fund) | Workers' Compensation | 12 Equal Monthly Installments | Direct Bill |

Coinsurance Illustration

Coinsurance Formula:

$$\text{Insurance Carried} \div \text{Insurance Required} \times \text{Loss} - \text{Deductible} = \text{Settlement}$$

Example of Coinsurance formula applied to a hypothetical loss situation:

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

Settlement determined by applying the coinsurance formula:

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

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

Carrier Ratings and Admitted Status

| PROPOSED INSURANCE COMPANIES | A.M. BEST'S RATING & FINANCIAL SIZE CATEGORY * | ADMITTED/NON-ADMITTED ** |
|--|--|--------------------------|
| Atlantic Specialty Insurance Company | A+ XV | Admitted |
| BCS Insurance Company | A- VIII | Admitted |
| Hanover Insurance Company | A XV | Admitted |
| Illinois Public Risk Fund | NR(1) | Admitted |
| Starr Indemnity & Liability Company | A XV | Admitted |

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

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A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the A.M. Best website at <http://www.ambest.com/ratings>.

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

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

(1) The Illinois Public Risk Fund is a Self-Insured program established in 1985 solely for the purpose of providing Workers Compensation coverage to public entities in Illinois. Reinsurance is provided by Safety National Casualty Corporation which is rated A+ XV by A.M. Best

Proposal Disclosures



Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer

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

Compensation Disclosure

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

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

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

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

TRIA/TRIPRA Disclaimer

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

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

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

Client Signature Requirements

Coverages for Consideration

Overview

- A proposal for any of the coverages can be provided.
- The recommendations and considerations summarized in this section are not intended to identify all exposures.
- Since Gallagher does not handle your complete insurance program, these recommendations only reflect items within our scope of responsibility.

Other Coverage Considerations

- Increased Umbrella Limits

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 11/6/2020, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

| COVERAGE/CARRIER | |
|---|---|
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Package |
| | Atlantic Specialty Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | TRIA |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Business Auto |
| | Atlantic Specialty Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Umbrella |
| | Atlantic Specialty Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | TRIA |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Cyber Liability |
| | BCS Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | TRIA |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Crime |
| | Hanover Insurance Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | TRIA |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Accidental Death and Dismemberment |
| | Starr Indemnity & Liability Company |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | TRIA |
| <input type="checkbox"/> Accept <input type="checkbox"/> Reject | Workers' Compensation |
| | Illinois Public Risk Fund |
| <i>TRIA Cannot Be Rejected</i> | |

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

Producer/ Insured Coverage Amendments and Notes:

Exposures and Values

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from information provided by you and we acknowledge it is our responsibility to see that such information is updated and maintained accurately. For renewal policies, if no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

Provide Quotations or Additional Information on the Following Coverage Considerations:

Gallagher recommends that you purchase the following additional coverages for which you have exposure. By rejecting a quotation for this valuable coverage, you understand that there will be no coverage and agree to hold Gallagher harmless in the event of a loss.

Other Coverages to Consider

Yes No –Increased Umbrella Limits

Other Services to Consider

Yes No - CORE360™ Loss Control Portal

Yes No - eRiskHub

Fee Agreement: *In lieu of / In addition to* commission received by Gallagher for the policy term reflected herein, Gallagher will receive a fee of: **\$16,427.00** for:

Risk Management Services

This fee IS NOT refundable, is fully earned by signing below, and is due and payable within thirty (30) days of such signing. Any placements that require the payment of additional state or federal taxes and/or fees are the client's responsibility.

By accepting this fee agreement, we agree and understand that it reflects services to be provided that have been discussed with and fully disclosed to us, and the above fee is consistent with our understanding. This agreement and any disputes that arise out of this fee agreement shall be governed by the laws of the state of Illinois.

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

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

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

By: Dominick DiMaggio, Mayor
Print Name (Specify Title)

Village of Hawthorn Woods
Company

Dominick DiMaggio
Signature

Date: 11/23/2020

Appendix

Village of Hawthorn Woods



Bindable Quotations & Compensation Disclosure Schedule

Client Name: Village of Hawthorn Woods

| COVERAGE(S) | CARRIER NAME(S) | WHOLESALE, MGA, OR INTERMEDIARY NAME ¹ | EST. ANNUAL PREMIUM ² | COMM.% OR FEE ³ | GALLAGHER U.S. OWNED WHOLESALE, MGA, OR INTERMEDIARY % |
|---|---|---|----------------------------------|----------------------------|--|
| Package Property Inland Marine Crime General Liability Professional Liability Business Auto Umbrella | Atlantic Specialty Insurance Company (White Mountains Insurance Group) | One Beacon Services LLC | \$86,425 | 0% | |
| Cyber Liability | BCS Insurance Company (BCS Insurance Company) | Risk Placement Services | \$3,626 | 15% | 7.5% |
| Crime | Hanover Insurance Company (Hanover Insurance Companies) | N/A | \$1,572 | 20 % | |
| Accidental Death and Dismemberment | Starr Indemnity & Liability Company (Starr Indemnity & Liability Company) | Risk Placement Services | \$1,250 | 10 % | 10 % |
| Workers' Compensation | Illinois Public Risk Fund (Illinois Public Risk Fund) | Boyle, Flagg and Seaman, Inc. (BF&S Insurance) | \$76,932 | 0% | 3 % |
| AJG Risk Management Fee | | | | \$16,427 | |

Village of Hawthorn Woods



- 1 We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.
- 2 If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
 - * A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
- 3 The commission rate is a percentage of annual premium excluding taxes & fees.
 - * Gallagher is receiving ___% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.

