

EXTENDING YOUR CAPABILITIES  
COVERING YOUR FUTURE

# 2020-2021 INSURANCE RENEWAL PROPOSAL

PRESENTED BY:



**McGRIFF, SEIBELS & WILLIAMS, INC.**

5080 SPECTRUM DRIVE

SUITE 900E

ADDISON, TX 75001

(469) 232-2100

[WWW.MCGRIFF.COM](http://WWW.MCGRIFF.COM)

**MAY 9, 2020 TO MAY 9, 2021**

# STORAGE TANK THIRD PARTY LIABILITY

<b>Applicant:</b>	Collin County
<b>Mailing Address:</b>	2300 Bloomdale #4117 McKinney, TX 75071
<b>Policy Term:</b>	5/9/2020 to 5/9/2021
<b>Company:</b>	Liberty Surplus Insurance Corporation (LSIC)
<b>AM Best Rating:</b>	A XV
<b>Coverage Form:</b>	Storage Tank Third Party Liability, Corrective Action & Cleanup Claims Made
<b>Limits of Insurance:</b>	Each Pollution Incident ..... \$ 2,000,000 Aggregate Limit ..... \$ 2,000,000 Aggregate Claims Expense Limit ..... \$ 2,000,000
<b>Deductibles:</b>	SEE ATTACHED
<b>Terms &amp; Conditions:</b>	<ul style="list-style-type: none"><li>❖ Service of Suit Clause – Texas</li><li>❖ Claim &amp; Notice Reporting</li><li>❖ Sanction Limitation &amp; Exclusion Clause</li><li>❖ Exclusion of Certified Acts of Terrorism</li><li>❖ Exclusion of Terrorism</li><li>❖ Disclosure – Terrorism Risk Insurance Act</li><li>❖ Cap on Losses from Certified Acts of Terrorism</li><li>❖ Financial Assurance Amendatory Endorsement – Texas</li><li>❖ Schedule of Covered Locations and Storage Tanks</li><li>❖ Cancellation – 100% Minimum Earned Premium</li><li>❖ Notice of Underground Storage Tank Removal</li><li>❖ Deductible Amendatory Endorsement</li><li>❖ Emergency Response Expenses</li></ul>



# STORAGE TANK THIRD PARTY LIABILITY

## ❖ Image Restoration Expenses

<b>Total</b>			
<b>Premium:</b>	\$	23,576.00	Premium
	\$	707.00	TRIA
	\$	500.00	Policy Fee
	\$	1,201.98	Texas Surplus Lines Tax
	\$	<u>37.17</u>	Stamping Fee
	\$	<b>26,022.15</b>	<b>Total</b>



# STORAGE TANK THIRD PARTY LIABILITY

Loc #	Location Name		Street Address		City		State		Postal Code	
1	Farmersville Service Center		1263 SH 78 N		Farmersville		TX		75442	
Loc #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date	Deductible
1	1	1A	AST	2004	9,600	Coated or Bare Steel	SW	Other	5/9/04	\$25,000
1	2	1B	AST	2004	9,600	Coated or Bare Steel	SW	Other	5/9/04	\$25,000
1	3	2	AST	1996	3,000	Coated or Bare Steel	DW	Gasoline	5/9/96	\$25,000
1	4	3	AST	1996	3,000	Coated or Bare Steel	DW	Diesel	5/9/96	\$25,000

Loc #	Location Name		Street Address		City		State		Postal Code	
2	CC Service Center		700 A Wilmeth Road		McKinney		TX		75069	
Loc #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date	Deductible
2	1	6	UST	1988	12,000	ACT 100 FRP Clad Steel	SW	Diesel	5/9/05	\$100,000
2	2	7	AST	2000	1,000	Coated or Bare Steel	DW	Waste Oil	5/9/00	\$25,000
2	3	8	AST	2004	9,600	Coated or Bare Steel	SW	Other	5/9/04	\$25,000
2	4	5	UST	1988	6,000	ACT 100 FRP Clad Steel	SW	Gasoline	5/9/05	\$100,000



# STORAGE TANK THIRD PARTY LIABILITY

Loc #	Location Name	Street Address	City		State		Postal Code			
3	CC Juvenile Justice Center	4600 Community Avenue	McKinney		TX		75071			
Loc #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date	Deductible
3	1	4	UST	1993	20,000	ACT 100 FRP Clad Steel	SW	Diesel	5/9/2005	\$50,000



2. SPECIMEN POLICY FORM





## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")  
175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

#### SERVICE OF SUIT CLAUSE - TEXAS

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	1
Issued To:	Collin County		

This endorsement modifies insurance provided under the following:

#### ALL COVERAGE PARTS IN THIS POLICY

Liberty Surplus Insurance Corporation hereby appoints the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as the agent upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance.

