

Insurance Proposal Prepared For

Collin County

2300 Bloomdale Rd.
#4117
McKinney, TX 75071

Presented: August 3, 2018



Arthur J. Gallagher & Co.

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Collin County

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Collin County

Executive Summary

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

Thank you for the opportunity to represent Collin County for the placement of your Property coverage. We have approached the marketplace as directed in an effort to secure the most comprehensive and cost effective insurance coverage available.

We encourage you to thoroughly review the materials presented, and request clarification as may be needed. We appreciate you considering us as a partner for consultation, placement and servicing of your Property program, and look forward to working with you further.

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.

Paul Pousson
Friday, August 03, 2018

Collin County

Executive Summary (Cont.)

State of the Property & Casualty Insurance Marketplace

Extreme weather in the U.S. in the second half of 2017 was the main cause of the high number of full-year insured losses in 2017. Swiss Re *sigma* estimates that total global economic losses from natural and man-made disasters in 2017 came to \$306 billion, up from \$188 billion in 2016 and the 10-year annual average of \$190 billion. Global insured losses from catastrophes are estimated to be \$136 billion in 2017, the third highest recorded by *sigma*, up from \$65 billion in 2016, and well above the previous 10-year annual average of \$58 billion. Insured losses were heaviest in the U.S., which was pummeled by category 4+ hurricanes Harvey, Irma and Maria, making 2017 the second costliest hurricane season after 2005. Also in the second half of 2017, major fire events in California and other areas triggered combined insured property losses estimated at over \$10 billion.

The estimated \$136 billion of global insured losses in 2017 was enough to wipe out 19% of the industry's \$717 billion of surplus reported as of June 2017. P&C insurance industry leaders have stated that a long-term market pricing correction of 10-15% is likely needed, but it will be a multi-year process.

Given that the P&C insurance industry has always been cyclical, what are we seeing in the P&C insurance marketplace so far in 2018?

- In late 2017, it was anticipated that 2018 pricing of commercial property insurance in areas subject to catastrophes (any property within 100-miles of a hurricane-exposed coastline, and/or with wind and hail exposures, for example, "CAT property"), would increase at least 10-30%, and renewal terms might be less favorable (more coverage exclusions and increases in deductibles). Pricing in this space has decreased 40-50% in the past ten years due to increased capacity in the catastrophe-exposed property insurance marketplace, and some upward correction in 2018 pricing was anticipated. In some catastrophe-exposed regions that suffered heavy storm damage in 2017 and in some classes of business (hotels/motels, condos, apartments, etc.), those types of pricing increases (and higher) have come to pass. However, due to an abundance of insurance industry capacity to take on risk and a disruptive newcomer or two in the marketplace, we have not seen industrywide CAT property pricing increases that severe thus far, and while insurance carriers who have paid significant losses in Hurricanes Ike and Harvey are asking for rate increases in 2018, there have been other insurance carriers with an appetite to insure good accounts that have functioned to moderate CAT property pricing increases for most insureds.
- While catastrophe-exposed property insurance pricing increases are leading this firming market cycle, we are seeing single-digit price increases starting to creep into other P&C insurance lines, such as General Liability, Commercial Umbrella, Cyber and some classes of Professional Liability.

Renewal Results

The following page provides a high level summary of the results of your property renewal.

Collin County

Executive Summary (Cont.)

CORE360™ Scorecard

Your CORE360™ scorecard has been developed for you to get a quick snapshot of how we've impacted your total cost of risk over time, by monetizing the cost of risk changes by cost driver.



Insurance Premiums

- 2018-19 Total Program Cost (including TRIA) of \$300,361 is up \$74,128 (33%) versus 2017-18 program cost.
- 2018-19 Total Insured Values (Building, Contents, and Business Interruption) increased 8% (\$34,863,299).
- 2018-19 Blended Rate increasing by 25%.
- TRIA an Engineering Costs remained flat.



Program Structure

- The 2018-19 Wind/Hail deductible is 3% (subject to a \$100,000 minimum) per location and subject to a \$10,000,000 maximum per occurrence. The expiring Wind/Hail deductible was 2% (subject to a \$50,000 minimum) per location and subject to a \$7,000,000 maximum
- The following have been updated to an Annual Aggregate limit:
 - Off Premises Data Services – Property Damage - \$50,000
 - Data, Programs and Software - \$500,000
 - Off-Premises Data Services – Business Interruption - \$50,000



Coverage Gaps

- No significant coverage gaps were identified in our review.



Uninsured & Uninsurable Losses

- The Healthcare Foundation locations were added to the policy and non-renewed by CNA.



Loss Prevention & Claims

- You have had wind/hail property loss experience that can adversely impact renewal terms and pricing over time.
- We recommend the County continue its formal property conservation program with loss control services provided by the carrier. Gallagher can provide property loss control as an additional service, if requested.
- Claims advocates are available to assist with claims, if requested.



Contractual Liability

- **Contract Review** – Collin County can benefit from our expert guidance to ensure their contracts are compliant and reasonable from an insurance perspective, and the insurance provision in a particular contract is accurate and obtainable. However, we are not attorneys and cannot provide comprehensive contract reviews for any client – that obligation must remain with Collin County's legal counsel.
- **Certificate of Insurance Issuance** - We know how important it is for you to receive accurate certificates of insurance in the timeframe you need. We provide certificates in a prompt and accurate manner at your request.

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Our Team and Commitment

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Service Team

Paul Pousson 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
Wes Van der Voort Area President	952-358-7510	Wes_VanderVoort@ajg.com	Area President
Paul D. Pousson, ARM Area Senior Vice President	512-652-2443 512-844-8087	Paul_Pousson@ajg.com	Producer
Cheryl Kelley, CISR Area Vice President	972-663-6130 972-663-6045	Cheryl_Kelley@ajg.com	Client Service Executive
Caitlin Knoll, CPCU, ARM Client Service Manager	512-652-2445	Caitlin_Knoll@ajg.com	Client Service Manager
Shirley Qualls Client Service Associate Senior	972-663-6173 972-663-6074	shirley_qualls@ajg.com	Client Service Associate

Arthur J. Gallagher Risk Management Services, Inc.
Main Office Phone Number: (972) 991-3700

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Service Commitment (Cont.)