Binding Requirements

| COVERAGE (ISSUING CARRIER) | BINDING REQUIREMENT |
|--|---|
| Package / Auto / Umbrella Atlantic Specialty Insurance Company | Signed Selection or Rejection of Terrorism Insurance Coverage Form |
| | Signed Illinois Notice and Waiver of Mine Subsidence Coverage Form. |
| | Signed Application |
| | Signed SOV |
| | - Signed Illinois Uninsured Motorists Coverage and Underinsured Motorists Coverage Selection/Rejection Form |
| Cyber Liability BCS Insurance Company | Signed Renewal App |
| | Signed Client authorization to bind |
| Crime Hanover Insurance Company | Signed Client authorization to bind |
| Accidental Death and Dismemberment Starr Indemnity & Liability Company | Signed Client authorization to bind |
| Workers' Compensation Illinois Public Risk Fund | Signed Client Authorization to Bind |
| | Signed IPRF Solvency Letter |

Claims Reporting By Policy

Direct Reporting

Immediately report all claims for the following lines of coverage to the insurance carrier.

Package, Business Auto, Umbrella

Atlantic Specialty Insurance Company

Phone : TBD

Fax :

Email :

Cyber Liability

BCS Insurance Company

Phone : 1-855-217-5204

Email : RPSCyberClaims@bakerlaw.com

Clyde & Co US LLP 101
Second Street, 24th Floor
San Francisco, CA 94105
24 Hour Security Breach Hotline 1-855-217-5204

Baker & Hostetler LLP
45 Rockefeller Plaza
New York, NY 10111-010

Crime

Hanover Insurance Company

Phone#: 800-628-0250

Fax#: 800-399-4734

Email: firstreport@hanover.com

Volunteer Accident

Starr Indemnity and Liability Company

1601 Market Street, Suite 1800

Philadelphia, PA 19103 Fax: 888-329-5677

Workers' Compensation

Illinois Public Risk Fund

Phone #: 1-844-522-6082 24/7

CORE360™ Loss Control Portal



Insurance | Risk Management | Consulting



Reduce Your Risk and Simplify Training

Safety training programs and educational materials for employees are critical for reducing accidents, increasing retention and minimizing your total cost of risk now and in the future.

Gallagher's CORE360™ Loss Control Portal is our proprietary Learning Management System (LMS) that supports your safety program, provides real time access to your loss control plans and keeps employees up to date with the latest safety standards.

Key benefits of CORE360™ Loss Control Portal:

- **Access** up to 10 modules of your choice from a library of over 100 training and safety shorts. In addition, monthly bulletins are available covering topics such as General and Environmental Safety, Human Resources, and Health and Wellness.
- **Save** valuable time by assigning employee training and monitoring their latest progress and completion.
- **Simplify** the process of training to stay in compliance and avoid costly penalties.
- **Onboard** and train an unlimited number of users while enhancing your overall risk control program.
- **Customize** your platform with your company's logo, training content and modules tailored to your business, and personalized procedures and forms for an added fee.

Please visit
ajg.com/LossControlPortal to learn more.

Most Popular Training Modules:

- Sexual Harassment and Discrimination
- Slip, Trip and Fall Training
- Electrical Safety Training
- Back Safety Training
- Bloodborne Pathogens
- Safe Lifting Practices
- Defensive Driving Basics
- Fire Prevention Basics
- Personal Protective Equipment
- GHS Hazard Communication

 Gallagher
CORE360



Gallagher CORE360™ is a comprehensive, cloud-based LMS that provides a secure, user-friendly platform for delivering safety training and compliance content. It offers a variety of modules and content that can be customized to meet your specific needs, helping you reduce risk and improve safety performance.



To access the Gallagher | eRiskHub® now:

1. Navigate to <https://eriskhub.com/gallagher>
2. Complete the new user registration at the bottom of the page. Choose your own user ID and password. The access code is 447597.
3. After registering, you can access the hub immediately using your newly created credentials in the member login box located at the top right of the page.

The Gallagher Way. Since 1927.

The information contained herein is offered as insurance industry guidance and provided as an overview of current market uses and available coverages and is intended for discussion purposes only. This publication is not intended to offer legal advice or client-specific risk management advice. Any description of insurance coverage is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual rates and policies must always be consulted for coverage details and analysis.

Insurance brokerage and related services to be provided by Arthur J. Gallagher Risk Management Services, the Insurance Broker/Producer/Underwriter Affiliate of Gallagher & Co., Insurance Broker of California, License No. 01201711.

eRiskHub® Overview and Login Information

The evolution of the cyber risk landscape has brought with it broad, sweeping regulations to address cybersecurity exposures. This digital transformation also presents new risks, including financial losses, for every industry. Gallagher's Cyber Practice delivers expertise alongside cyber risk management and insurance placement services, as well as a better way to construct risk management solutions. CORE360™ — our comprehensive approach of evaluating our client's risk management program — leverages our analytical tools and diverse resources for customized, maximum impact on six cost drivers of their total cost of risk. First, we consult with you to understand all of your actual and potential costs, then find the best options to reallocate these costs based on strategic actionable insights empowering you to know, control and minimize your total costs increasing profitability. Additionally, our data-driven CORE360™ approach allows us to implement programs for your business that will increase safety, minimize losses, mitigate claims and proactively analyze your cyber risk posture.

Key Features of the Gallagher | eRiskHub®

- **Gallagher Cyber Risk Due Diligence** — A six-step process designed to walk clients through a simple, thought-provoking framework to encourage organizational communication, establish clear direction and highlight priorities to better understand your cyber risk profile.
- **Risk Manager Tools** — A collection of tools with many different purposes such as researching known breach events, calculating your potential cost of a breach event and downloading free sample policies your organization can use as templates.
- **News Center** — Keeps you up to date on what is going on in the world of cyber risk through handpicked articles, feeds and blogs.
- **Learning Center** — An extensive collection of white papers, articles, webinars, videos and blog posts on a variety of topics. (Looking for something specific? Try the search box at the top right of the page to search the entire Gallagher | eRiskHub®).
- **Security & Privacy Training** — An overview of best practices for creating an effective security training program for employees.
- **Strategic Third-Party Relationships and Partner Resources** — Information on third-party vendors that can assist your organization with improving your overall cyber risk.