The Company furthermore designates Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company, 211 East 7th Street, Suite 620, Austin, TX 78701-3218 as the agent to whom a copy of the Service of Process should be forwarded by the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the State of Texas. A copy of any process, "suit", complaint or summons may be made upon the Office of the General Counsel, North America Specialty, Liberty Mutual Insurance, C/O Liberty Surplus Insurance Corporation, 175 Berkeley Street, Boston, MA 02116.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

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Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

### CLAIM AND NOTICE REPORTING

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	2
Issued To:	Collin County		

Subject to the claims and notice reporting provisions within the policy, claim and notice reports may be given in writing via:

**POSTAL SERVICE to:**

Ironshore Environmental Claims CSO  
28 Liberty Street, 5th Floor  
New York, NY 10005

**E-MAIL to:**

[USClaims@ironshore.com](mailto:USClaims@ironshore.com)

**FAX to:**

646-826-6601

By phone via:

**24 Hour Claims Phone Number:**

(888) 292-0249

All other terms and conditions remain unchanged.





## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

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Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

#### SANCTION LIMITATION AND EXCLUSION CLAUSE

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	3
Issued To:	Collin County		

No Insurer shall be deemed to provide cover and no Insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

All other terms and conditions remain unchanged.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")  
150 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

#### EXCLUSION OF CERTIFIED ACTS OF TERRORISM

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	4
Issued To:	Collin County		

It is hereby agreed that the policy is amended as follows:

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM**

“Any injury or damage” arising, directly or indirectly, out of a “certified act of terrorism”.

**B.** The following definitions are added:

1. For the purposes of this endorsement, “any injury or damage” means any injury, damage or loss covered under any Coverage Part, Policy or underlying insurance to which this endorsement is applicable, and includes but is not limited to “bodily injury”, “business interruption”, “clean-up costs”, “corrective action”, “defense expense” or “property damage” as may be defined in any applicable Coverage Part, or Policy or underlying insurance.
2. “Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:
  - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")

150 Berkeley Street, Boston, MA 02116

Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

### EXCLUSION OF TERRORISM

Effective Date: 05/09/2020

Expiration Date: 05/09/2021

Policy Number: IRONTX00905373

Endorsement No. 5

Issued To: Collin County

It is hereby agreed that the policy is amended as follows:

**A.** The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

- 1.** "Terrorism" means activities against persons, organizations or property of any nature:
  - a.** That involve the following or preparation for the following:
    - (1)** Use or threat of force or violence; or
    - (2)** Commission or threat of a dangerous act; or
    - (3)** Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
  - b.** When one or both of the following applies:
    - (1)** The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
    - (2)** It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
- 2.** "Any injury or damage" means any injury, damage or loss covered under any Coverage Part, Policy or underlying insurance to which this endorsement is applicable, and includes but is not limited to "bodily injury", "business interruption", "clean-up costs", "corrective action", "defense expense" or "property damage" as may be defined in any applicable Coverage Part, Policy or underlying insurance.

**B.** The following exclusion is added:

#### EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage.



**But this exclusion applies only when one or more of the following are attributed to an incident of “terrorism”:**

1. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
3. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the “terrorism” was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the “terrorism” and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - a. Physical injury that involves a substantial risk of death; or
  - b. Protracted and obvious physical disfigurement; or
  - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of “terrorism” which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs **B.5.** or **B.6.** are exceeded.

With respect to this Exclusion, Paragraphs **B.5.** and **B.6.** describe the threshold used to measure the magnitude of an incident of “terrorism” and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of “terrorism”, there is no coverage under this Coverage Part or Policy.

In the event of any incident of “terrorism” that is not subject to this Exclusion, coverage does not apply to “any injury or damage” that is otherwise excluded under this Coverage Part or Policy.

- C.** The following is hereby added to the Policy and shall apply to all coverages:

This exclusion shall not apply to coverage for “certified acts of terrorism” if you have elected to purchase such coverage. However, with respect to any one or more “certified acts of terrorism”, we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")  
150 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

#### DISCLOSURE – TERRORISM RISK INSURANCE ACT

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	6
Issued To:	Collin County		

#### THIS ENDORSEMENT IS MADE PART OF YOUR POLICY PURSUANT TO THE TERRORISM RISK INSURANCE ACT.

In accordance with the Terrorism Risk Insurance Act, including all amendments, ("TRIA" or the "Act"), we are required to provide you with a notice of the portion of your premium attributable to coverage for "certified acts of terrorism," the federal share of payment of losses from such acts, and the limitation or "cap" on our liability under the Act.

#### Disclosure of Premium

The Company has made available coverage for "certified acts of terrorism" as defined in the Act. If purchased, the portion of your premium attributable to coverage for "certified acts of terrorism" is shown in the Declarations, Declarations Extension Schedule or elsewhere by endorsement in your policy.