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.

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.

Claims

Claims will be reported to the company within two working days of receipt, and acknowledgment of receipt will be sent to you. We will follow up with the carrier within ten working days after receipt of a claim. Monthly claim reports will be provided if requested.

Loss Control

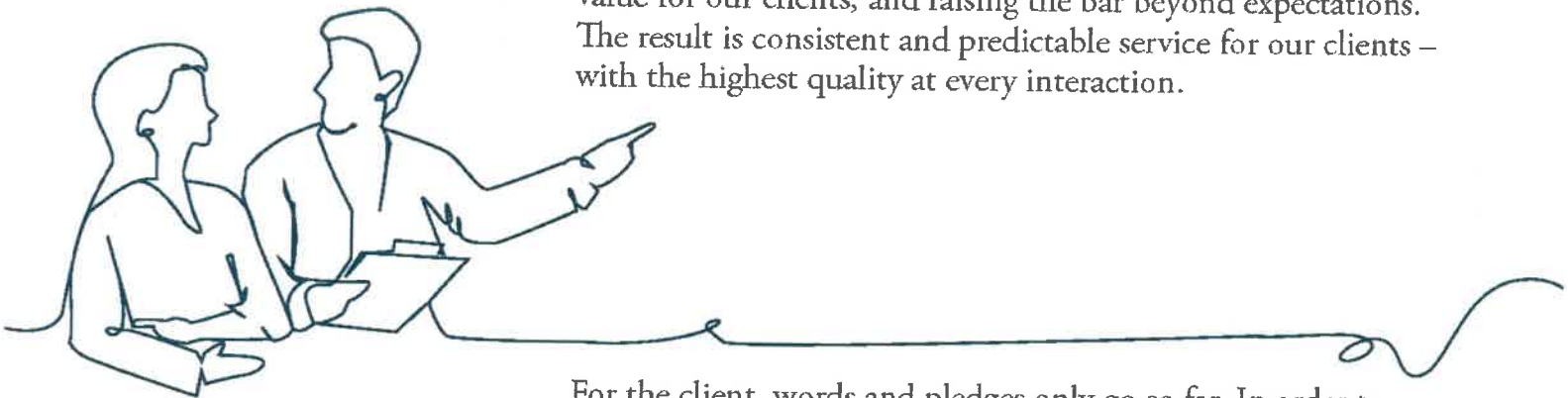
We will coordinate all loss control activities between you and the carrier. We recommend that service be provided on a quarterly basis.

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

Collin County

Your Program

Collin County

Named Insured

Named Insured Schedule:

Add / Change / Delete	Named Insured	Property
	Collin County	X
	Collin County Healthcare Foundation	X

Note: Any entity not named in this proposal may not be an insured entity. This may include partnerships and joint ventures.

Collin County

Marketplace 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
Affiliated FM Insurance Company	Property	Quoted	\$285,861.00

Collin County

Program Details

Coverage: Property
Carrier: Affiliated FM Insurance Company
Policy Period: 10/1/2018 to 10/1/2019

Coverage:

SUBJECT OF INSURANCE	LIMIT TYPE	AMOUNT	BASIS
Policy Limit	Limit	\$463,383,788	Any One Occurrence
Earth Movement for all coverages provided, and is the maximum amount payable for all loss or damage caused by or resulting from Earth Movement, not to exceed	Sublimit	\$50,000,000	Annual Aggregate
Earth Movement as respects Errors and Omissions, Off-Premises Data Services, Off-Premises Service Interruption, Unnamed Property and Supply Chain combined	Sublimit	\$50,000	Annual Aggregate
Flood for all coverages provided, and is the maximum amount payable for all loss or damage caused by or resulting from Flood, not to exceed	Sublimit	\$50,000,000	Annual Aggregate
Flood as respects Errors and Omissions, Off-Premises Data Services, Off-Premises Service Interruption, Unnamed Property and Supply Chain combined	Sublimit	\$50,000	Annual Aggregate

Deductibles / Self Insured Retention

COVERAGE	AMOUNT
The following deductible amounts shall apply per occurrence, unless otherwise stated, for insured loss or damage under this Policy:	
Earthquake - Per Location for all coverages	\$100,000
Flood - Per Location for all coverages	\$100,000
Wind and/or Hail (per location for all coverages provided in this policy)	3%, subject to a minimum deductible amount of \$100,000 per location, not to exceed \$10,000,000 Per Occurrence
Boiler and Machinery:	
- A. Property Damage	\$10,000
- B. Business Interruption Waiting Period	24 hours
Communicable Disease Property Damage and Business Interruption:	
	48 hours Qualifying Period
- A. Property Damage	\$50,000
- B. Business Interruption Day Equivalent Deductible	100% day equivalent (DEQ) by 2
Computer Systems Non-Physical Damage:	
	48 hours Qualifying Period
- Business Interruption Day Equivalent Deductible	100% day equivalent (DEQ) by 2
Data, Programs, or Software:	
	48 hours Qualifying Period
- A. Property Damage	\$50,000
- B. Business Interruption Day Equivalent Deductible	100% day equivalent (DEQ) by 2

