Commercial Insurance Proposal

Employees' Retirement Fund of the City of Dallas

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Executive Summary

It is our pleasure to present to you the Fiduciary renewal terms for the Employees' Retirement Fund of the City of Dallas. Hub was successful in securing attractive renewal options from the incumbent carriers Chubb and Euclid.

Chubb's renewal premium for a $10m limit is $103,474. All coverage terms and conditions are identical to the expiring. All of previously negotiated enhancements will remain on the policy and there are no new restrictive exclusions being added this year. Euclid is offering renewal option for the $10m x $10m limit at $50,702.

Based on the renewal terms provide by the incumbent carries Chubb and Euclid, it is our recommendation to renew with them.

There are no subjectivities to bind the coverage with the incumbent carriers as presented.

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Fiduciary Liability

Form Type	**Claims Made; Duty of Insurer to Defend**
Coverage Description	**Fiduciary Liability -** Coverage for the organization and the employees acting as fiduciaries of your welfare, defined contribution and defined benefit plans for a breach of duty, negligent act, error or omission by reason of their service to the corporation as a Fiduciary.

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Coverage Summary
Primary - Chubb

Primary Carrier: **Federal Insurance Company (Chubb)**
Best Rating: **A++ XV**

Policy Form	**Chubb Labor Management Trust Fiduciary Liability Policy Form Claims Made; Duty of Insurer to Defend**	
Limits of Liability & Retentions	**Fiduciary Liability Limit**	$10,000,000
	HIPAA fines / penalties sublimit	$ 1,500,000
	ERISA 502c penalties sublimit	$ 250,000
	PPACA civil penalties sublimit	$ 250,000
	PPA penalties sublimit	$ 250,000
	IRS Section 4975 penalties sublimit	$ 250,000
	Voluntary Settlement Program fee coverage sublimit	$ 100,000
	Benefit Overpayment Coverage sublimit	$ 250,000
	Other Fines, Taxes or Penalties Coverage sublimit	$ 250,000
	Section 203 of Bipartisan Budget Act Sublimit Retention– Per Fiduciary Claim	$ 50,000
Total Premium:	**$103,474**	
Prior & Pending Litigation Dates	**01/13/09**	

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Coverage Summary
Primary - Chubb

Key Endorsements and / or Enhancements

- Waiver of Retention for No Liability
- Severability of Cooperation
- Pollution Exclusion deleted
- No deductible applies to the first $25K of Defense Costs incurred for E-Discovery Specialist Service as a result of a Claim
- Notice of Claim is amended to 180 days after the policy expires, if it is renewed with Chubb; if coverage is not renewed with Chubb a claim must be reported no later than 60 days after policy expiration
- Definition of Administration is amended to include counseling or failing to provide proper or timely notice to participants
- Definition of Insured includes any Committee
- Umbrella Sublimit Endorsement - $250K

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Coverage Summary
Excess - Euclid

Primary Carrier: **Hudson Insurance Company**
Best Rating: **A XV**

Policy Form	**Excess Fiduciary Liability Insurance Following Form Policy**	
Excess Fiduciary Limits of Liability & Premium	$10,000,000 excess $10,000,000	**$50,702**
Prior and Pending Litigation Date	01/13/09	
Endorsements	Dropdown Coverage for Multiple Sub limits Endorsement ▪ PPA Penalty $250,000 sublimit ▪ PPACA $250,000 sublimit ▪ Section 4975 $250,000 sublimit ▪ HIPAA $250,000 sublimit ▪ 502(C) $250,000 sublimit ▪ Voluntary Settlement $250,000 sublimit ▪ Other Fines Taxes or Penalties $250,000 sublimit Enhanced Exhaustion of Underlying Insurance Endorsement	

* Prior Pending Litigation Date for higher limits if purchased would be 01/13/2019

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Coverage Summary
Commercial Package

First Named Insured: Employees' Retirement Fund of the City of Dallas

The First Named Insured will be the insured that is:
Responsible for payment of premium
Authorized to make changes in policy with approval of insurance company
Authorized to cancel the policy
Designated to receive notice of cancellation

Mailing Address: 1920 McKinney Avenue, Suite 1000
Dallas, TX 75201

Effective Date: **01-13-2020**
Coverage Becomes Effective 12:01 A.M. Standard Time at your mailing address.

NOTE: Review Named Insured(s) and Property Owners

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

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Property Coverage

Client: Employees' Retirement Fund of the City of Dallas
Carrier: Federal Insurance Company
A.M. Best Rating: A++XV
Policy Term: 1/13/2020 to 1/13/2021

The Commercial Property policy covers your buildings, contents or specified other property against perils defined by the form, subject to the terms of the policy. Coverage for off-premises property is limited.