#### Federal Participation In Payment Of Terrorism Losses

If an individual insurer's losses from certified acts of terrorism exceed a deductible amount specified in the Act, the federal government will reimburse the insurer for the Federal Share of losses paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the "Program Trigger".

The Federal Share and Program Trigger by calendar year are:

Calendar Year	Federal Share	Program Trigger
2015	85%	\$100,000,000
2016	84%	\$120,000,000
2017	83%	\$140,000,000
2018	82%	\$160,000,000
2019	81%	\$180,000,000
2020	80%	\$200,000,000

**Cap On Insurer Participation In Payment Of Terrorism Losses**

If aggregate insured losses attributable to “certified acts of terrorism” exceed \$100 billion in a calendar year and we have met our deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. Nor shall Treasury make any payment for any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

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Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

### CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	7
Issued To:	Collin County		

This endorsement modifies insurance provided under the above captioned policy.

#### A. Cap on Certified Act of Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed

\$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### B. Application of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

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175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

### FINANCIAL ASSURANCE AMENDATORY ENDORSEMENT STATE OF TEXAS

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	8
Issued To:	Collin County		

1. It is hereby agreed that the following is added to the condition entitled **Cancellation** set forth in **SECTION IV - CONDITIONS**:

In addition to the above, should this policy be canceled or non-renewed we will notify the Texas Commission on Environmental Quality no later than 30 days after termination of coverage. Notice shall be sent to one of the following addresses.

(mail)  
TCEQ, Financial Assurance Cancellations  
MC-234  
P.O. Box 13087  
Austin, Texas 78711-3087

(overnight delivery);  
TCEQ, Financial Assurance Cancellations  
MC-234  
12100 Park 35 Circle  
Austin, Texas 78753

All other terms and conditions remain unchanged.





## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")

175 Berkeley Street, Boston, MA 02116

Toll-free number: 1-800-677-9163

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

### SCHEDULE OF COVERED LOCATIONS AND STORAGE TANKS AMENDATORY ENDORSEMENT

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	9
Issued To:	Collin County		

It is agreed that **Item 6.a** and **Item 6.b** of the Declarations are deemed to include the following:

#### Item 6.a. Covered Locations

Loc. #	Location Name	Street Address	City	State	Postal Code
1	Farmersville Service Center	1263 SH 78 N	Farmersville	Texas	75442
Loc. #	Location Name	Street Address	City	State	Postal Code
2	CC Service Center	700 A Wilmeth Road	McKinney	Texas	75069
Loc. #	Location Name	Street Address	City	State	Postal Code
3	CC Juvenile Justice Center	4600 Community Avenue	McKinney	Texas	75071

This policy will not provide coverage for any Covered Location(s) other than the above-listed unless specifically scheduled onto the policy by endorsement.

#### Item 6.b. Covered Storage Tanks

The following Storage Tank(s) is (are) covered under the policy:

Loc. #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date	Deductible
1	1	3	AST	2004	9,600	Coated or Bare Steel	Single	Other	05/09/2004	\$25,000
1	2	4	AST	2004	9,600	Coated or Bare Steel	Single	Other	05/09/2004	\$25,000
1	3	1	AST	1996	3,000	Coated or Bare Steel	Double	Gasoline	05/09/1996	\$25,000
1	4	6	AST	1996	3,000	Coated or Bare Steel	Double	Diesel	05/09/1996	\$25,000

Loc. #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date	Deductible
2	1	2	UST	1988	12,000	ACT 100 FRP Clad Steel	Single	Diesel	05/09/2005	\$100,000
2	2	5	AST	2000	1,000	Coated or Bare Steel	Double	Waste Oil	05/09/2000	\$25,000
2	3	6	AST	2004	9,600	Coated or Bare Steel	Single	Other	05/09/2004	\$25,000
2	4	1	UST	1988	6,000	ACT 100 FRP Clad Steel	Single	Gasoline	05/09/2005	\$100,000
Loc. #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date	Deductible
3	1	1	UST	1993	20,000	ACT 100 FRP Clad Steel	Single	Diesel	05/09/2005	\$50,000

This policy will not provide coverage for any Storage Tank(s) other than the above-listed unless specifically scheduled onto the policy by endorsement.

If an Anniversary Date is listed, the above-listed tank(s) will be deleted from the above schedule on the corresponding above-listed Anniversary Date(s), respectively, unless updated integrity test results (Acceptable to the Company) are received by the Company sixty (60) days prior to the listed anniversary date and approved in writing by the company.

All other terms and conditions remain unchanged.

