**Sponsor:** Jones

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FLORENCE, ALABAMA, that the attached proposal from MarshMcLennan Agency to provide network security ("cyber") liability insurance for the City of Florence for the period December 3, 2025, through December 3, 2026, is hereby approved, ratified, confirmed, and accepted.

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF FLORENCE, ALABAMA, that the proper City officials and/or employees are hereby authorized and directed to take such other action and to execute in the name and on behalf of the City such other contracts, documents, and certificates as may be necessary or desirable to procure the insurance policies contemplated in the attached proposal.

ADOPTED this ___________ day of ____________________________, 2025.

___________________________________

___________________________________

___________________________________

___________________________________

___________________________________

___________________________________
CITY COUNCIL

APPROVED this __________ day of ____________________________, 2025.

___________________________________
MAYOR

ADOPTED & APPROVED this ________ day of ___________________. 2025.

___________________________________
CITY CLERK - TREASURER

MarshMcLennan Agency

Proposal for

# City of Florence

## 2025 – 2026 Network Security & Privacy (Cyber) Liability Insurance


Presented By:

Chad Jenkins
Sr. Vice President

Amanda Lancaster, RPLU, CPLP, ARM, AAI
Vice President – Executive Liability and Cyber Practice


Policy Period:

December 3, 2025 – December 3, 2026

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# Marsh & McLennan Agency Client Service Team

## MARSH & MCLENNAN AGENCY LLC

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Phone: 256-890-9070

### Insurance Placement Administration

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Senior Vice President

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### Executive Liability & Cyber Practice Team

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**Nicole Hutchison**
Client Coordinator

Email: Nicole.Hutchison@MarshMMA.com

# Named Insured Review

## CYBER LIABILITY

**Named Insured** means
City of Florence
P.O. Box 98
Florence, AL 35631-0098

**Insured** means:
1. **Insured Persons**;
2. **Insured Entities**; or
3. for the Liability Insuring Agreements only, also includes **Additional Insureds**.

**Insured Entity** means:
1. the Named Insured; or
2. **Subsidiaries**

**Insured Person** means:
1. **Employees**;
2. natural persons while:
   a. officers;
   b. partners;
   c. the sole proprietor;
   d. in-house general counsel; or
   e. members of a board of directors, trustees, or governors of the **Insured Entity**; or
3. for the Liability Insuring Agreements only, also includes **Independent Contractors**

**Additional Insured** means a person or entity, not otherwise an **Insured**, with whom the **Insured Entity** has entered into a written agreement to include as an **Insured**, but only for **Wrongful Acts**:
1. by, or on behalf of, the **Insured Entity** under such agreement; and
2. that occur after the **Insured Entity** has executed such agreement.

**Subsidiary** means:
1. an entity while the Named Insured owns more than 50% of the outstanding securities or voting rights representing the right to select the entity's board of directors, or functional equivalent;
2. a nonprofit entity while the Named Insured exercises management control over such entity or
3. an entity while the Named Insured owns exactly 50%, as a joint venture, and while an **Insured Entity** controls the entity's management and operations under a written agreement.

**Independent Contractor** means a natural person, other than an **Employee**, while performing services for the **Insured Entity** under a written agreement.

# Named Insured Review, continued

**Employee**

1. Means a natural person while their labor is engaged and directed by the **Insured Entity**, and who is:
    a. a full-time, part-time, seasonal, or temporary worker compensated directly by the **Insured Entity** through wages, salaries, or commissions;
    b. a volunteer, student, or intern; or
    c. a worker whose services have been leased to the **Insured Entity** by a labor leasing firm under a written agreement.
2. Does not include any:
    a. agent;
    b. broker;
    c. consignee;
    d. independent contractor; or
    e. representative,

    of the **Insured Entity**.

# Executive Summary

## NETWORK SECURITY AND PRIVACY LIABILITY (CYBER)

Marsh & McLennan Agency is pleased to present the Network Security and Privacy (Cyber) Liability program for the **City of Florence's 12/3/2025** insurance renewal.