As cyber risk evolves, so does our commitment to thought leadership. Our global cyber teams focus exclusively on cyber risk, and uniquely position Gallagher to share our knowledge, expertise and experience for the benefit of our clients.

If you have any questions about the Gallagher | eRiskHub®, please reach out to your broker.

Cyber Liability

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GCE34475A

Appended Documents



November 2, 2020

Village of Hawthorn Woods
2 Lagoon Drive
Hawthorn Woods, IL 60047

Re: Workers Compensation
01/01/2021 – 01/01/2022
Illinois Public Risk Fund

In addition to the proposal and in the interest of providing you insurance consistent with your requirements, we have confirmed that Workers Compensation coverage is available from Illinois Public Risk Fund.

This company is a Illinois Public Risk Fund sponsored by Boyle, Flagg and Seaman Insurance. Your affiliation with Arthur J. Gallagher Risk Management Services, Inc. qualifies you to place coverage with this company. Because this company is a highly specialized market, only offering coverage to members of Illinois, we will use this company only with your approval. The following information is available for your review:

- AM Best for Safety National Casualty Corporation
- Illinois Public Risk Fund By Laws
- Illinois Public Risk Fund Pooling Agreement
- Illinois Public Risk Fund Financial Stability Rating

Please review this and other available information with your accountant and/or attorney to assist you in judging the acceptability of this carrier.

If you should have any questions, please do not hesitate to contact me.

Sincerely,

The undersigned, a duly authorized officer or representative acting in said capacity, acknowledges receipt of the information contained herein. Notwithstanding this information, the undersigned hereby authorizes and directs Arthur J. Gallagher & Co. and any of its subsidiary companies to bind the coverage outlined above.

By:

Ethan Salsinger
Producer

Name

Mayor

Title

Dominick DiMaggio

Print Name

Date

BCS INSURANCE COMPANY
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181

CYBER LIABILITY AND PRIVACY COVERAGE RENEWAL APPLICATION - Illinois

94.003 IL (07/19)

CERTAIN COVERAGES OFFERED ARE LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND NOTIFIED TO US DURING THE POLICY PERIOD AS REQUIRED. CLAIM EXPENSES SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND ARE SUBJECT TO THE APPLICABLE RETENTION(S). PLEASE READ THE POLICY CAREFULLY.

"You", "Your" Company, and "Applicant" mean all corporations, organizations or other entities, including subsidiaries, proposed for this insurance.

I. GENERAL INFORMATION

| | |
|---------------------------------------|---------------------------|
| Name of Applicant | Village of Hawthorn Woods |
| Mailing Address | 2 Lagoon Drive |
| City | Hawthorn Woods |
| State | Illinois |
| ZIP Code | 60047 |
| Description of Applicant's Operations | Government |

II. REVENUES

| Indicate the following as it relates to the "Applicant"'s fiscal year end (FYE): | Most Recent FYE | Prior FYE |
|--|-----------------|-------------|
| Operating expenditures for the most recent Financial Year End | \$9,148,980 | \$8,105,738 |

* With respect to the information required to be disclosed in response to the questions above, the proposed insurance will not afford coverage for any claim arising from any fact, circumstance, situation, event or act about which any executive officer of the "Applicant" had knowledge prior to the issuance of the proposed policy, nor for any person or entity who knew of such fact, circumstance, situation, event or act prior to the issuance of the proposed policy.

FRAUD WARNING

A policy may not be rescinded, defeated or voided unless the misrepresentation is stated in policy, endorsement or rider attached thereto, or in the written application therefore, and was made with the actual intent to deceive, or materially affected either the acceptance of the risk or the hazard assumed by the company.


Signature of Applicant's Authorized
Representative

Dominick DiMaggio
Name (Printed)

Mayor
Title

Date

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

94.553 (01/15)

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

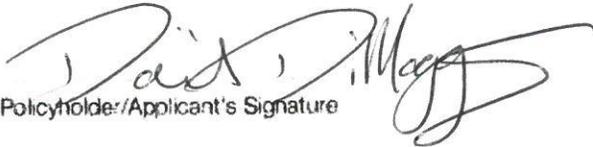
YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS.

UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

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

Acceptance or Rejection of Terrorism Insurance Coverage

- I hereby elect to purchase terrorism coverage for a prospective premium of \$36.00
- I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.


Policyholder/Applicant's Signature

Insurance Company

Dominick Di Maggio
Print Name

Policy Number

Date 11/23/2020

ILLINOIS UNINSURED MOTORISTS COVERAGE AND UNDERINSURED MOTORISTS COVERAGE SELECTION/REJECTION

| | |
|--|--|
| Applicant/Named Insured: VILLAGE OF HAWTHORN WOODS 2 LAGOON DR HAWTHORN WDS, IL 60047-9061 | Producer: ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. 2850 GOLF ROAD ROLLING MEADOWS, IL 60008 |
| Policy Effective Date: 12/31/2020 | Policy Number: 000000000-0000 |

Illinois law permits you to make certain decisions regarding Uninsured Motorists Coverage and Underinsured Motorists Coverage. This document describes these coverages and the options available.

You should read this document carefully and contact us or your agent if you have any questions regarding Uninsured Motorists Coverage and Underinsured Motorists Coverage and your options with respect to these coverages.

This document includes general descriptions of coverage. However, no coverage is provided by this document. You should read your policy and review your Declarations page(s) and/or Schedule(s) for complete information on the coverages you are provided.