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Location Schedule

LINE OF COVERAGE	LOC # / BLDG #	LOCATION ADDRESS
Property	1	4300 Community Boulevard, McKinney, TX, 75071
	2	4600, 4690 Community Boulevard, McKinney, TX, 75071
	3	700 Wilmeth Road, McKinney, TX, 75069
	4	1269 State Highway 78 South, Farmersville, TX, 75442
	5	7117 County Road 166, McKinney, TX, 75071
	6	3821 East Fm 455, Anna, TX, 75409
	7	300 East Virginia Street, McKinney, TX, 75069
	8	4700 Community Boulevard, McKinney, TX, 75071
	9	700 Wilmeth Road, McKinney, TX, 75069
	11	9165 County Road 101, Celina, TX, 75009
	12	4800 Community Boulevard, McKinney, TX, 75071
	13	8499 County Road 502, Blue Ridge, TX, 75424
	14	303 W. Hwy 78, Wylie, TX, 75098
	16	8585 John Wesley Drive, Frisco, TX, 75034
	18	406-A Raymond Street, Farmersville, TX, 75442
	19	4750 Community Boulevard, McKinney, TX, 75071
	20	17127 County Road 668, Blue Ridge, TX, 75424
	21	11222 County Road 562, Princeton, TX, 75407
	22	1180 West Houston Street, Westminster, TX, 75485
	23	2100 Bloomdale Road, McKinney, TX, 75071
	24	2300 Bloomdale Road, McKinney, TX, 75071
	25	2010 Redbud Boulevard, McKinney, TX, 75069
	26	2040 Redbud Boulevard, McKinney, TX, 75069
	27	5507 North Street, Copeville, TX, 75121
	28	10795 South Central Expressway, Anna, TX, 75409
	29	185 County Road 461, Princeton, TX, 75407
	30	1813 Houghton Drive, McKinney, TX, 75070
	31	7200 Stonebrook Parkway, Frisco, TX, 75034
	32	1269 North Main Street, Farmersville, TX, 75442
	33	900 East Park Boulevard, Plano, TX, 75074
	34	920 East Park Boulevard, Plano, TX, 75074
	35	825 North McDonald, McKinney, TX, 75069
	36	1304 Chancellor Lane, McKinney, TX 75070
	37	2000 Highway 78, Wylie, TX 75098
	38	2205 Los Rios Boulevard, Plano, TX 75074
	39	2501 Ridgeview Drive, Plano, TX 75025
	40	6101 Frisco Square Boulevard, Suite 200, Frisco, TX 75034

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Program Details (Cont.)

Deductibles / Self Insured Retention

COVERAGE	AMOUNT
Off-Premises Data Services Property Damage and Business Interruption:	48 hours Qualifying Period
- A. Property Damage	\$50,000
- B. Business Interruption Day Equivalent Deductible	100% day equivalent (DEQ) by 2
Off Premises Service Interruption Property Damage and Business Interruption:	24 hours Qualifying Period
- A. Property Damage	\$50,000
- B. Business Interruption Day Equivalent Deductible	100% day equivalent (DEQ) by 2
Fine Arts/Valuable Papers	\$25,000
Mobile Equipment/Contractor's Equipment/Personal property of inmates/Watercraft	\$10,000
All Other Losses	\$50,000

Additional Coverage:

DESCRIPTION	AMOUNT
Accounts Receivable	\$1,000,000
Arson or Theft Reward	\$100,000
Brand Protection	Policy Limit
Change of Temperature	\$100,000
Communicable Disease -Property Damage – Annual Aggregate	\$100,000
Data, Programs or Software – Annual Aggregate	\$500,000
Debris Removal	Policy Limit
Decontamination Costs	Policy Limit
Deferred Payment	\$100,000
Demolition and Increased Cost of Construction	Policy Limit
Errors and Omissions	\$2,500,000
Expediting Expenses	\$250,000
Fine Arts not to exceed \$10,000 per item for irreplaceable Fine Arts	\$1,000,000
Green Coverage not to exceed 25% of the amount of the property damage loss	\$50,000
Land and Water Clean Up Expense – Annual Aggregate	\$50,000
Locks and Keys	\$100,000
Money and Securities	\$100,000
Newly Acquired Property	\$2,500,000
Off-Premises Data Services -Property Damage – Annual Aggregate	\$50,000
Off-Premises Service Interruption -Property Damage	\$500,000
Professional Fees	\$250,000
Property Removed from a Location	Policy Limit

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Program Details (Cont.)

Additional Coverage:

DESCRIPTION	AMOUNT
Protection and Preservation of Property -Property Damage not to exceed \$250,000 for security costs	Policy Limit
Tax Treatment	\$100,000
Tenants Legal Liability	\$100,000
Terrorism Coverage and the Supplemental United States Certified Act of Terrorism:	
- A. United States Certified Act of Terrorism coverage*	\$100,000
- B. Terrorism Coverage for Locations Outside of the United States but not to exceed \$100,000 For Property Removed from a Location, Unnamed Property and Flood – Annual Aggregate	\$100,000
Transit not to exceed \$250,000 for Business Interruption	\$1,000,000
Unnamed Property	\$2,500,000
Valuable Papers and Records not to exceed \$10,000 per item for irreplaceable Valuable Papers and Records	\$5,000,000
Business Interruption Coverage:	
- Gross Earnings not to exceed 30 days for ordinary payroll	Policy Limit
- Gross Profits for 12 months Period of Liability not to exceed 30 days for ordinary payroll	Policy Limit
- Rental Income	Policy Limit
- Extra Expense	\$1,000,000
Business Interruption Coverage Extensions:	
- Attraction Property	\$100,000
- Civil or Military Authority	30 Days
- Communicable Disease -Business Interruption for a 12 Month Period of Liability – Annual Aggregate	\$100,000
- Computer Systems Non-Physical Damage – Annual Aggregate	Included in Data, Programs, or Software
- Contractual Penalties	\$100,000
- Crisis Management not to exceed 30 Days	\$100,000
- Extended Period of Liability	30 Days
- Ingress/Egress	\$500,000
- Leasehold Interest	\$250,000
- Logistics Extra Cost	\$100,000
- Off-Premises Data Services -Business Interruption – Annual Aggregate	\$50,000
- Off-Premises Service Interruption -Business Interruption	\$500,000
- Protection and Preservation of Property -Business Interruption	Policy Limit
- Research and Development	\$250,000
- Soft Costs	\$100,000
- Supply Chain	\$500,000
Data, Programs or Software Split Sublimit for Malicious Introduction of Machine Code and Computer Systems Non-Physical Damage:	

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Program Details (Cont.)