## HIGHLIGHTS

Our goal for the City's cyber renewal was to capitalize on soft market conditions to broaden coverage terms and increase limits. In addition to approaching Travelers for renewal terms we conducted a targeted search of the marketplace.

Travelers offered renewal with terms to match expiring at roughly a **7%** rate increase. In our negotiations with alternative markets, Tokio Marine HCC emerged as an outlier, offering a strong proposal with significant premium savings. In addition to positive results in pricing, HCC's cyber program offers material improvements in coverage.

**Highlights of coverage enhancements for the 2025-2026 alternative renewal program with Tokio Marine HCC include:**

- $5M Limit based on benchmarking data provided
- $1M Limit for Breach Event Costs outside of the policy aggregate
- Sublimited coverage for contingent bodily injury/property damage coverage (resulting from a security or privacy breach)
- Broadened coverage for eCrime to include loss of property due to social engineering and cryptojacking as well as increased sublimits
- $100k sublimit for biometric claims

## ADDITIONAL LIMITS AVAILABLE

Benchmarking data in support of the higher limit options is provided herein. Additional limits above the options quoted are available to the **City of Florence**, please inquire if applicable.

# Premium Summary and Comparison, As Proposed Renewal

## PROPOSED RENEWAL PROGRAM:

| 2025 – 2026 Coverage Part Summary | | |
|---|---|---|
| **Policy** | **2024 – 2025 Annual Premium** | **2025 – 2026 Annual Premium** |
| **Cyber Liability**<br>***Insurer: Travelers Casualty & Surety Company***<br>*Option 1: $1M Limit xs $50K SIR* *Shown in proposal | $50,091 | $55,940 |
| ***Alternative Cyber Liability***<br>***Insurer: TMHCC – Houston Casualty Company***<br>*Option 1: $5M Limit xs $50K SIR* *Shown in proposal | - | $44,792* |

**including surplus lines taxes (6%)*

### SUMMARY ONLY

No coverage is provided by this summary. Coverage conditions are highlights only and are subject to exclusions and additional terms as stated within the policy. Not all exclusions, terms and conditions are shown. If there are any differences between the policy and the proposal, the policy prevails. For details of coverage, refer to policy forms, terms and conditions.

### CLAIMS MADE

For Claims Made coverage **(Cyber Liability):** coverage is generally limited to liability for Claims first made against Insureds during the policy period and conditioned upon notice being timely provided to the Insurer as required in each policy. See *notice* and *reporting* sections in respective policies for detail.

# Subjectivities

| Subjectivities | |
|---|---|
| **Network Security & Privacy (Cyber)** | |
| **Travelers** | 1. None |
| **TMHCC** | Due within 7 days of binding:<br>1. The prior submitted TMHCC application signed and dated within 45 days of the effective date. |
| **General** | |
| **General** | **1.** For any Claims received to date or for any acts, Wrongful Acts or situations that could result in a Claim, **City of Florence** should notice their current insurers prior to 12:01 a.m. on **12/3/2025.**<br><br>**2.** Additional limits are available to **City of Florence,** please inquire for further information. If higher limits are purchased, a higher limits warranty is required. If applicable, higher limit warranty wording will be emailed. Documents will have to be completed, signed and dated on the Insured's letterhead. |

# Network Security & Privacy (Cyber)

## PRIMARY

**Policy Term:** 12/3/2025- 12/3/2026
**Insurer:** Travelers Casualty & Surety Company of America
**AM Best Rating:** A++ (XV)
**Form:** CyberRisk Coverage (CYB-16001-0620)

**Named Insured:** City of Florence

## LIMITS

| Total Program Limit | Travelers Expiring | Travelers Renewal | TMHCC Proposed Alternative Option |
|---|---|---|---|
| Policy Aggregate Limit | $1,000,000 | $5,000,000 | $5,000,000 |
| Retention | $50,000 | $50,000 | $50,000 |