Please indicate your choice from **A.** and **B.** by initialing next to the appropriate item(s) and signing below.

A. Bodily Injury Uninsured And Underinsured Motorists Coverages

Bodily Injury Uninsured Motorists Coverage provides insurance protection to an insured for compensatory damages which the insured is legally entitled to recover from the owner or operator of an uninsured motor vehicle because of bodily injury caused by an automobile accident. Also included are damages due to bodily injury that result from an automobile accident with a hit-and-run vehicle whose owner or operator cannot be identified.

Bodily Injury Underinsured Motorists Coverage provides insurance protection to an insured for compensatory damages which the insured is legally entitled to recover from the owner or operator of an underinsured motor vehicle because of bodily injury caused by an automobile accident.

Every automobile liability policy must include Bodily Injury Uninsured Motorists Coverage at a limit equal to your Combined Single Limit for Liability Coverage except as described below.

If your Bodily Injury Liability Coverage limit exceeds a Combined Single Limit of \$50,000 for each accident, you may select a limit that is lower than your Combined Single Limit for Liability Coverage for your Bodily Injury Uninsured Motorists Coverage BUT you may not select a Bodily Injury Uninsured Motorists Coverage limit less than a Combined Single Limit of \$50,000 for each accident.

Underinsured Motorists Coverage will be provided to you ONLY IF your Bodily Injury Uninsured Motorists Coverage limit is greater than a Combined Single Limit of \$50,000 for each accident. When provided, your Bodily Injury Underinsured Motorists Coverage limit will be equal to your Uninsured Motorists Coverage limit.

Please indicate your choice by initialing next to the appropriate item if you are selecting Uninsured Motorists Coverage at limits less than the Bodily Injury Liability limit of your policy.

| | | | |
|---|------------------------------|-------------------|------------------------------|
| (Initials) | | | |
|  I reject Bodily Injury Uninsured Motorists Coverage at limits equal to my Combined Single Limit for Liability Coverage and select the following lower limit. | | | |
| (Initials) | Combined Single Limit | (Initials) | Combined Single Limit |
| _____ | \$ 50,000* | _____ | \$ 350,000 |
| _____ | \$ 70,000 | _____ | \$ 400,000 |
| _____ | \$ 100,000 | _____ | \$ 500,000 |
| _____ | \$ 125,000 | _____ | \$ 600,000 |
| _____ | \$ 150,000 | _____ | \$ 750,000 |
| _____ | \$ 200,000 | _____ | \$ 1,000,000 |
| _____ | \$ 250,000 | _____ | \$ 1,500,000 |
| _____ | \$ 300,000 | _____ | |

*** IF YOU CHOOSE THIS LIMIT, BODILY INJURY UNDERINSURED MOTORISTS COVERAGE WILL NOT BE PROVIDED.**

B. Notice Of Availability Of Property Damage Uninsured Motorists Coverage

Property Damage Uninsured Motorists Coverage provides insurance protection to an insured for compensatory damages which the insured is legally entitled to recover from the owner or operator of an uninsured motor vehicle because of injury to or destruction of a covered auto caused by an automobile accident. However, Property Damage Uninsured Motorists Coverage is available only for autos for which you have not purchased Collision Coverage.

Please indicate your choice by initialing next to the appropriate item(s) below.

| | |
|---|---|
| (Initials) | |
| _____ | I select Property Damage Uninsured Motorists Coverage at a limit of \$15,000 for the following vehicle(s). |
| (Specify Year/Make/Model): | |
| _____ | |
| _____ | |
| _____ | |
| _____ | |
| Premium: | \$ |
|  | I reject Property Damage Uninsured Motorists Coverage. |



Signature Of Applicant/Named Insured

11/23/20

Date



Atlantic Specialty Insurance Company
605 Highway 169 North, Suite 800
Plymouth, MN 55441

Insured Name and Address:
VILLAGE OF HAWTHORN WOODS
2 LAGOON DR
HAWTHORN WDS, IL 60047-9061

Quote Number: 2567301-6

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

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

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM TO BE CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

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

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

The prospective premium required for your terrorism coverage is: \$845

If you wish to reject this offer of coverage, you should check the box below, sign this notice and send it to your agent. An exclusion of terrorism losses, as defined by the Act, will then be made part of your policy.

| | |
|--------------------------|--|
| <input type="checkbox"/> | I hereby reject the offer of terrorism coverage. I understand that I will have no coverage for losses arising from acts of terrorism, as defined in the act. |
|--------------------------|--|

If your policy includes Property Coverage in one or more of these states: CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, VA, WA, WI, or WV; the following statement applies:

The terrorism exclusion makes an exception for (and thereby continues your coverage for) property fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from an act of terrorism - the coverage in your policy for such fire losses will continue. If such a loss occurs, and is certified under the Act, the loss will be reimbursed by the United States Government under the formula detailed above.

The portion of your policy premium attributable to terrorism (fire only) coverage in all of the states listed above, in which your policy provides property coverage, is \$362. This amount is included in your policy premium and cannot be rejected.

If your policy includes Inland Marine Coverage in one or more of these states: CA, ME, MO, OR or WI, the following statement applies:

The terrorism exclusion makes an exception for (and thereby continues your coverage for) direct property damage fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to direct property damage fire losses resulting from an act of terrorism - the coverage in your policy for such fire losses will continue. If such a loss occurs, and is certified under the Act, the loss will be reimbursed by the United States under the formula detailed above.

In all of the states listed above in which your policy provides Inland Marine coverage, the portion of your Inland Marine policy premium attributable to coverage for direct property damage from fire resulting from terrorism will be \$ 0. This amount is included in your policy premium and cannot be rejected.