Additional Coverage:

DESCRIPTION	AMOUNT
- Data, Programs or Software for physical loss or damage not caused by the malicious introduction of a machine code or instruction	\$500,000
- Data, Programs or Software for physical loss or damage caused by the malicious introduction of a machine code or instruction and Computer Systems Non-Physical Damage combined – Annual Aggregate	\$500,000
Mobile Equipment	\$12,674,710
Watercraft Coverage	\$25,000

*If the option to purchase coverage for the United States Certified Act of Terrorism is elected, the Additional Coverages Sub-Limit for Terrorism Coverage part A. will be amended to A. \$468,936,361

Valuations:

DESCRIPTION	LIMITATIONS
Actual Cash Value	Mobile Equipment, Motor Vehicle, Watercraft (Each)

Perils Covered:

TYPE	DESCRIPTION
Special Form Perils	All Risks of Physical Loss or Damage

Endorsements include, but are not limited to:

DESCRIPTION
Declarations Page - PRO DEC 4100 (04/15)
Declarations - PRO S-1 4100 (01/17)
All Risk Coverage - PRO AR 4100 (01/17)
Supplemental United States Certified Act of Terrorism Endorsement - 7312 (1/15)
Texas Special Mandatory Endorsement - AFM 6810 (04/15)
Mobile Equipment - PRO 12 (4/15)
Motor Vehicle Coverage at the Insured's Locations - PRO 143 (4/15)
Watercraft Coverage - PRO 420 (4/15)
Additional Named Insured - PRO 65 (04/15)
Data, Programs or Software Split Sublimit for Malicious Introduction of Machine Code and Computer Systems Non-Physical Damage -PRO 847 (12/17) New

Exclusions include, but are not limited to:

DESCRIPTION
Nuclear Hazard, Power Failure
War Exclusion
Government Action Exclusion

Collin County

Program Details (Cont.)

Exclusions include, but are not limited to:

DESCRIPTION
<p>Real Property Exclusion. This policy does not insure against loss or damage to Real Property at the following locations:</p> <ul style="list-style-type: none"> 14. 303 W. Hwy 78, Wylie, TX, 75098 18. 406-A Raymond Street, Farmersville, TX, 75442 25. 2010 Redbud Boulevard, McKinney, TX, 75069 26. 2040 Redbud Boulevard, McKinney, TX, 75069
<p>Transmission and Distribution Systems Exclusion - PRO 132 (04/15). This exclusion does not apply at the following locations:</p> <ul style="list-style-type: none"> 9. 700 Wilmeth Road, McKinney, TX, 75069 11. 9165 County Road 101, Celina, TX, 75009 13. 8499 County Road 502, Blue Ridge, TX, 75424 27. 5507 North Street, Copeville, TX, 75121 28. 10795 South Central Expressway, Anna, TX, 75409 29. 185 County Road 461, Princeton, TX, 75407 30. 1813 Houghton Drive, McKinney, TX, 75070 31. 7200 Stonebrook Parkway, Frisco, TX, 75034 32. 1269 North Main Street, Farmersville, TX, 75442 39. 2501 Ridgeview Drive, Plano, TX 75025 40. 6101 Frisco Square Boulevard, Suite 200, Frisco, TX 75034

Binding Requirements:

DESCRIPTION
Subject to Receipt Acceptance or Rejection of Terrorism Insurance Coverage.

Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
<p>Policy Territory: Coverage provided by this Policy is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada, except as follows:</p>
<p>Cyber Coverage Territory: Coverage provided in Data, Programs or Software; Off-Premises Data Services Property Damage and Business Interruption and Computer Systems Non-Physical Damage is limited to anywhere in the world except Cuba, Iran, North Korea, Sudan, Syria or Crimea Region of Ukraine.</p>
<p>The day equivalent is the 100% actual annual business interruption value that would have been earned had no loss occurred at the location where the physical damage happened plus that proportion of the 100% annual business interruption value at all other locations where business interruption loss ensues, divided by the number of annual working days.</p>

Premium	\$285,861.00
Fees	
Engineering Fees	\$9,000.00
Total Fees	\$9,000.00
ESTIMATED PROGRAM COST	\$294,861.00
<p>TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable)</p>	\$5,500.00

Subject to Audit: N/A

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Premium Summary

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

LINE OF COVERAGE	EXPIRING PROGRAM CARRIER	EXPIRING COST	PROPOSED PROGRAM CARRIER	ESTIMATED COST
Property	Affiliated FM Insurance Company (Factory Mutual Insurance Company)	\$211,733.00	Affiliated FM Insurance Company (Factory Mutual Insurance Company)	\$285,861.00
		\$9,000.00		\$9,000.00
		\$220,733.00		\$294,861.00
		N/A		N/A
		\$5,500.00		\$5,500.00
Total Estimated Program Cost		\$226,233.00		\$300,361.00

Quote from Affiliated FM Insurance Company (Factory Mutual Insurance Company) is valid until 10/1/2018

Gallagher is responsible for the placement of the following lines of coverage:
 Property
 Excess 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.

Collin County

Payment Plans

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.