E-TX-1 (7/02)



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

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175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

### CANCELLATION – 100% MINIMUM EARNED PREMIUM

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	10
Issued To:	Collin County		

It is agreed that subparagraph e. of the condition entitled **Cancellation** set forth in **SECTION IV – CONDITIONS** is deleted in its entirety and replaced with the following:

- e. The premium amount stated in the Declarations shall be one hundred percent (100%) earned at inception. In the event this policy is cancelled, we shall have no obligation to return any premium to the Named Insured.

All other terms and conditions remain unchanged.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

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Toll-free number: 1-800-677-9163

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

### NOTICE OF UNDERGROUND STORAGE TANK REMOVAL

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	11
Issued To:	Collin County		

It is agreed that the following is added to **SECTION IV – CONDITIONS:**

#### NOTICE OF UNDERGROUND STORAGE TANK REMOVAL

- a.) We must be given, in writing, notice for all "underground storage tank system" removals. The notice must be received by us 10 days prior to any such removal and sent via overnight delivery to the attention of :

Ironshore Environmental Claims CSO  
28 Liberty Street, 5th Floor  
New York, NY 10005

**E-MAIL to:**

IronEnviroTankPull@ironshore.com

**FAX to:**

646-826-6601

**By phone via:**

24 Hour Claims Phone Number:  
(888) 292-0249

- b.) We reserve the right to have a representative present for all "underground storage tank system" removals.

All other terms and conditions remain unchanged.

E-TX-17 (10/19)



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

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175 Berkeley Street, Boston, MA 02116  
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**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

### DEDUCTIBLE AMENDATORY ENDORSEMENT (SCHEDULED)

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	12
Issued To:	Collin County		

It is agreed that any "claim" arising from, out of, caused by, resulting from, contributed to, or in any way related to any "pollution incident" discovered during any "removal" or "investigation" of the below scheduled "underground storage tank systems" will be subject to a \$500,000 per incident deductible, insured under this policy.

#### Schedule of Covered Locations and Storage Tanks

Loc. #		Location Name		Street Address		City	State		Postal Code	
1		CC Juvenile Justice Center		4600 Community Avenue		McKinney	Texas		75071	
Loc. #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction		SW/DW	Contents	Retro. Date
1	1	1	UST	1993	20,000	ACT 100 FRP Clad Steel		Single	Diesel	05/09/2005

It is agreed that the following is added to **SECTION VI – DEFINITIONS**:

"Removal" means the removal of any "underground storage tank system", whether in part or in its entirety, with no prior knowledge of a failure in or "pollution incident" from the "underground storage tank system".

"Investigation" means the taking or testing of soil or groundwater performed at or under any "covered location" by any insured, or any other party, and which is not required as the result of a failure in or verified "pollution incident" from the "underground storage tank system". "Investigation" shall include, but not be limited to, an investigation at or under a "covered location" that is performed as part of a property transfer, sale, lease or financing transaction.

All other terms and conditions remain unchanged.

E-TX-MAN (09/18)



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

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175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

### DEDUCTIBLE AMENDATORY ENDORSEMENT (SCHEDULED)

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	13
Issued To:	Collin County		

It is agreed that any "claim" arising from, out of, caused by, resulting from, contributed to, or in any way related to any "pollution incident" discovered during any "removal" or "investigation" of the below scheduled "underground storage tank systems" will be subject to a \$1,000,000 per incident deductible, insured under this policy.

#### Schedule of Covered Locations and Storage Tanks

Loc. #	Location Name		Street Address			City	State	Postal Code	
1	CC Service Center		700 A Wilmet Road			McKinney	Texas	75069	
Loc. #	Tank #	Tank ID	UST/AST	Year Installed	Capacity Gallons	Construction	SW/DW	Contents	Retro. Date
1	1	2	UST	1988	12,000	ACT 100 FRP Clad Steel	Single	Diesel	05/09/2005
1	2	1	UST	1988	6,000	ACT 100 FRP Clad Steel	Single	Gasoline	05/09/2005

It is agreed that the following is added to **SECTION VI – DEFINITIONS:**

"Removal" means the removal of any "underground storage tank system", whether in part or in its entirety, with no prior knowledge of a failure in or "pollution incident" from the "underground storage tank system".

"Investigation" means the taking or testing of soil or groundwater performed at or under any "covered location" by any insured, or any other party, and which is not required as the result of a failure in or verified "pollution incident" from the "underground storage tank system". "Investigation" shall include, but not be limited to, an investigation at or under a "covered location" that is performed as part of a property transfer, sale, lease or financing transaction.

All other terms and conditions remain unchanged.