Possibility of Additional or Return Premium

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of 2020 unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the premium shown above may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. When disposition of the federal program is determined, we will recalculate the premium shown above and will charge additional premium or refund excess premium, if indicated.

If we notify you of an additional premium charge, the additional premium will be due as specified in such notice.

| | |
|---|--------------------------------------|
|  | Atlantic Specialty Insurance Company |
| Policyholder/Applicant's Signature | Insurance Company |
| <u>Dominick DiMaggio</u> | <u>11/23/2020</u> |
| Print Name | Date |

If you have any questions about this notice, please contact your agent.

Fall Insurance Market Update

SEPTEMBER 2020



Gallagher

Insurance | Risk Management | Consulting

Compounding Factors Drive Market Headwinds

As we entered 2020, a number of factors were impacting the insurance marketplace. First, there was a substantial increase in the number of large weather-related loss events. Second, interest rates were at historical lows, and third, the industry was dealing with a rapidly increasing loss trend in liability lines. Each of these factors helped drive up prices and reduced coverage availability. Unfortunately, all of these conditions still exist today. Add to all these factors a global pandemic and the related economic fallout, and the market is experiencing a high sense of uncertainty. This uncertainty is contributing to the feeling that this is a time where the market has entered into a new phase of recalibration. Many would call this recalibration a hard market for certain lines of coverage and industries in the U.S.

This hardening market is an underwriting-driven marketplace. In a traditional hard market, capital (and consequently capacity) is reduced, thereby limiting the availability of insurance. This marketplace is driven by the need for underwriters to make a profit from underwriting versus relying on investment income. Carriers remain intensely focused on underwriting discipline, ensuring they secure the right terms and pricing on certain lines of coverage that have historically not performed from an underwriting standpoint.

The pace of the United States' economic recovery and the outcome of the active hurricane season could alter some of the underlying fundamentals of the current marketplace. However, in all likelihood, the conditions that exist today are not changing anytime soon, and it will take carriers several quarters of re-underwriting their books of business to overcome the challenges associated with the current marketplace. Accordingly, all market indications point to a continuation of premium increases for the balance of the year and throughout 2021.

Due to the variability that we are seeing in the market, providing rate guidance for clients to help set expectations at renewal is not practical at this time. We have provided CIAB's Q2 2020 average rate increases by line of coverage in exhibit 1 on the right hand side of the page. **Please note, these are averages and the variances we are seeing from the mean remain extreme.** As we have outlined in previous market updates, a client's risk profile is the primary variable dictating renewal outcomes. Loss experience, industry, location and individual account nuances will also have a significant impact on these renewals.

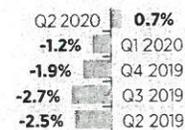
Utilizing Gallagher Drive™, our proprietary data and analytics platform, our brokerage team can provide specific rate guidance for your line of coverage, industry and geography. Combined with deep expertise in your particular industry and business, Gallagher can help you navigate today's highly nuanced market.

Q2 2020 Average Rate Changes by Line per CIAB*

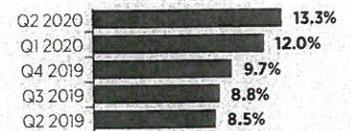
COMMERCIAL AUTO



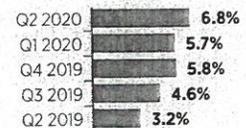
WORKERS' COMPENSATION



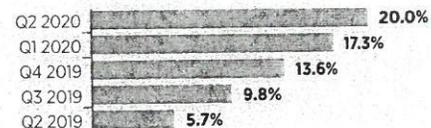
COMMERCIAL PROPERTY



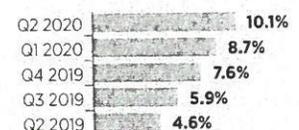
GENERAL LIABILITY



UMBRELLA

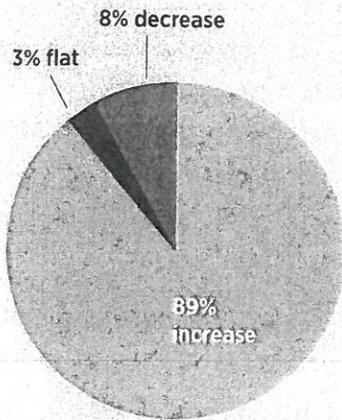


AVERAGE — ALL LINES



*Source: <https://www.ciab.com/download/25836/>

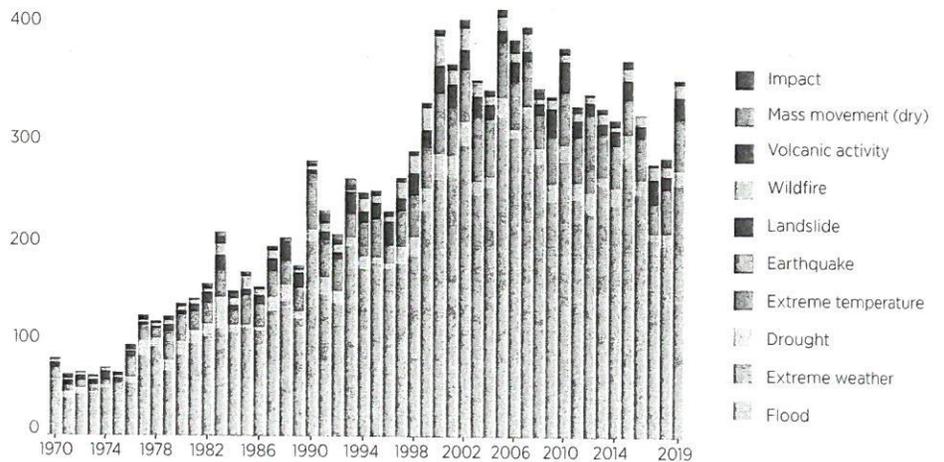
Q2 2020 Property Rate Changes
Gallagher — U.S. Clients



89%
of clients experienced
a rate increase in Q2.