Coverage/Limits

Loc #	Bldg #	Address	Description
1	1	1920 McKinney Ave, Suite 1000, Dallas, TX	Office

Subject of Insurance	Limit	Cause of Loss	Deductible	Deductible	Valuation
Tenants I&B (Improvements and Betterments)	$2,301,632	Special (Including theft)	$1,000	$1,000	Replacement Cost
EDP Property on Premises	$750,000	Special (Including theft)	$1,000	$1,000	Replacement Cost
Business Income with Extra Expense	$1,081,600	Special (Including theft)	24 Hours	24 Hours	Replacement Cost

Total Premium: $8,682

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General Liability Coverage

Client:	Employees' Retirement Fund of the City of Dallas
Carrier:	Federal Insurance Company
A.M. Best Rating:	A++XV
Policy Term:	1/13/2020 to 1/13/2021

This type of policy protects your business from claims arising from your legal liability for injury or damages to other people or their property. Coverage payments can include judgments, attorney fees, court costs, or other related expenses as defined in the form.

General Coverage Information

Coverage Description	Limits
General Aggregate	$2,000,000
Aggregate Applies to	Policy
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000
Damage to Premises Rented to You (any one premises)	$1,000,000
Medical Expense/Medical Payments (any one person)	$10,000

Terms and Conditions

Coverage Description	
Policy Type	Occurrence
Audit Period	Not Applicable

Commercial General Liability Schedule of Hazards

Loc #	Classification	Class Code	Basis	Exposure
1	Office-premises occupied by employees of the insured - other NFP	61224	Area	22,000

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Premium Summary

Description Of Coverage	Current Premium	Proposed 2020/21 Premium	Percentage of increase
Fiduciary Liability	$ 98,901	$ 103,474	4.62%
Excess Fiduciary Liability	$ 49,397	$ 50,702	2.64%
Commercial Package (Property & General Liability)	$ 8,508	$ 8,682	2.05%
Total Estimated Annual Premium*	**$ 156,806**	**$ 162,858**	3.86%

**All quoted premiums are annual estimates and may change due to year end audits or mid-term policy changes.*

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A.M. Best Carrier Ratings

A.M. Best Company is the leading provider of ratings, news and financial data for the insurance industry worldwide. Their Best Financial strength rating is an independent option of the insurer' financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive and qualitative evaluation of a company's balance sheet, strength, operating performance and business profile.

As professional agents it has long been our established policy to make every effort to deal only with companies having a Best's Rating of A++, A+, A or A-, which are the four highest ratings available, and a minimum of $50 million in Policyholders' Surplus. **It must be noted that neither HUB International nor any affiliated company guarantees the financial solvency of any insurance carrier**. The following list outlines the A. M. Best Company rating scale and associated descriptions.

Financial Strength Ratings: An A.M. Best's Financial Strength Rating is an opinion of an insurer's ability to meet its obligation to policyholders.

A.M. Best Rating			
A++, A+	Superior	C, C-	Weak
A, A-	Excellent	D	Poor
B++, B+	Very Good	E	Under Regulatory Supervision
B, B-	Good	F	In Liquidation
C++, C+	Marginal		

Financial Size Categories: A.M. Best assigns each letter rated insurance company a Financial Size Category. This is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Financial Size Categories (In millions of U.S. dollars)			
Class I	Up to 1	Class IX	250 to 500
Class II	1 to 2	Class X	500 to 750
Class III	2 to 5	Class XI	750 to 1,000
Class IV	5 to 10	Class XII	1,000 to 1,250
Class V	10 to 25	Class XIII	1,250 to 1,500
Class VI	25 to 50	Class XIV	1,500 to 2,000
Class VII	50 to 100	Class XV	Greater than 2,000
Class VIII	100 to 250		

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Cyber Liability Information

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Cyber Liability-Coverage Comparison

Carrier	Chubb	
Paper	Ace American Insurance Company	
Policy Form	Chubb Cyber Enterprise Risk Management Policy	
A.M. Best Rating	A XV	
Admitted	Yes	
	Option 1	Option 2
Aggregate Limit	$3,000,000	$5,000,000
Retention	$25,000	2
Premium	$21,995.00	$29,995
Surplus Lines Taxes	n/a	n/a
Total Cost	$21,995.00	$29,995
Security Liability	$3,000,000	$5,000,000
Privacy Liability	$3,000,000	$5,000,000
Media Liability	$3,000,000	$5,000,000
Regulatory Proceedings	$3,000,000	$5,000,000
PCI-DSS Fines and Penalties	$100,000*	$100,000*
Cyber Extortion	$3,000,000	$5,000,000
Privacy Event Expenses	$1,500,000 Non Approved $3,000,000 Approved -Data Breach Team	$2,500,000 Non Approved $5,000,000 Approved Data Breach Team
Business Interruption	$3,000,000 8 Hour Waiting Period	$5,000,000 8 Hour Waiting Period
Contingent Business Interruption	$3,000,000 8 Hour Waiting Period	$5,000,000 8 Hour Waiting Period
System Failure	$3,000,000 8 Hour Waiting Period	$5,000,000 8 Hour Waiting Period
Digital Asset Protection	$3,000,000	$5,000,000
Retroactive Date		Full Prior Acts

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Executive Summary

	Expiring (12/17/18 – 1/13/20)	Renewal Option 1	Option 2
Limit	$5,000,000	$5,000,000	$10,000,000
Retention	$25,000	$25,000	$75,000
Premium	$27,359	$25,633	$59,450
Surplus Lines	n/a	n/a	n/a
Total Premium	**$27,359**	**$25,633**	**$59,450**

Underwriters evaluate your controls, revenues, and operations in order to determine the premium and limits. Included are renewal terms from Chubb along with a $10MM option to consider. Note option 2 includes a higher retention of $75k given the increased limits.