| Coverage | Travelers Expiring | Travelers Renewal | TMHCC Proposed Alternative Option |
|---|---|---|---|
| **Breach Response (Outside Aggregate Limit)** | | | |
| Breach Response | N/A | N/A | $1,000,000 |
| **Dates** | | | |
| Retroactive date | 12/3/2020 | 12/3/2020 | None - Full prior Acts |
| Continuity Date | 12/3/2020 | 12/3/2020 | 12/3/2025 |
| Pending and Prior Date | 12/3/2020 | 12/3/2020 | 12/3/2025 |
| **Limit of Liability** | | | |
| Data & Network Liability | $1,000,000 | $1,000,000 | $5,000,000 |
| Privacy Regulatory Actions | $1,000,000 | $1,000,000 | $5,000,000 |
| PCI-DSS Loss | $1,000,000 | $1,000,000 | $5,000,000 |
| Media Liability | $1,000,000 | $1,000,000 | $5,000,000 |
| Bodily Injury Liability Coverage | $0 | $0 | $250,000 |
| Property Damage Liability Coverage | $0 | $0 | $50,000 |
| TCPA Defense Coverage | $0 | $0 | $50,000 |
| **First Party** | | | |
| Breach Response Limit | $1,000,000 | $1,000,000 | $5,000,000 |
| Reputation Loss | $1,000,000 | $1,000,000 | $5,000,000 |
| Cyber Extortion Loss | $1,000,000 | $1,000,000 | $5,000,000 |
| Data Recovery | $1,000,000 | $1,000,000 | $5,000,000 |
| Bricking aka Hardware Replacement | $1,000,000 | $1,000,000 | $5,000,000 |
| Criminal Reward | $25,000 | $25,000 | $50,000 |

## Network Security & Privacy (Cyber) – Primary, continued

| Coverage | Travelers Expiring | Travelers Renewal | TMHCC Proposed Alternative Option |
|---|---|---|---|
| **Business Interruption** | | | |
| *Business Interruption Loss* | | | |
| Resulting from Security Breach | $1,000,000 | $1,000,000 | $5,000,000 |
| Resulting from System Failure | $1,000,000 | $1,000,000 | $5,000,000 |
| Waiting Period | 8 Hours | 8 Hours | 8 Hours |
| *Dependent Business Interruption* | | | |
| Third Party CSSP System Failure | $1,000,000 | $1,000,000 | $5,000,000 |
| Contingent Business Partner Security Failure | $1,000,000 | $1,000,000 | $5,000,000 |
| Contingent Business Partner System Failure | $1,000,000 | $1,000,000 | $5,000,000 |
| Waiting Period | 8 Hours | 8 Hours | 8 Hours |
| Period of Restoration (Days) | 180 Days | 180 Days | 6 Months |
| **eCrime** | | | |
| Fraudulent Impersonation - Loss of Funds | $100,000 | $100,000 | $250,000 |
| Fraudulent Impersonation - Loss of Other Property | $0 | $0 | $250,000 |
| Funds Transfer Fraud | $1,000,000 | $1,000,000 | $250,000 |
| Telecommunications Fraud | $100,000 | $100,000 | $250,000 |
| Crypto-Jacking | $0 | $0 | $250,000 |
| Invoice Manipulation | $100,000 | $100,000 | $250,000 |
| **Key Enhancements** | | | |
| Full prior acts | No | No | Yes |
| Reputational Harm (triggered by negative news/publication) | Yes | Yes | Yes |
| Voluntary Shutdown For Business Interruption | Yes | Yes | Yes |
| Biometric Claims Sublimit | No | No | $250,000 |
| Automatic subsidiary coverage for revenues less than % | 35% | 35% | 30% |