E-TX-MAN (09/18)



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")  
175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

### EMERGENCY RESPONSE EXPENSES

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	14
Issued To:	Collin County		

1. It is agreed that the definition entitled "Cleanup" set forth in **SECTION VI – DEFINITIONS** is deleted in its entirety and replaced with the following:

**6. "Cleanup" means:**

- a. activities to the extent required pursuant to "environmental laws" undertaken to remove, abate, contain, treat, detoxify or neutralize "pollutants", or to assess, test for or monitor the effects of "pollutants".
- b. "corrective action".
- c. "emergency response expenses".

"Cleanup" shall not include the removal, repair, upgrade, maintenance or replacement of any "underground storage tank system" or "aboveground storage tank system".

2. It is agreed that the following is added to **SECTION VI – DEFINITIONS**:

"Emergency Response Expenses" means reasonable and necessary costs, charges or expenses incurred in response to an imminent and substantial threat to human health or the environment and incurred within seven (7) days of the commencement of the "Pollution Incident" giving rise to such costs, charges and expenses to investigate, remove, dispose of, abate, contain, treat or test soil, surface water, groundwater or other contaminated media.

All other terms and conditions remain unchanged.



## Storage Tank Third Party Liability Corrective Action and Cleanup Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")  
175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.**

#### IMAGE RESTORATION EXPENSES

Effective Date:	05/09/2020	Expiration Date:	05/09/2021
Policy Number:	IRONTX00905373	Endorsement No.	15
Issued To:	Collin County		

1. The following is added as to Section **I – Insuring Agreement**:

##### **Coverage: Image Restoration Expenses**

To pay on behalf of the insured, "image restoration expenses" that directly result from an "image restoration event", provided that the "pollution incident" giving rise to the "image restoration event" is on, under or migrating from a "covered location". This coverage shall apply only if the "pollution incident" giving rise to the "image restoration expenses" is first discovered by the insured during the "policy period". Discovery of such a "pollution incident" occurs when a "responsible insured" first becomes aware of the "pollution incident".

2. The following are added to Section **VI – Definitions**:

"Image Restoration Event" means a "pollution incident" which results in a newspaper or magazine publication or television news broadcast alleging responsibility on the part of the insured for such "pollution incident".

"Image Restoration Expenses" means reasonable expenses to restore public reputation and consumer confidence incurred by the insured within fourteen (14) days of the first newspaper or magazine publication or television news broadcast associated with the "pollution incident" giving rise to the "image restoration event" and within thirty (30) days of the commencement of such "pollution incident". "Image restoration expenses" shall include fees and expenses incurred by public relations or crisis management firms and reasonable and necessary printing, mailing of materials and travel by directors, officers, employees or agents of the insured at the direction of such firms. "Image restoration expenses" shall not include the costs to purchase advertising on television, in newspapers or in any other media without the prior written consent of the company.

3. The following is added to Section **III – Limits of Insurance and Deductible**:

The most the Company will pay for "image restoration expenses" under this endorsement is \$25,000.

All other terms and conditions remain unchanged.



### 3. FORMS FOR SIGNATURE





**POLICYHOLDER DISCLOSURE  
NOTICE OF OFFER TO PURCHASE  
TERRORISM INSURANCE FOR POLICY PERIOD**

This notice contains important information about the Terrorism Risk Insurance Act and your option to purchase terrorism insurance coverage. Please read it carefully.

**THE TERRORISM RISK INSURANCE ACT**

The Terrorism Risk Insurance Act, including all amendments ("TRIA" or the "Act") establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. Currently, if an individual insurer's losses from "certified acts of terrorism" exceed a specified deductible amount, the government will reimburse the insurer for a percentage of losses (the "Federal Share") paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the "Program Trigger". An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

The Federal Share and Program Trigger by calendar year are:

Calendar Year	Federal Share	Program Trigger
2015	85%	\$100,000,000
2016	84%	\$120,000,000
2017	83%	\$140,000,000
2018	82%	\$160,000,000
2019	81%	\$180,000,000
2020	80%	\$200,000,000

**MANDATORY OFFER OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" AND DISCLOSURE OF PREMIUM**

TRIA requires insurers to offer coverage for losses resulting from "certified acts of terrorism" that could otherwise be excluded and to specify the premium for this coverage. You have the option to accept or reject this coverage.

A "certified act of terrorism" means an[y] act that is certified by the Secretary [of the Treasury], in consultation with the Secretary of Homeland, and the Attorney General of the United States:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to –
  - a. human life;
  - b. property; or
  - c. infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of –
  - a. an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or

TRIA-ENV-N002-0315



- b. the premises of a United States mission; and
- 4. to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

#### **HOW THE ACT AFFECTS YOUR POLICY AND WHAT YOU MUST DO**

##### **SELECTION OR REJECTION OF OPTIONAL TERRORISM INSURANCE COVERAGE**

You have the option of purchasing coverage for losses resulting from "certified acts of terrorism." Coverage for losses resulting from "certified acts of terrorism" is still subject to, and may be limited by, all other terms, conditions and exclusions contained in your policy.