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Payment Plans

CARRIER	LINE OF COVERAGE	PAYMENT SCHEDULE	PAYMENT METHOD
Affiliated FM Insurance Company (Factory Mutual Insurance Company)	Property	Payment Due at Inception	Agency Bill

Client Signature Requirements

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Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 8/3/2018, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

	LINE OF COVERAGE	CARRIER
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Property - \$294,861 (including engineering fees)	Affiliated FM Insurance Company (Factory Mutual Insurance Company)
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	TRIA Coverage - \$5,500.00	

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:

Client Initials

Collin County

Client Authorization to Bind Coverage

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

By: _____
Print Name (Specify Title)

Company

Signature

Date: _____

Collin County

Changes / Developments

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

1. Changes in any operation such as expansion to other states or new products.
2. Mergers and/or acquisition of new companies.
3. Any newly assumed contractual liability, granting of indemnities, or hold harmless agreements.
4. Circumstances which may require increased liability insurance limits.
5. Any changes in fire or theft protection, such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to same.
6. Immediate advice of any changes to scheduled equipment such as contractors' equipment, electronic data processing, etc.
7. Property of yours that is in transit, unless we have previously arranged for the insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed, or occupied.

No Changes and/or Developments

Signature: _____

Title: _____

Date: _____

Collin County

Statement of Values

COLLIN COUNTY									
2018 Property Schedule									
Facility Name	Address	City	State	Zip	Sq. Ft.	Cost per square ft.	2018 Replacement Cost	2018 Contents	Total Insured Value
Sheriff's Office									
Justice Center	4300 Community Blvd.	McKinney	TX	75071	604,790.00	\$225.95	\$136,652,301	\$7,074,324	
Dispatch Equipment	4300 Community Blvd.	McKinney	TX	75071	0.00	\$0.00	\$0	\$2,500,000	
Bi-Directional Amplifiers	4300 Community Blvd.	McKinney	TX	75071	0.00	\$0.00	\$0	\$400,000	
Portable Radios	4300 Community Blvd.	McKinney	TX	75071	0.00	\$0.00	\$0	\$2,524,000	
Mobile Radios	4300 Community Blvd.	McKinney	TX	75071	0.00	\$0.00	\$0	\$920,000	
Control Stations	4300 Community Blvd.	McKinney	TX	75071	0.00	\$0.00	\$0	\$168,000	
Boat (VIN KENB13KTK405)	4300 Community Blvd.	McKinney	TX	75071			\$25,000	\$0	
Trailer (VIN 4TM1ANJ165B001038)	4300 Community Blvd.	McKinney	TX	75071	46,337.00	\$155.37	\$7,199,380	\$1,000,000	
Minimum Security	4800 Community Blvd	McKinney	TX	75071	651,127.00		\$143,876,681	\$14,586,324	\$158,463,005
Total									
Administration Building									
Admin building - Bloomdale	2300 Bloomdale	McKinney	TX	75071	90,000.00	\$177.78	\$16,000,000	\$7,250,000	
Bi-Directional Amplifier	2300 Bloomdale	McKinney	TX	75071	0.00	\$0.00	\$0	\$200,000	
Total					90,000.00		\$16,000,000	\$7,450,000	\$23,450,000
Bloomdale Courthouse									
Bloomdale Courthouse	2100 Bloomdale Road	McKinney	TX	75071	428,000.00	\$190.01	\$81,323,000	\$12,500,000	
Bi-Directional Amplifier	2100 Bloomdale Road	McKinney	TX	75071	0.00	\$0.00	\$0	\$200,000	
Total					428,000.00		\$81,323,000	\$12,700,000	\$94,023,000
Facilities									
Central Plant	4600 Community Blvd.	McKinney	TX	75071	26,564.00	\$113.54	\$3,016,077	\$1,000,000	
Shop Building	4600 Community Blvd.	McKinney	TX	75071	4,800.00	\$108.75	\$522,000	\$1,200,000	
Total					31,364.00		\$3,538,077	\$2,200,000	\$5,738,077
Public Services									
Public Works Ctr.	700 West Wilmeth	McKinney	TX	75069	21,700.00	\$108.00	\$2,343,600	\$1,427,903	
Car Wash	700 West Wilmeth	McKinney	TX	75069	225.00	\$108.00	\$24,300	\$0	
Redbarn Storage Bldg.	700 West Wilmeth	McKinney	TX	75069	5,000.00	\$108.00	\$540,000	\$300,000	
Weston Barn R&B	3821 FM 455 East	Anna	TX	75097	3,500.00	\$20.00	\$70,000	\$20,000	
Farmersville Storage Barn	1269 North Hwy 78 South	Farmersville	TX	75442	3,500.00	\$27.22	\$95,270	\$200,000	

Collin County

Statement of Values (Cont.)