# Network Security & Privacy (Cyber) – Primary, continued

## FORMS & ENDORSEMENTS

| Form Number | Form Title | Expiring | Renewal |
|---|---|---|---|
| **AFE-15001-0620** | Declarations | X | X |
| **AFE-16001-0119** | General Conditions | X | X |
| **AFE-19013-0119** | State Inconsistency Endorsement | X | X |
| **AFE-19029-0719** | Cap On Losses From Certified Acts Of Terrorism Endorsement | X | X |
| **AFE-19030-0920** | Federal Terrorism Risk Insurance Act Disclosure Endorsement | X | X |
| **CYB-15001-0620** | CyberRisk Declarations | X | X |
| **CYB-16001-0620** | CyberRisk Coverage | X | X |
| **CYB-16001-TOC-0620** | CyberRisk Table of Contents | X | X |
| **CYB-19102-0620** | Dependent Business Interruption - System Failure Endorsement | X | X |
| **CYB-19104-0620** | Dependent Business Interruption - Outsource Provider Endorsement | X | X |
| **CYB-19105-0119** | Conviction Reward Endorsement | X | X |
| **CYB-19108-0119** | Emergency Costs Endorsement | X | X |
| **CYB-19122-0519** | Vendor Or Client Payment Fraud Endorsement | X | X |
| **CYB-19123-0519** | Bricked Equipment Endorsement | X | X |

# Marketing Responses

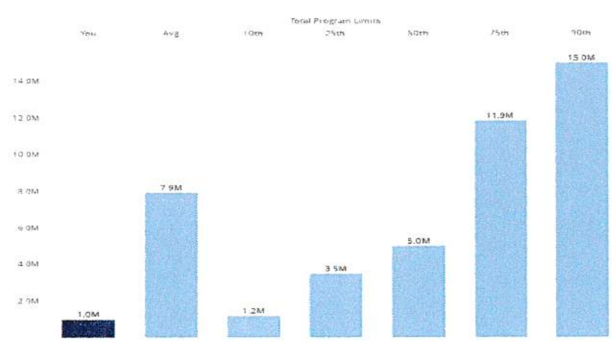
| Network Security and Privacy (Cyber) | |
|---|---|
| **Carrier** | **Feedback** |
| **Travelers**<br>*Expiring Primary* | **Quoted**:<br>• *Option 1: $1M Limit xs $50K SIR for $55,940 Premium*<br>• *Option 2: $5M Limit xs $50K SIR for $164,137 Premium* |
| **Tokio Marine** | **Quoted**:<br>• *$5M Limit xs $50K SIR for $42,257 Premium* |
| **AXIS** | **Quoted**:<br>• *$5M Limit xs $100K SIR for $82,812 Premium* |
| **AXA XL** | **Quoted**:<br>• *$5M Limit xs $250K SIR for $175,000 Premium* |
| **Beazley** | **Declined** due to industry class |
| **Starr** | **Quoted**:<br>• *$5M Limit xs $100K SIR for $130,000 Premium* |

# Limits Benchmarking

## NETWORK SECURITY & PRIVACY (CYBER) LIABILITY – MARSH BENCHMARKING

Source: Marsh PlaceMap
Peer count: 22
Industry: Public Entity & Non-Profit, Revenue $100M- $750M

| | PEER PERCENTILES | | | | | | |
|---|---|---|---|---|---|---|---|
| **Program Characteristic** | **City of Florence** | **Average** | **10th** | **25th** | **50th** | **75th** | **90th** |
| Total Program Limits | 1.0M | 7.9M | 1.2M | 3.5M | 5.0M | 11.9M | 15.0M |
| Total Program Premium | 50K | 135K | 37K | 49K | 74K | 169K | 225K |
| Total Program Deductible | 50K | 131K | 25K | 50K | 100K | 100K | 240K |
| Total Price Per Million | 50K | 19,637 | 9,130 | 12,320 | 14,336 | 22,080 | 39,027 |
| Global Sales / Turnover / Revenue | 266M | 246.5M | 133.6M | 146.4M | 172.9M | 300.4M | 427.7M |
| Number of Employees | 1.0K | 6,112 | 158 | 268 | 887 | 1,203 | 6,551 |



# State of the Market – Q2 2025

## CYBER LIABILITY

Through September 2025 Cyber rate increases have moderated, especially for loss free accounts with favorable cybersecurity controls. Competition is increasing and driving more favorable rates.

- **Risk Drivers:** Rates continue to stabilize; the underwriting process remains focused on cyber hygiene and continuous improvements. Coverage scrutiny remains especially around privacy regulations and rights.
- **Market Dynamics:** Focus is on catastrophic and third-party risk, dynamic privacy regulations, and continued threat of ransomware. Perceptions of generative AI risk are influencing underwriting.
- **Looking Forward:** The cyber market remains strong and mature, even as the risk environment continues to evolve. Cyber insurance continues to be an efficient risk transfer solution.