**GLOBAL REPORTED
NATURAL DISASTERS
BY TYPE
(1970-2019)**

The annual reported number of natural disasters, categorized by type. This includes both weather and non-weather related disasters.



Source: EMDAT (2020): OFDA/CRED International Disaster Database, Université catholique de Louvain — Brussels — Belgium
OurWorldInData.org/natural-disasters • CC BY

Property

The pace of change in the property marketplace continues to accelerate beyond most other lines of coverage.

According to Executive Vice President and Managing Director for Gallagher Global Brokerage Property practice, Martha Bane, "This is certainly the most dynamic property market since 2001. Loss trends have continued to outpace pricing models and, as a result, we have seen underwriters accelerate pricing increases especially over the last year."

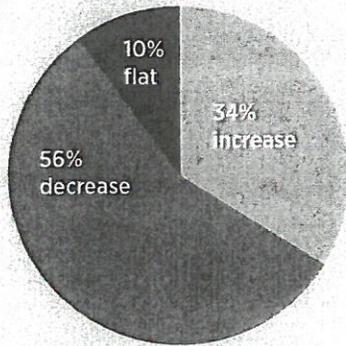
- **Eighty-nine percent of Gallagher clients experienced a rate increase in the second quarter.**
- Three of Gallagher's largest property carriers **reported average rate increases of 22%** on their national property book.
- The national account property space has been under distress for a large number of carriers.
- The changes in coverage terms and conditions in the property marketplace have been significant. Increasing deductibles, shrinking sublimits — especially in catastrophic exposed geographies (CAT) — and carriers' conservative limit deployment can lead to less favorable terms and conditions for clients.
- The rise in non-catastrophic (convective) storm losses continues to impact the industry.

Hurricanes and typhoons are not the only weather-related events wreaking havoc on the market. In early August, the upper Midwest was impacted by a derecho weather event, which brought straight-line wind speeds in excess of 100 mph to portions of Illinois, Iowa, Minnesota and Wisconsin. There were numerous reports of widespread damage, especially across Iowa.

It's already been a very active Atlantic hurricane season, and are currently on pace to set a record for named storms. The largest event as of late August was Hurricane Laura, which struck the Louisiana coast as a Category 4 hurricane. Earlier in August, Hurricane Isaias made landfall along the North Carolina coast as a Category 1 hurricane. Karen Clark & Company, a catastrophe modeling agency, estimates that the damage caused by Hurricane Isaias will be close to \$4 billion.

In September, we had Tropical Storm Sally and the ongoing wildfires in California, Washington and Oregon. All in, the U.S. is looking at historically large losses from a very active CAT year.

Q2 2020 Workers' Compensation Rate Changes
Gallagher — U.S. Clients



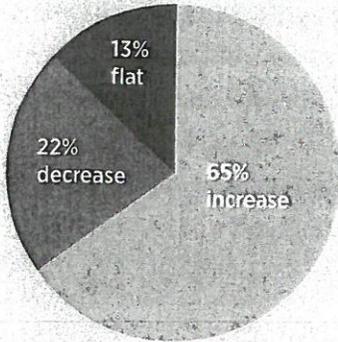
56%
of clients experienced
a rate decrease in Q2.

Workers' Compensation

Overall, workers' compensation loss costs increased slightly in the second quarter. We predicted that reduced exposures, negative rates and lower-than-expected claim frequency would lead to reduced premiums for insureds, and a better-than-expected combined ratio for carriers.

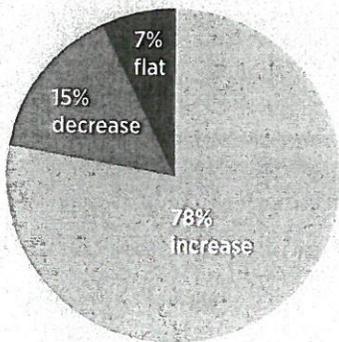
- Two of the 10 largest workers' compensation carriers in the country recorded a positive rate change in July.
- According to one of our largest workers' compensation carriers, **July was the first positive rate change they have realized in any single month since 2014.**
- Reserve development trends are the driving force behind major changes in the workers' compensation marketplace, and they have remained favorable. As a result, we do not expect the workers' compensation marketplace to start behaving like the property or excess markets anytime soon; however, we believe we are at the beginning of a turning point in the workers' compensation marketplace. We think this turn will be more gradual — moving from its current state of slightly negative to slightly positive in the coming quarters.
- Gallagher data indicates higher first-quarter workers' compensation rates, which is also noted in other public sources of information, including CIAB (+0.7%).
- Certain industries tied to the COVID-19 crisis, such as Construction, Healthcare, Food and Agriculture, etc., face an increased risk of exposure.
- There are many scenarios and prognostications about COVID-19, and the possibility that presumption of compensability may be extended to all employees could impact the workers' compensation industry.
- More than 20 states have now proposed or enacted COVID-19-related workers' compensation bills.

Q2 2020 Primary General Liability Rate Changes
Gallagher — U.S. Clients



65%
of clients experienced a rate increase in Q2.

Q2 2020 Auto Liability Rate Changes
Gallagher — U.S. Clients



78%
of clients experienced a rate increase in Q2.

Primary General Liability

General liability loss costs continued to rise in the second quarter as the overall legal landscape continues to shift in the U.S.