The premium charge for this coverage for the policy period is determined by applying 3% to the Base Policy Premium.

**Note:**With respect to Excess policies, this offer of coverage pertains only to those lines of business covered by TRIA and, more specifically, does not apply to commercial automobile insurance or to any line of business excluded by TRIA. In addition, this offer of coverage for "certified acts of terrorism" is expressly conditioned upon your acceptance of coverage for "certified acts of terrorism" on all underlying insurance policies that are subject to TRIA. If you reject such coverage on your primary liability policies, you must also reject it on your Excess policy.

If you reject this offer, you will not be covered for losses resulting from "certified acts of terrorism."

Please indicate on the attached coverage election form, whether you accept or reject this offer. If we do not receive a completed Terrorism Coverage Election Form from you, coverage for "certified acts of terrorism" will be excluded from your policy.

TRIA-ENV-N002-0315





### TERRORISM COVERAGE ELECTION FORM

PLEASE INDICATE YOUR ELECTION TO ACCEPT OR REJECT THIS OFFER BELOW:

- ☐ I hereby elect to purchase coverage for "certified acts of terrorism" for the policy period for \_\_\_% of the Base Policy Premium.
- ☐ I hereby reject this offer of coverage for the policy period. I understand that by rejecting this offer, I will have no coverage for losses arising from "certified acts of terrorism."

#### **POLICYHOLDER ACKNOWLEDGEMENT**

I hereby acknowledge that I have received notice of TRIA, the federal share of compensation for "certified acts of terrorism," the premium charge for losses covered by TRIA, and the Company's limit of liability should losses covered by TRIA exceed \$100 billion.

\_\_\_\_\_  
Policyholder/Applicant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy carefully.

If you have any questions regarding this notice, please contact your sales representative or agent.

TRIA-ENV-N002-0315



## 4. AM BEST RATINGS



## Liberty Surplus Insurance Corporation

AMB #: 012078 NAIC #: 10725 FEIN #: 043390891

### Domestic Address

175 Berkeley Street  
Boston, Massachusetts 02116  
United States

Web: [www.libertylu.com](http://www.libertylu.com)

Phone: 617-357-9500

Fax: 617-574-5955

[View Additional Address Information](#)

AM Best Rating Unit: AMB #: 000060 - Liberty Mutual Insurance Companies

Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.



[View additional news, reports and products for this company.](#)

Based on AM Best's analysis, 051114 - Liberty Mutual Holding Company Inc. is the **AMB Ultimate Parent** and identifies the topmost entity of the corporate structure. View a list of operating insurance entities in this structure.

### Best's Credit Ratings

#### Financial Strength Rating [View Definition](#)

**Rating:** A (Excellent)  
**Affiliation Code:** r (Reinsured)  
**Financial Size Category:** XV (\$2 Billion or greater)  
**Outlook:** Stable  
**Action:** Affirmed  
**Effective Date:** May 30, 2019  
**Initial Rating Date:** October 27, 1997

#### Best's Credit Rating Analyst

**Rating Office:** A.M. Best Rating Services, Inc.  
**Senior Financial Analyst:** Elizabeth Blamble  
**Director:** Jennifer Marshall, CPCU, ARM  
**Note:** See the Disclosure Information Form or Press Release below for the office and analyst at the time of the rating event.

#### Disclosure Information

**Disclosure Information Form**  
[View AM Best's Rating Disclosure Form](#)

**Press Release**  
[AM Best Affirms Credit Ratings of Liberty Mutual Holding Company Inc. and its Subsidiaries](#)  
May 30, 2019

#### Long-Term Issuer Credit Rating [View Definition](#)

**Long-Term:** a  
**Outlook:** Stable  
**Action:** Affirmed  
**Effective Date:** May 30, 2019  
**Initial Rating Date:** January 25, 2006

u Denotes Under Review Best's Rating

### Rating History

AM Best has provided ratings & analysis on this company since 1997.

#### Financial Strength Rating

Effective Date	Rating
5/30/2019	A
5/16/2018	A
3/8/2017	A
10/8/2015	A
9/24/2014	A

#### Long-Term Issuer Credit Rating

Effective Date	Rating
5/30/2019	a
5/16/2018	a
3/8/2017	a
10/8/2015	a
9/24/2014	a



## 5. DISCLAIMER NOTICES



## GENERAL CONDITIONS Temporary Confirmation of Insurance

### **FRAUD:**

1. If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Confirmation shall become void, and all claims thereunder shall be forfeited.