	Total				26,925.00	\$3,073,170	\$1,947,903	\$5,021,073
Medical Examiner		McKinney	TX	75069	9,509.00	\$208.92	\$400,000	
Total					9,509.00		\$400,000	\$2,386,620
Myers Park								
Showbarn	7117 County Rd. 166	McKinney	TX	75071	60,000.00	\$50.00	\$150,000	
Horse barn/stable	7117 County Rd. 166	McKinney	TX	75071	45,000.00	\$50.00	\$130,000	
Maintenance Shop	7117 County Rd. 166	McKinney	TX	75071	2,400.00	\$38.75	\$10,000	
John Wells bldg (Farm Museum)	7117 County Rd. 166	McKinney	TX	75071	14,000.00	\$40.00	\$185,000	
Haggard House	7117 County Rd. 166	McKinney	TX	75071	1,500.00	\$79.29	\$50,000	
Reception Hall (home ec)	7117 County Rd 166	McKinney	TX	75069	6,000.00	\$133.33	\$800,000	
Pole Barn	7117 County Rd. 166	McKinney	TX	75071	4,673.00	\$26.75	\$125,000	
Gazebo	7117 County Rd. 166	McKinney	TX	75071	364.00	\$109.89	\$40,000	\$0
Amphitheater	7117 County Rd. 166	McKinney	TX	75071	10,000.00	\$57.50	\$575,000	\$0
Restroom	7117 County Rd. 166	McKinney	TX	75071	1,023.00	\$122.19	\$125,000	\$1,000
Blacksmith Shop	7117 County Rd. 166	McKinney	TX	75071	696.00	Unknown	\$9,000	
Confinement Building (Historic Structure)	7117 County Rd 166	McKinney	TX	75071	288.00	Unknown	Unknown	\$0
Granary (Historic Structure)	7117 County Rd 166	McKinney	TX	75071	208.00	\$12.02	\$2,500	\$0
Metal Windmill (Historic Structure)	7117 County Rd 166	McKinney	TX	75071	Unknown	Unknown	Unknown	\$0
Total					146,152.00		\$795,000	\$8,484,432
Juvenile Services								
John Roach Juvenile Detention Facility	4700 Community Blvd.	McKinney	TX	75071	54,908.00	\$186.93	\$1,550,000	
Indoor Exercise Areas	4700 Community Blvd.	McKinney	TX	75071	2,730.00	\$138.00	\$25,000	
Library and Storage	4700 Community Blvd.	McKinney	TX	75071	1,480.00	\$138.00	\$1,250,000	
Juvenile Probation Building	4700 Community Blvd.	McKinney	TX	75071	47,000.00	\$186.17	\$8,750,000	
Bi-Directional Amplifier	4700 Community Blvd.	McKinney	TX	75071	0.00	\$0.00	\$100,000	
Total					106,118.00		\$4,675,000	\$24,269,932
Justice of the Peace								
JP Frisco	8585 John Wesley Drive	Frisco	TX	75034	10,475.00	Unknown	\$77,778	
Total					10,475.00		\$77,778	\$2,277,778
Healthcare Foundation								
Healthcare Foundation	900 E Park Blvd	Plano	TX	75074	40,626.00	Unknown	\$100,000	
Healthcare Foundation	920 E Park Blvd	Plano	TX	75074	27,200.00	\$121.59	\$100,000	
Healthcare Foundation	825 N. McDonald	McKinney	TX	75070	47,964.00	\$99.06	\$100,000	
Total					115,790.00		\$300,000	\$16,575,501
Animal Shelter								
Animal Shelter	4750 Community Ave	McKinney	TX	75071	10,079.00	\$297.65	\$250,000	

Collin County

Statement of Values (Cont.)

Total					10,079.00	\$3,000,014	\$250,000	\$3,250,014
County Owned Property								
Pavilions x3	17127 County Road 668	Blue Ridge	TX	75424	0.00	\$0.00		\$120,000
Restroom Facility	17127 County Road 668	Blue Ridge	TX	75424	200.00	\$250.00		\$50,000
Kiosk x2	17127 County Road 668	Blue Ridge	TX	75424	0.00	\$0.00		\$14,000
Tables x10	17127 County Road 668	Blue Ridge	TX	75424	0.00	\$0.00		\$10,000
Grills BBQ x3	17127 County Road 668	Blue Ridge	TX	75424	0.00	\$0.00		\$1,500
Collin County Pauper's Cemetery	1304 Chancellor Lane	McKinney	TX	75070	0.00	\$0.00		\$20,000
Main Pavilion	11222 County Road 562	Princeton	TX	75407	0.00	\$0.00		\$50,000
Covered Picnic Area x2	11222 County Road 562	Princeton	TX	75407	0.00	\$0.00		\$30,000
Kiosk	11222 County Road 562	Princeton	TX	75407	0.00	\$0.00		\$7,000
Restroom Facility	11222 County Road 562	Princeton	TX	75407	200.00	\$250.00		\$50,000
Park Entry Sign	11222 County Road 562	Princeton	TX	75407	0.00	\$0.00		\$3,000
Picnic Tables x10	11222 County Road 562	Princeton	TX	75407	0.00	\$0.00		\$10,000
Grills - BBQ	11222 County Road 562	Princeton	TX	75407	0.00	\$0.00		\$2,000
Old Post Office	300 E. Virginia	McKinney	TX	75069	15,599.00	\$75,080		\$1,171,162
Total					15,999.00		\$250,000	\$1,788,662
YMCA Youth Camp								
Entry Gate	1180 W. Houston Street	Westminster	TX	75485	0.00	Unknown		\$0
Dining Hall	1180 W. Houston Street	Westminster	TX	75485	13,904.00	Unknown		\$0
Infirmary	1180 W. Houston Street	Westminster	TX	75485	2,925.00	Unknown		\$0
Admin Building	1180 W. Houston Street	Westminster	TX	75485	2,462.00	Unknown		\$0
Shop	1180 W. Houston Street	Westminster	TX	75485	5,000.00	Unknown		\$0
Education Building	1180 W. Houston Street	Westminster	TX	75485	11,308.00	Unknown		\$0
Boat Storage	1180 W. Houston Street	Westminster	TX	75485	240.00	Unknown		\$0
Staff Dorm	1180 W. Houston Street	Westminster	TX	75485	2,800.00	Unknown		\$0
Staff Dorm	1180 W. Houston Street	Westminster	TX	75485	2,620.00	Unknown		\$0
Manager House	1180 W. Houston Street	Westminster	TX	75485	1,820.00	Unknown		\$0
Manager House	1180 W. Houston Street	Westminster	TX	75485	1,820.00	Unknown		\$0
Manager House	1180 W. Houston Street	Westminster	TX	75485	1,820.00	Unknown		\$0
Teacher Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Teacher Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown		\$0

Collin County

Statement of Values (Cont.)

Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
Student Cabin	1180 W. Houston Street	Westminster	TX	75485	1,468.00	Unknown	\$0	YMCA
South Pavilion	1180 W. Houston Street	Westminster	TX	75485	4,692.00	Unknown	\$0	YMCA
Pool House	1180 W. Houston Street	Westminster	TX	75485	968.00	Unknown	\$0	YMCA
North Pavilion	1180 W. Houston Street	Westminster	TX	75485	3,600.00	Unknown	\$0	YMCA
Bus Stop	1180 W. Houston Street	Westminster	TX	75485	1,080.00	Unknown	\$0	YMCA
Archery Shelter	1180 W. Houston Street	Westminster	TX	75485	1,500.00	Unknown	\$0	YMCA
Archery Shelter	1180 W. Houston Street	Westminster	TX	75485	1,500.00	Unknown	\$0	YMCA
Archery Shelter	1180 W. Houston Street	Westminster	TX	75485	1,500.00	Unknown	\$0	YMCA
Amphitheater Bathroom	1180 W. Houston Street	Westminster	TX	75485	1,500.00	Unknown	\$0	YMCA
Amphitheater	1180 W. Houston Street	Westminster	TX	75485	688.00	Unknown	\$0	YMCA
Ball Field Bathroom	1180 W. Houston Street	Westminster	TX	75485	8,000.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	367.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Water Well and Treatment Plant	1180 W. Houston Street	Westminster	TX	75485	6,300.00	Unknown	\$0	YMCA
Waste Water Treatment Plant	1180 W. Houston Street	Westminster	TX	75485	12,100.00	Unknown	\$0	YMCA
Fishing Pier	1180 W. Houston Street	Westminster	TX	75485	144.00	Unknown	\$0	YMCA
Fishing Pier	1180 W. Houston Street	Westminster	TX	75485	144.00	Unknown	\$0	YMCA
Teaching Shelter	1180 W. Houston Street	Westminster	TX	75485	400.00	Unknown	\$0	YMCA
Zip Line	1180 W. Houston Street	Westminster	TX	75485	0.00	Unknown	\$0	YMCA
Youth Camp Generator 300 KW	1180 W. Houston Street	Westminster	TX	75485	0.00	Unknown	\$0	\$130,000
Youth Camp Generator 40 KW	1180 W. Houston Street	Westminster	TX	75485	0.00	Unknown	\$0	\$120,000
Total					118,926.00		\$26,000,000	\$289,000 \$26,289,000
Radio Towers								
Radio Tower - Wilmeth	700 W. Wilmeth	McKinney	TX	75069	400.00	\$2,500.00	\$1,000,000	\$1,693,957

Collin County

Statement of Values (Cont.)

Radio Tower - Farmersville	1269 North Main St.	Farmersville	TX	75442	300.00	\$2,616.67	\$785,000	\$809,167	
Radio Tower - Celina	9165 County Road 101	Celina	TX	75009	300.00	\$3,166.67	\$950,000	\$768,949	
Radio Tower - Verona	8499 Co Rd 502	Blue Ridge	TX	75424	1,180.00	\$226.25	\$266,971	\$1,278,909	
Radio Tower - Copeville	5507 North Street	Copeville	TX	75121	Unknown	Unknown	\$1,500,000	\$0	
Equipment Site - Anna	10795 South Central Expressway	Anna	TX	75409	Unknown	Unknown	\$0	\$1,250,000	
Equipment Site - West McKinney	1813 Houghton Dr.	McKinney	TX	75070	Unknown	Unknown	\$0	\$1,250,000	
Equipment Site - Frisco	7200 Stonebrook Parkway	Frisco	TX	75034	Unknown	Unknown	\$0	\$1,250,000	
Equipment Site - Princeton	185 West CR 461	Princeton	TX	75407	Unknown	Unknown	\$0	\$1,250,000	
Equipment Site - Wylie	2000 Highway 78	Wylie	TX	75098	Unknown	Unknown	\$0	\$150,000	
Equipment Site - Ridgeview	2501 Ridgeview Dr.	Plano	TX	75025	Unknown	Unknown	\$0	\$150,000	
Total					2,180.00		\$4,501,971	\$9,850,982	
Rented Buildings									
Tax - Frisco	6101 Frisco Sq. Blvd Suite 2000	Frisco	TX	75034	Unknown	Unknown	\$0	\$50,000	
Elections	2010 Redbud Blvd. Suite 102	McKinney	TX	75069	Unknown	Unknown	\$0	\$250,000	
Elections	2040 Redbud Blvd	McKinney	TX	75069	Unknown	Unknown	\$0	\$250,000	
JOP Farmersville	406-A Raymond Street	Farmersville	TX	75442	3,000.00	Unknown	\$0	\$54,290	
Wylie WIC Office	303 West Highway 78	Wylie	TX	75098	1,000.00	Unknown	\$0	\$7,784	
Children's Advocacy Center	2205 Los Rios Blvd	Plano	TX	75074	Unknown	Unknown	\$0	\$20,000	
Total					4,000.00		\$0	\$632,074	
Building and Contents Total							\$330,598,061	\$56,404,061	
Aggregate BI								\$25,904,975	
IT Schedule								\$22,979,360	
Off Road Fleet Schedule								\$12,674,710	
On The Road Fleet Schedule								\$14,822,622	
County Property Total								\$463,383,788	

This is to acknowledge the values shown are correct to the best of my knowledge.

Signature _____

Date _____

Collin County

Proposal Disclosures

Collin County

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 any executive summaries included with or supplementing the proposal outlines certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

**Compensation
Disclosure**

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the 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 from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
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. Contingent commissions provide for additional compensation if stipulated 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 particular insurance company and/or through the particular intermediary, not on an individual policy basis. Some insurance markets, including Gallagher-owned intermediaries, have modified their commission schedule with Gallagher, resulting in an increase in certain commission rates. These additional commissions, commonly referred to as "supplemental commissions" are frequently known as of the effective date of the applicable insurance placement, but some insurance companies pay this commission later and apart from when commission is normally paid at policy issuance. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. Note: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage placed through Gallagher.
3. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
4. Gallagher Companies may access 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. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility is utilized in the placement of a client's account, the facility may earn and retain customary brokerage commission or fees for its work.
5. Gallagher assists its clients in procuring premium finance quotes and unless prohibited by law may earn compensation for this optional value-added service.
6. From time to time, Gallagher may participate in insurance company promotional events or training and development that insurers provide for Gallagher employees.
7. Gallagher strives to find appropriate coverage at a competitive price for our clients. In order to achieve these goals, we gather and analyze data about our clients and their insurance coverage. This

Collin County

Proposal Disclosures (Cont.)

data and the resulting analytical tools help us better understand the current marketplace, more accurately predict future trends and offer tailored solutions to our clients. This data may also be provided to insurers pursuant to consulting service agreements from which we earn fees.