All terms and conditions match expiring coverage.

Subjectivities:

1. Please sign the app within 30 days from the effective date
2. Please elaborate on your EOL - what type of support & protection your CPAS receives? Are there plans to update to a current software/version?

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Coverage Options

Third Party Liability			
Coverage	Definition	Option 1	Option 2
Network Security and Privacy Liability	Covers defense costs and damages in the event there is a failure of the security of a computer system, protect confidential information , or failure to comply with applicable privacy regulations	$5,000,000	$10,000,000
Multimedia Liability	Covers defense costs and damages for any errors or omissions of media content that results in infringement of copyright, plagiarism, invasion of privacy, and defamation.	$5,000,000	$10,000,000
PCI-DSS Fines and Penalties	Coverage for fines or penalties from a Payment Card Association (e.g. MasterCard, Visa, American Express) or a bank processing payment card transactions in connection with an Insured's lack of compliance with PCI standards.	$100,000	$100,000
Regulatory Proceedings	Covers defense costs in the event of an investigation by a governmental entity. Regulatory fines and penalties can be covered, but only where insurable by law.	$5,000,000	$10,000,000

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Coverage Options

First Party Liability			
Coverage	Definition	Option 1	Option 2
Event Expenses	An insured's first line of defense that provides event response services to investigate and remediate a breach. Covered costs include: • Legal Consultations • Forensic Expenses • Notification Expenses • Credit Monitoring and Remediation • Public Relations • Consumer Call Centers	$5,000,000	$10,000,000
Business Interruption Loss	Reimburses for income lost and extra expenses incurred in the event of a breach, or due to an outage of the insured's own computer systems.	No Coverage	No Coverage
Contingent Business Interruption	Reimburses for income lost and extra expenses incurred in the event of a breach, or due to an outage of computer systems that an insured relies upon to do their business.	No Coverage	No Coverage
Cyber Extortion	Coverage for a demand for money or another consideration paid to a threat to perpetrate or continue a data breach or a covered cause of loss and the resources to respond to such.	$5,000,000	$10,000,000

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Coverage Options

First Party Liability			
Coverage	Definition	Option 1	Option 2
Digital Asset Restoration	Reimburses for costs to restore or repair lost data in the event of a breach and to determine what data cannot be restored, recollected or recreated.	$5,000,000	$10,000,000
Social Engineering Loss	Coverage for a direct financial loss resulting from a fraud instruction from a vendor, client, or employee.	No Coverage	No Coverage
Reputational Harm	Reimburses for the net profit before taxes the named insured and any subsidiary are prevented from earning during as a direct result of damage to your reputation.	No Coverage	No Coverage

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- **Chubb – Endorsements**
  1. Non-Malicious Computer Act – System Failure – Business Interruption and Contingent Business Interruption – Sublimit
  2. Preventative Shutdown Endorsement
  3. Chubb Cyber Enterprise Risk Management
  4. Amendatory Endorsement – Texas
- **Subjectivities**
  - Signed & dated submitted application
  - System Failure questions
  - Confirmation PCI compliance and number of annual transactions

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Overview of Insuring Agreements

CYBER THIRD PARTY LIABILITY

Technology E&O – covers defense costs and damages resulting from a failure of technology services or products.
Miscellaneous Professional Liability – covers defense costs and damages in the event of a negligent act, error or omission in the performance of professional services for others.
Media Liability – covers defense costs and damages for any errors or omissions of media content that results in infringement of copyright, plagiarism, invasion of privacy, and defamation.
Security Liability – covers defense costs and damages in the event there is a failure of the security of a computer system
Privacy Liability – covers defense costs and damages in the event that there is a failure to protect confidential information
Regulatory Proceedings – covers defense costs in the event of an investigation by a governmental entity.
Payment Card Industry – Data Security Standards (PCI-DSS) – covers fines or penalties from a Payment Card Association (e.g. MasterCard, Visa, American Express) or a bank processing payment card transactions in connection with an Insured's lack of compliance with PCI standards.

CYBER FIRST PARTY COVERAGES

Privacy Event Expenses – an insured's first line of defense that provides event response services to investigate and remediate a breach. Covered costs include:

- Legal Consultations
- Forensic Expenses
- Notification Expenses
- Credit Monitoring and Remediation
- Public Relations
- Consumer Call Centers

Cyber Extortion – covers investigative expenses in the event of a threat and extortion payments are made to remedy the threat.
Business Interruption – reimburses for income lost and extra expenses incurred in the event of a breach. This coverage part is triggered by a breach, and is subject to a 12-48 hour waiting period.
Social Engineering – coverage for a direct financial loss resulting from a fraudulent payment instruction from a vendor, client, or employee.

This is a brief overview of coverages that are typically available on a modular form. Not all coverages apply to every risk. Please review your quote and/or policy for exact terms, conditions, exclusions and endorsements.

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Thank you.

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