### **CANCELLATION:**

2. This Confirmation may be cancelled on the customary short rate basis by the Assured at any time by surrender of this confirmation to McGriff, Seibels & Williams of Texas, Inc. This Confirmation may also be cancelled, with or without the return or tender of the unearned premium, by the Insurer(s) or by McGriff, Seibels & Williams of Texas, Inc., in their behalf, by delivering to the Assured, or by sending to the Assured by mail, registered or unregistered, at the Assured's address as shown herein, not less than ten days written notice, stating when the cancellation shall be effective, and in such case the Insurer(s) shall refund the paid premium less the earned portion thereof on demand, subject always to the retention by the Insurer(s) hereon of any minimum premium stipulated herein (or proportion thereof previously agreed upon) in the event of cancellation either by the Insurer(s) or the Assured.

### **CLAIMS:**

3. Loss, if any, to be payable in United States Currency. The Assured shall immediately report to McGriff, Seibels & Williams of Texas, Inc., at their office in Houston, Texas, any occurrence likely to result in a claim under this insurance.
4. This insurance is subject to all provisions of this Confirmation, whether printed, typed, added by endorsement, or appearing in forms attached or incorporated by reference. Provisions added by endorsement or forms attached or incorporated by reference supersede any inconsistent printed or typed provisions in this Confirmation.
5. Forms & Special Conditions: Forms applicable are subject in all respects to the terms, conditions and limitations of the policy(ies) or cover note(s) in current use by Insurer(s), unless otherwise specified hereinafter.
6. It is agreed that in the event of the failure of Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Assured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurers' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any state in the United States.

It is further agreed that service of process in such suit may be made upon the Company's Secretary at the Home Office of the Company as shown on the Declarations.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

7. This Confirmation shall not be assigned, either in whole or in part, without the written consent of McGriff, Seibels & Williams of Texas, Inc. endorsed hereon.
8. This Confirmation shall not be valid unless signed by an Authorized Officer of McGriff, Seibels & Williams of Texas, Inc.

### **DEFINITION:**

It is hereby understood and agreed wherever the printed word "Confirmation" appears herein, it shall be deemed to read "Temporary Confirmation of Insurance".

**IMPORTANT:** PREMIUM OF THE AMOUNT SHOWN HEREIN IS DUE AND PAYABLE TO MCGRIFF, SEIBELS & WILLIAMS OF TEXAS, INC., ON OR BEFORE THE DUE DATE SHOWN HEREON.

THE ASSURED IS REQUESTED TO READ THIS TEMPORARY CONFIRMATION OF INSURANCE, AND IF INCORRECT, RETURN IT IMMEDIATELY FOR ALTERATION.





## MCGRIFF, SEIBELS & WILLIAMS, INC. THIRD PARTY DISCLAIMER

From time to time, McGriff, Seibels & Williams, Inc. ("MSW") may share opinions or content regarding third party entities, third party providers of services, or make referrals to third party products and/or services ("Third Party Entities, Products and/or Services"). Any such opinions or content regarding Third Party Entities, Products and/or Services, or links to third party websites shared or posted on MSW's website or social media sites do not constitute an endorsement of any third party, individual, organization, service, or product by MSW, nor does such activity indicate an affiliation with or sponsorship by MSW.

Any third party representations regarding their products or services contained in their written materials or on their websites are those of the representative authors and do not reflect the affirmation, concurrence or agreement of MSW, its employees, directors, officers, parents, or affiliates that those claims are accurate.

MSW assumes no liability in connection with any Third Party Entities, Products and/or Services or for the storage or any related breach in connection with your confidential information by such third parties. Further, MSW does not accept any responsibility nor does it offer any warranty regarding the quality, accuracy, timeliness, reliability or any other aspect of such Third Party Entities, Products and/or Services. MSW expressly disclaims any warranty or liability for any acts, failure to act, errors or omissions by such third parties. Accordingly, you should conduct your own due diligence of any Third Party Entities, Products or Services prior to their engagement or use.

Ed. 03/2019



## McGRIFF, SEIBELS & WILLIAMS, INC. COMPENSATION STATEMENT

Our principal remuneration for the placement and service of your insurance policy(ies) will be by commission (a proportion of the premium paid that is allowed to us by the insurance company(ies) and/or a mutually agreed fee.

You should be aware that we may receive additional income from the following sources:

**Interest or Investment Income** earned on insurance premiums.

**Expense Allowances or Reimbursements** from insurance companies and other vendors for (a) educational and professional development programs; (b) managing and administering certain binding authorities and other similar facilities, including claims which may arise; and (c) attendance at insurance company meetings and events; all of which we believe enable us to provide more efficient service and competitive terms to those clients for whom we consider the use of such facilities appropriate.

**Tier II Commission** (sometimes referred to as "extra compensation") is exclusive to the placement of employee benefits insurance and is based on premium volume of new business and/or premium retention.