If you have specific questions about the 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:

AJG Chief Compliance Officer
Arthur J. Gallagher & Co.
2850 Golf Rd., 8th Floor
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.

Property Estimator Disclaimer

These property values were obtained using a desktop Property Estimator software operated by non-appraisal professionals. These property values represent general estimates which are not to be considered a certified appraisal. These property values include generalities and assumptions that may produce inaccurate values for specific structures.

Actuarial Disclaimer

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher Risk Management Services, Inc.. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

Collin County

Insurance Company Ratings and Admitted Status

PROPOSED INSURANCE COMPANIES	A.M. BEST'S RATING	ADMITTED / NON-ADMITTED
Affiliated FM Insurance Company	A+ XV	Admitted

If the above indicated coverage is placed with a Non-Admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

*The above A.M. Best Rating was verified on the date the proposal document was created.

Guide to Best Ratings Rating Levels and Categories

LEVEL	CATEGORY	Financial Size Categories (in \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)			
A++, A+	Superior	FSC I	Up to 1,000	FSC IX	250,000 to 500,000
A, A-	Excellent	FSC II	1,000 to 2,000	FSC X	500,000 to 750,000
B++, B+	Good	FSC III	2,000 to 5,000	FSC XI	750,000 to 1,000,000
B, B-	Fair	FSC IV	5,000 to 10,000	FSC XII	1,000,000 to 1,250,000
C++, C+	Marginal	FSC V	10,000 to 25,000	FSC XIII	1,250,000 to 1,500,000
C, C-	Weak	FSC VI	25,000 to 50,000	FSC XIV	1,500,000 to 2,000,000
D	Poor	FSC VII	50,000 to 100,000	FSC XV	2,000,000 or more
E	Under Regulatory Supervision	FSC VIII	100,000 to 250,000		
F	In Liquidation				
S	Suspended				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

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Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. 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.

Collin County

Insurance Company Ratings and Admitted Status (Cont.)

BEST'S FINANCIAL STRENGTH RATING GUIDE – (FSR)			
<p>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.</p>			
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.
<p>* 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 "-".</p>			
FSR Non-Rating Designations			
Designation Symbols	Designation Definitions		
E	Status assigned to insurance companies that are publicly placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal ongoing insurance operations; an impaired insurer.		
F	Status assigned to insurance companies that are publicly placed in liquidation by a court of law or by a forced liquidation; an impaired insurer.		
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 AMBRS.		
Rating Disclosure – Use and Limitations			
<p>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 and business profile 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. (AMBRS) 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 AMBRS.</p>			
<p>BCRs are distributed via the AMBRS 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 AMBRS website. BCRs are proprietary and may not be reproduced without permission. Copyright © 2016 by A.M. Best Company, Inc. and/or its affiliates. ALL RIGHTS RESERVED.</p>			
			Version 090116



Collin County

Appendix

Next-Generation eRiskHub[®]

The dangers of data breaches are far reaching, and the severity of these is being felt at all levels. You hear about the large ones like Anthem, Target and Sony, but in reality any organization that houses valuable information is a potential target from a range of vulnerabilities such as hackers to rogue employees. As an Arthur J. Gallagher & Co. client, you will receive complimentary access to the Gallagher eRiskHub; a dynamic cyber risk management tool that can help your organization be more proactive in assessing your cyber risk posture.

All Gallagher clients have access to the Gallagher eRiskHub, and if you have not registered for access we recommend you do so today.

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. You pick your own user ID and password. The access code is **08167**
3. After registering, you can access the hub immediately using your newly created credentials in the member login box located in the top right of the page.

Key Features of the Gallagher eRiskHub:

- **Gallagher Cyber Risk Due Diligence** — A six-step process designed to walk our clients through a simple thought-provoking framework to encourage organizational communication, establish clear direction, and highlight priorities to better understand your cyber risk profile.
- **Security & Privacy Training**—An overview of best practices for creating an effective security training program for your employees.
- **News Center**—Keep 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 in the top right of the page to search the entire Gallagher eRiskHub.
- **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.
- **eRisk Resources**—Information on third-party vendors that can assist your organization with improving your overall cyber risk.

If you have any questions about the Gallagher eRiskHub, please reach out to Adam Cottini at adam_cottini@ajg.com or the eRiskHub support staff at support@eriskhub.com.

Gallagher Cyber Liability Practice

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Collin County

Claims Reporting By Policy

Direct Reporting

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

- Property
 - Affiliated FM Insurance Company
 - Phone#: (877)877-639-5677
 - Fax#: (847)430-7499
 - Email - newlossdallas@fmglobal.com

Collin County

Bindable Quotations & Compensation Disclosure Schedule

Client Name: Collin County

COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM ¹	COMM. % OR FEE ²	WHOLESALE, MGA OR INTERMEDIARY NAME ³	COMM. % OR FEE ⁴	AJG OWNED? YES/NO
Property	Affiliated FM Insurance Company (Factory Mutual Insurance Company)	\$285,861	13 %	N/A	-	-

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10% of the policy premium. Please refer to the Compensation Disclosure or contact your Gallagher representative for additional information.

1 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.

2 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.

3 We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

4 * The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/ intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this propos