**Considerations/conditions**

- Cyber insurance market capacity and competition have improved for clients with favorable cybersecurity controls.
- Insurer concerns regarding the potential for catastrophic cyber losses and systemic losses continues
- Ransomware attacks continue to rebound, increasing in frequency, sophistication, and severity
- New managing general agents (MGAs), marketing themselves as "insurtechs," continued to enter the market. These entities are not insurers but are backed by capacity providers (insurers or reinsurers)
- Some insurers continue to impose more restrictive coverage for privacy regulations.
- Some markets are imposing exclusions to address catastrophic cyber risk and war.
- Full applications are generally required and carriers utilize 3rd parties to externally scan environments during the underwriting process;
- Expect inquiries on supply chain risk management, biometric info, tracking pixels, and operational technologies.
- 12 Key Controls and cybersecurity best practices are now view by most carriers as essential:

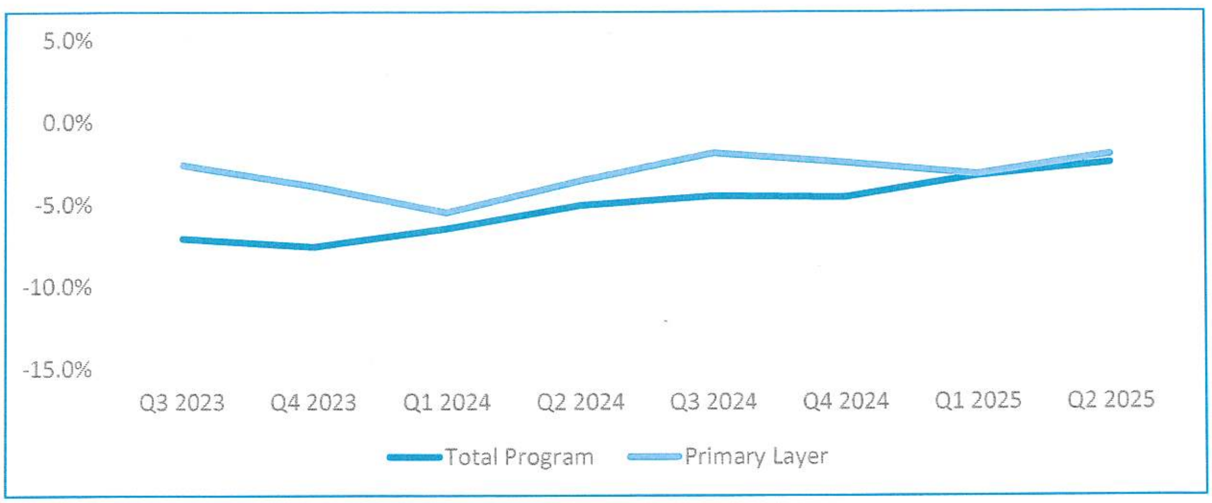
**Top 12 Cyber Security Controls Recommended by Underwriters**

| | | | | | |
|---|---|---|---|---|---|
| Multi-Factor Authentication for remote access & admin / privileged controls | Endpoint Detection and Response (EDR) | Secured, encrypted & tested backups | Privileged Access Management (PAM) | Email filtering & web security | Patch management & vulnerability management |
| Cyber incident response planning & testing | Cybersecurity awareness training & phishing testing | Logging & monitoring network protections | Hardening techniques, including Remote Desktop Protocol (RDP) mitigation | End-of-life systems replaced or protected | Vendor / digital supply chain risk management |

## CYBER LIABILITY, CONTINUED

**Rate trends**

- Rate decreases averaged -2.0% in Q2 2025 for the same limits, and -2.5% average decrease across total programs.
- Q2 rate changes by industry:
  - **Retail, Wholesale, Food & Beverage:** -2.7% average, -2.1% median, 60% of clients experienced decreases.
  - **Healthcare:** -2.8% average, 0.1% median, 55% of clients experienced decreases.
  - **Manufacturing:** -3.5% average, -2.5% median, 64% of clients experienced decreases.
  - **Education:** -0.4% average, 0.0% median, 50% of clients experienced decreases.
  - **Energy & Power:** -3.8% average, 0.0% median, 45% of clients experienced decreases.
  - **Construction:** -7.3% average, -4.0% median, 81% of clients experienced decreases, trending downward.
  - **Communications, Media & Technology:** -1.6% average, -2.6% median, 69% of clients experienced decreases.
  - **Financial Institutions**: 0.7% average, -1.6% median, 63% of clients experienced decreases.