- The frequency of large judgments, increases in litigation financing and an empowered plaintiff bar continue to challenge our industry.
- The median average verdict for the top 50 cases in the U.S. has doubled in the past four years.*
- Clients with tougher product exposures — those operating in Healthcare or other sectors where they are susceptible to higher frequency of lawsuits — can expect larger rate increases.
- One area worth watching in the coming months is whether there is a liability exposure for companies failing to adequately follow and communicate public health guidelines. For example, a company not providing appropriate personal protective equipment (PPE).
- Insurance carriers are beginning to introduce or enhance their communicable disease exclusions in response to COVID-19.

Even though loss costs have been rising, plenty of capacity remains. **We expect a firming rate environment to continue, with rate increases in the mid to high single-digit range for desirable risks.**

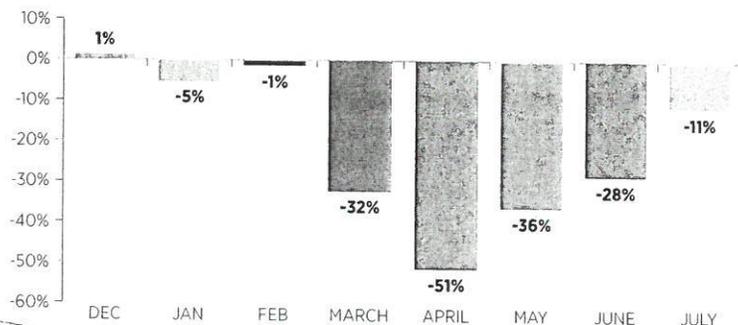
Auto Liability

Despite several years of price increases in auto liability, rates continued to increase in the second quarter despite a drop in claim frequency due to the pandemic.

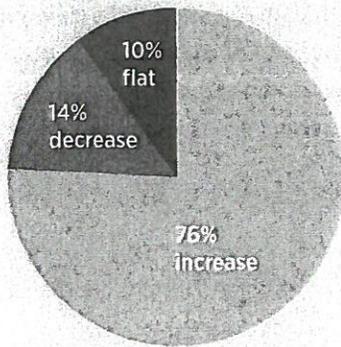
- Seventy-eight percent of clients saw a rate increase in the second quarter.
- Many primary umbrella/excess markets are requiring higher auto liability limits of \$2 million to \$5 million or, in some cases, \$10 million.
- Loss costs are rising as new technologies make vehicles more expensive to repair. We expect carriers to continue to push rate increases across the board in auto liability.
- The following graphic depicts the decline of auto accidents as pandemic shutdown orders went into effect. Subsequently, accident frequency has leveled off as shutdown orders have been lifted.

Average state auto accident frequency

Source: [State level DOT, Inside P&C](#)



**Q2 2020 Umbrella/Excess
Liability Rate Changes**
Gallagher — U.S. Clients



76%
of clients experienced
a rate increase in Q2.

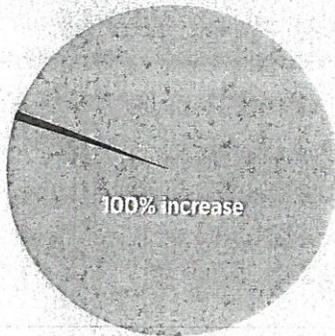
Umbrella/Excess Liability

Umbrella and excess liability placements have been greatly impacted by several underlying inflationary factors. The rising inflation associated with commercial auto coupled with an increase in medical costs, wage growth, cost of goods and services, and social inflation are the primary forces driving the drastic changes we are seeing in the marketplace.

- **Second-quarter rates continued to climb to their highest levels in recent years — more than 15% on most every renewal — with significantly higher increases on the vast majority of larger clients, especially clients with heavy auto fleet exposures or clients who operate in higher-hazard industries.**
- Social inflation goes to the sensibility of juries and how that translates into the expected value of claim outcomes. Social inflation is generally defined as an increase in insurance costs due to rising litigation, larger jury verdicts and overarching anti-corporate sentiment in the economy.
- Carriers are concerned with a litigation environment largely favoring plaintiffs and climbing jury verdicts.
- Carriers are also restricting the amount of limit they are willing to put forth, or repositioning their capacity at a higher level. For example, carriers that have historically offered \$25 million lead umbrella policies are now limiting their lead positions to \$10 million or less, in most cases.
- A recurring message from the market involves capacity management. Carriers want to limit their exposure to these higher umbrella and excess layers. We've experienced multiple instances when clients were not able to buy the limit they purchased last year because of a lack of availability. That means that clients need to involve substantially more carriers and often substantially more premium to achieve the same limits as expiring.
- Rate increases are not limited to the primary carrier. Rate increases are continuing through the excess liability tower as excess markets are focused on rate relativity and rate adequacy.
- In a post-COVID-19 environment, communicable disease exclusions are also being added. These exclusions are wide-ranging, with some eliminating all communicable diseases, and others only COVID-19. The restrictive terms and conditions might have a material impact on the value of the coverage beyond the hard dollar structure and pricing changes imposed upon renewal.
- In addition to communicable disease exclusions, underwriters have added a host of others, including sexual abuse and misconduct (SAM), traumatic brain injury (TBI), wildfires, opioids, cannabis, glyphosate and on-premises violent acts.

Accordingly, we do not anticipate much change in the casualty environment for the remainder of this year into 2021. General liability and auto costs will continue to climb modestly, umbrella and excess pricing will rise, higher umbrella and excess layers will be limited, and the industry will keep a careful watch over the impact of COVID-19 on the workers' compensation marketplace.

Q2 2020 Primary D&O Rate Changes — Public Companies
Gallagher — U.S. Clients



nearly
100%
of clients experienced
a rate increase in Q2.