*Source: Marsh US Cyber Market Update, August 2025; US Cyber Rate Report & Market Update Second Quarter 2025.*

# State of the Market – Q2 2025

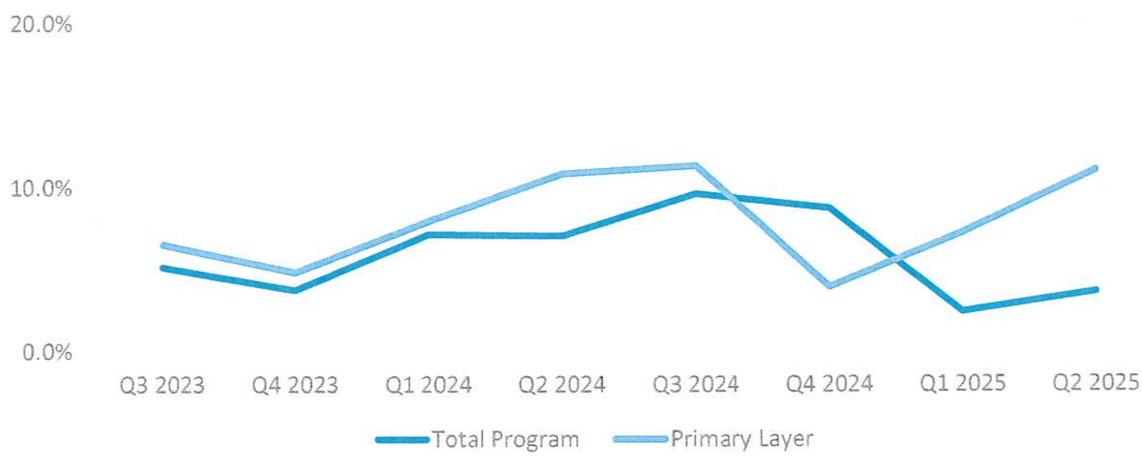
## ERRORS & OMISSIONS

**Considerations/conditions**

- E&O losses continue to be a major source of insurer concern in the FI market. Many insurers are concerned about their ability to underwrite to clients' E&O exposures and are looking at higher retentions to help manage their exposure.

**Rate trends**

- Rates remain stable due to competition and ample capacity, with some risks able to obtain rate decreases.
- Q2 2025 rates:
    - Architects and Engineers Liability: +0.2% average; +0.3% median. Trending upward.
    - Miscellaneous Professional Liability: +3.6% average; +3.6% median. Trending upward.
    - Media Liability: -1.4% average, +0.3% median. Trending downward.




*Source: Marsh US E&O Rate Analysis Overview Second Quarter 2025, August 2025.*

# AM Best Rating Scale

## BEST'S FINANCIAL STRENGTH RATING GUIDE – (FSR)

A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In addition, an FSR may be displayed with a rating identifier, modifier or affiliation code that denotes a unique aspect of the opinion.

### Best's Financial Strength Rating (FSR) Scale

| Rating Categories | Rating Symbols | Rating Notches* | Category Definitions |
|---|---|---|---|
| Superior | A+ | A++ | Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations. |
| Excellent | A | A- | Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations. |
| Good | B+ | B++ | Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations. |
| Fair | B | B- | Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions. |
| Marginal | C+ | C++ | Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions. |
| Weak | C | C- | Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions. |
| Poor | D | - | Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions. |

* Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

### Financial Strength Non-Rating Designations

| Designation Symbols | Designation Definitions |
|---|---|
| E | Status assigned to insurers that are publicly placed, via court order into conservation or rehabilitation, or the international equivalent, or in the absence of a court order, clear regulatory action has been taken to delay or otherwise limit policyholder payments. |
| F | Status assigned to insurers that are publicly placed via court order into liquidation after a finding of insolvency, or the international equivalent. |
| S | Status assigned to rated insurance companies to suspend the outstanding FSR when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements. |
| NR | Status assigned to insurance companies that are not rated; may include previously rated insurance companies or insurance companies that have never been rated by AM Best. |

### Rating Disclosure – Use and Limitations

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

BCRs are distributed via the AM Best website at *www.ambest.com*. For additional information regarding the development of a BCR and other rating-related information and definitions, including outlooks, modifiers, identifiers and affiliation codes, please refer to the report titled "Understanding Best's Credit Ratings" available at no charge on the AM Best website. BCRs are proprietary and may not be reproduced without permission.



**Version 010219**

# Compensation Disclosure and Limitation of Liability

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

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

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

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

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client.

- **Client Fees** – Some clients may negotiate a fee for MMA's services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA's engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client's placements.

- **Contingent Commissions** – Many insurers agree to pay contingent commissions to insurance producers who meet set goals for all or some of the policies the insurance producers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.

- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.

- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.

- **Medallion Program and Sponsorships** – Pursuant to MMA's Medallion Program, participating carriers sponsor educational programs, MMA events and other initiatives. Depending on their sponsorship levels, participating carriers are invited to attend meetings and events with MMA executives, have the opportunity to provide education and training to MMA colleagues and receive data reports from MMA. Insurers may also sponsor other national and regional programs and events.

- **Other Compensation & Sponsorships** – From time to time, MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, insurers may sponsor MMA training programs and events.

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

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

Rev September 8, 2022

# Minimum Earned & Deposit Premiums

### Minimum Deposit

Minimum and deposit is the amount of premium due at inception. Although the policy is "ratable", subject to adjustment based on a rate per exposure unit, under no circumstances will the annual earned premium be less than the minimum deposit premium. The policy may generate an additional premium on audit, but will not result in a return. If such a policy is cancelled mid-term, the earned premium is the greater of the annual minimum multiplied by the short rate or pro-rate factor, or the actual earned as determined by audit, subject to a short rate penalty if applicable.

### Minimum Earned Premium

A minimum earned premium endorsement can be attached to either a flat charge policy or an adjustable policy. In either case, this amount is the least that will be retained by the carrier once the policy goes into effect. The amount retained would be the greater of the actual earned premium whether calculated on a pro-rate or short-rate basis, or the minimum earned premium.

### Flat Cancellations

Surplus lines carriers typically do not allow flat cancellations. Once the policy is in effect, some premium will be earned, and the amount or percentage is outlined in the policy.

### Direct Bill Policies

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

# Proposal Disclaimer

Marsh & McLennan Agency LLC ("MMA") thanks you for the opportunity to discuss your insurance and risk management program. No coverage is provided by this summary. Coverage conditions are highlights only and are subject to exclusions and additional terms as stated within the policy. Not all exclusions, terms and conditions are shown. If there are any differences between the policy and the proposal, the policy prevails. For details of coverage, refer to policy forms, terms and conditions.

We have evaluated your exposures to loss and developed this proposal based upon the information that you have provided to us. If you are aware of other areas of potential exposure that need to be evaluated or of additional information of which we should be aware prior to binding of coverage, please bring the other areas or additional information to our attention as soon as possible. Should any of your exposures change after coverage is bound, please notify us immediately.

# Client Contracts

In the event that you enter into a contract that has specific insurance requirements, MMA will review your contract, but only in regards to the insurance requirements of the contract. The scope of our review will be to determine if the current insurance program which you have placed through our agency addresses the types and amounts of insurance coverage referenced by the contract. We will identify the significant insurance obligations and will provide a summary of the changes required in your current insurance program to meet the requirements of the contract.

Upon your authorization, we will make the necessary changes in your insurance program. We will also be available to discuss any insurance requirements of the contract with your attorney, if desired.