Directors & Officers

The Directors & Officers (D&O) marketplace has been distressed for several quarters now, as average claims have increased substantially in recent years. **The market's deterioration has continued with every aspect of the public company D&O marketplace being impacted, including premium, retention, capacity, attachment, and terms and conditions. The market for privately held companies is not nearly as hard as the publicly traded D&O market, although larger private companies will still see double-digit increases.**

Capacity

- Carriers are often reducing capacity.
- Some carriers have a moratorium on new D&O business.
- Fewer and fewer carriers wish to write primary and first excess D&O layers.

Terms and Conditions

- Reduced capacity for shareholder derivative demand investigative costs, most notably in excess layers.
- Removal or reduction of limit reinstatement provisions on Side A Difference in Conditions (DIC) policies.
- Restricting pre-negotiated extended reporting provisions (ERP), especially for anything more than one year.

Pricing

- Very dependent on market segment, financial condition, claims history and current pricing.
- Unfavorable industries have seen or may soon see increases in excess of 85%. Most favorable sectors may still see 15% to 35% increases.
- Typical publicly traded company D&O renewals can expect increases of 35% to 65%.

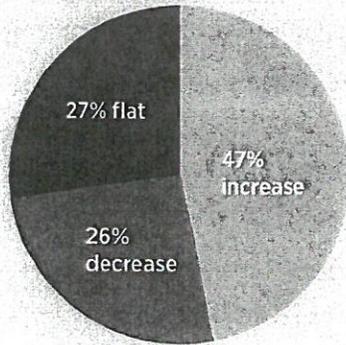
Market Segments of Most Concern

- Hospitality
- REITs (retail)
- Airlines
- Restaurants
- Retail
- Entertainment
- Automotive

Market Segments Also of Concern

- Life sciences
- Technology
- Large market caps
- Construction
- Higher education

Q2 2020 Cyber Rate Changes
Gallagher — U.S. Clients



47%
of clients experienced
a rate increase in Q2.

Cyber

The Market Hardens

With the rise in ransomware attacks across the U.S. and increases in carrier-reported losses, the cyber insurance market hit an inflection point in the first half 2020. **All signs indicate that we have moved from a long period of flat-to-falling cyber insurance premiums to a marketplace where underwriters are regularly seeking rate increases in an approximate range of 5% to 20%.** We're seeing this trend cut across most industry sectors.

- Increases in the frequency and severity of ransomware claims, which manifested in 2019 and into 2020, continue to drive the hardening of the cyber market.
- The 2020 Beazley Breach Briefing* reported a 131% increase in ransomware attacks compared to the previous year. Additionally, reports of seven- and eight-figure ransom demands are becoming more common.
- The sudden onset of COVID-19 resulted in the majority of the global workforce moving to remote locations created an environment that is inherently less secure for organizations.
- While we have not seen an abnormal rise in frequency in cyber claims directly attributed to employees working outside their normal environments as of September, there is evidence of several COVID-19-themed criminal phishing campaigns that are being aimed directly at the remote workforce.

Take Steps to Assess Your Cyber Risk

- Review cyber policies to evaluate the scope of coverage, and how it may cover cyber losses related to the use of employee-owned devices and remote networks. A specific focus should be concentrated on how a policy might define "computer networks," "computer systems" and other key terms.
- Be aware that cyber claims costs for business interruption losses are almost always impacted by waiting periods before coverage will apply and limited to a specific period of restoration.
- Review policies carefully to see whether any portion of the loss may be covered. For example, if faced with a social engineering loss, it is possible that lost funds may not be covered in the cyber policy and that other policies, such as crime policies, may apply.

*Source: https://www.beazley.com/news/2020/beazley_breach_briefing_2020.html

Challenging Risk Profile Characteristics

While the hardening market is not as severe as compared with the market of the early 2000s, pockets of the marketplace certainly resemble that of a traditional hard market. Due to the variability that we're seeing in this market and specific account characteristics, individual rates may vary from the ranges noted at the beginning of this report.

PROPERTY

- » Limits: \$50 million+ TIV
- » Frame/habitational/auto/dealer
- » CAT exposure
- » Molten metals
- » Food & Agribusiness
- » Plastics/polycarbon tech
- » Any locations with large hail exposure
- » Outstanding engineering recommendations

INDUSTRIES

- » Senior Living
- » National Accounts
- » Transportation & Logistics
- » Marine
- » Habitational/apartments
- » Nonprofit
- » Public Sector
- » Food & Agribusiness

EXECUTIVE LINES

- » Limits: \$15 million+
- » Large private company D&O
- » Publicly traded D&O
- » Sexual abuse and molestation
- » Industries negatively impacted by COVID-19

UMBRELLA EXCESS

- » Large limits: \$25 million+ capacity has diminished, and pricing has dramatically increased because of mega-verdicts
- » Any underlying exposure with a large fleet
- » Any underlying exposure with a moderate hazard general liability exposure — especially construction and habitational/apartments

Conclusion

It is unknown what the full magnitude of the pandemic's economic impact will be overall and what effect it will have on the insurance industry. **However, the underlying fundamentals we see with the environment today are likely to continue into the foreseeable future. There's nothing that indicates the momentum will slow. If anything, the market's hardening has picked up in recent months and is spreading more broadly.**

Because of the highly nuanced nature of this market, it is imperative that you are working with an insurance broker who specializes in your particular industry or line of coverage. Gallagher has a vast network of specialists that understand your industry and business, along with the best solutions in the marketplace for your specific challenges.



About the Contributors

Linton B. Puckett is responsible for the leadership of Gallagher's national Market Relations practice. In this role, B. is responsible for developing and managing strategic carrier and intermediary relationships in Gallagher's U.S. Brokerage division. B. leads SmartMarket, Gallagher's platform that couples data with a dedicated engagement model to enhance carrier relationship strategies. B. also leads Gallagher's Client Advantage strategy, which partners with carriers to bring proprietary products and solutions to clients.

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For up-to-date information regarding COVID-19, please visit ajg.com/pandemic



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