In performing a contract review, MMA is not providing legal advice or a legal opinion concerning any portion of the contract. In addition, MMA is not undertaking to identify all potential liabilities that may arise under any such contracts. A contract review is provided solely for your information and should not be relied upon by third parties. Any descriptions of the insurance coverages are subject to the terms, conditions, exclusions, and other provisions of the contract and of the insurance policies and applicable regulations, rating rules or plans.

# Credit Policy

Marsh & McLennan Agency (MMA) strives to offer the highest quality of service at the most competitive price possible. Accordingly, we have the following credit policy in place to assure that your coverage is not interrupted during the policy term.

All premiums are due on the invoice date or effective date of the insurance, whichever is later. Always submit the remittance copy with your payment. If a remittance copy is not submitted, we will apply the cash to the oldest items on the account. Also, credit memos that cannot be applied against the original invoice will be applied to the oldest items on the account unless you direct us otherwise.

If installment payments are available and provided under insurance policy terms, you will receive an invoice for each installment. Installments are due on the effective date of the invoice. MMA does not finance annual or installment premiums. However, should you wish to finance your premium, we can place your financing with an approved insurance premium finance company.

Your Account Manager maintains on-line access to all of your coverage, premium and accounting detail and will be able to answer most billing questions. Any other questions will be referred directly to our accounting department for immediate response. We thank you for your support and business.

Did you know Marsh & McLennan Agency offers two options to pay your bill online, using a valid checking/savings account or via credit card? Our system is safe and secure and is an easy tool to pay your invoices online.

## PAY YOUR BILL ONLINE

Direct Link to Payment via Checking/Savings Account: https://serviceapi.securfee.com/marshmma

Direct Link to Payment via Credit Card: https://serviceapi.securfee.com/marshmma

## FREQUENTLY ASKED QUESTIONS

- You can pay any invoice using a valid Checking or Savings account or Credit Card.
- Both payment gateways seamlessly integrate with our existing website and can securely accept multiple payment options.
- Credit Card payments require a Policy Number, Named Insured & Address
- There will be a 3.5% fee charged to the cardholder by Secure.
- Checking/Savings payments require a Client Code/Bill to Code, Invoice #, Invoice Amount, Email Address, Policy Number, Named Insured & Address
- There is no additional fee for payments via valid Checking/Savings Account.

# Client Authorization to Bind Coverage

## LINES OF COVERAGE TO BIND

| Coverage Description | Annual Premium |
|---|---|
| Cyber Liability - $5M Limit – Tokio Marine HCC | $44,792 Annual Premium |

(Please initial)

__________ Bind as Proposed

__________ Bind with the following changes

_______________________________________________

_______________________________________________

_______________________________________________

_______________________________________________

Authorized Signature ______________________________

Title/Position ______________________________

Date ______________________________

No coverage is provided by this summary. Coverage conditions are highlights only and are subject to exclusions and additional terms as stated within the policy. Not all exclusions, terms and conditions are shown. If there are any differences between the policy and the proposal, the policy prevails. For details of coverage, refer to policy forms, terms and conditions.

# Non-Admitted Carrier Disclaimer

Insurance coverage stated below is being placed through an insurer approved to operate on a ***non-admitted*** basis in the state of **Alabama.** Premium taxes and fees are additional amounts over and above the premium for the policy.

Policy holders of admitted insurers are protected, to some degree, against the insolvency of the insurer by state guaranty funds. Guaranty funds take over payment of claims that would have been paid by the insurer had the insurer not become insolvent. Policy holders of non-admitted insurers do not have this protection.

**The undersigned insured hereby acknowledges**:

A. I understand that the insurance coverage provided by the insurer named below is written by a non-admitted insurer for the state of Georgia. I further understand that no Guaranty Fund protection exists in the event insolvency occurs to this non-admitted insurer.

B. After understanding the advantages and disadvantages of securing insurance coverage through this insurer, I, with full knowledge and consent, do hereby authorize and request J. Smith Lanier & Co. to place such coverage with the insurer stated below.

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Coverage Type: ______________________

Policy Effective Date: ______________________

Insurer: ______________________

______________________ Named Insured

______________________ Authorized Signature

______________________ Date