**Contingent Commission** (sometimes referred to as "profit sharing") which can be based on profitability, premium volume, premium retention, and/or growth. If any part of your account is on a fee basis, we will not accept contingent commission related to your account.

If you have questions or desire additional information about remuneration and other income, please contact your Agent who will put you in touch with our Chief Risk Manager for assistance. If any part of your insurance program is placed through any BB&T-owned companies (including retail insurance broker McGriff Insurance Services, Inc. wholesale insurance brokers CRC Insurance Services, Inc. and Crump Life Insurance Services, Inc.; managing general underwriter AmRisc, LLC; insurance premium finance company, Prime Rate Premium Finance Corporation, Inc. or affiliate or BB&T Assurance Company, Ltd.) disclosure of that income will also be included.

05/2019 ed



## Disclaimer

The following summary of coverages is to be used only as an overview of each policy written and in no way should it be used, not as intended to be used, as a substitute for the original policy provisions. It has been prepared as a guideline for your reference only.

The policy/policies contain conditions, limitations and exclusions which may affect or limit coverage to be provided and should be reviewed by the insured to verify that coverage has been written as requested.

*All of the information contained in this proposal is subject to the terms, conditions and limitations contained in the policies. Values are based on information provided by the client.*

This document is proprietary, confidential and/or privileged and is intended to be reviewed only by the individual and/or entity to which it is addressed. If you are not the intended recipient or a representative of the intended recipient, you are hereby notified that any review, copying, disclosure and/or dissemination of this document of the information contained herein is prohibited.



# DISCLAIMER NOTICES

## McGRIFF, SEIBELS & WILLIAMS, INC. PROVIDER SECURITY STANDARDS

The following is a brief summary of the measures that we have taken as your broker to review and report to you objectively on the financial security of your insuring companies. Information is included on A.M. Best Company, our primary security rating source, and the internal policies and standards, which we have established to address this important issue for our customers.

MSW Security Review - McGriff, Seibels & Williams has established an internal "Security Review Group" composed of senior management representatives from the Finance, Marketing, Branch, Wholesale and Administrative Divisions of the company. This group's purpose is to develop and implement all policies, procedures and standards for the financial security of all insurers, intermediaries and associations used by MSW and its subsidiary companies.

This group meets periodically to review the current listing of all companies, intermediaries and associations, which are actively used by MSW. It will also act on any pending requests received from throughout the company to have new Providers activated, and to deactivate any Providers that do not meet current MSW standards.

### MSW Provider Classifications:

"Approved Provider" is any Provider whose A.M. Best's rating is A- or higher. The Best's rating of an "approved" Provider must be printed on all MSW Confirmations of Coverage (Binders) and proposals delivered to clients or prospects.

"Exception Provider" is certain Providers with a rating lower than A-, including those companies "not rated by A.M. Best" which after review by the Security Review Group will be acceptable security.

Any Provider approved by MSW receiving an A.M. Best downgrade of rating will be posted on our website ([www.mcgriff.com](http://www.mcgriff.com)). A downgrade that results in an "Approved" Provider moving to a less than A- A.M. Best Rating will be communicated to you in writing.

A.M. Best Company  
Ambest Road  
Oldwick, New Jersey 08858

History - A.M. Best Company was incorporated in 1899 as the first rating agency in the world to offer reliable information on the financial condition of U.S. insurance companies. The *Best's Rating Guide* was first published in 1900, and has since become a cornerstone of the security review process by continuously evaluating the financial integrity of over 4,100 insurance companies. In 1984, the first edition of the *Best's International Rating Guide* was published, reporting on the claims-paying ability of over 950 international insurers.

The information used by Best to rate insurance carriers is provided by the companies themselves as a part of their normal filings with the National Association of Insurance Commissioners, those states in which the company is licensed, the SEC and/or with its shareholders. Rating reviews are performed annually on each insurance company, and on an interim basis as conditions dictate.

Best's Rating System - The Best's rating system is designed to evaluate a wide range of objective and subjective factors that affect the overall performance of an insurance company (not applicable to associations or intermediaries). These factors deal with the company's financial strength, its operating performance and its ability to meet its financial obligations to policyholders, as follows:

- \* Profitability
- \* Quality of reinsurance program
- \* Quality and diversification of assets
- \* Adequacy of policy loss reserves
- \* Capital structure
- \* Spread of risk
- \* Leverage/Capitalization
- \* Liquidity
- \* Adequacy of policyholder's surplus
- \* Management experience and objectives

Best's Rating Symbols - A typical Best's rating is composed of two parts. The "Security" portion provides an alphabetical indication of the quality of the security provided by a company to its policyholders. This rating is further defined in three categories, "Secure", "Vulnerable" or "Not Assigned". The "Financial Size" (FSC) portion of the Best's rating uses Roman numerals to rank companies based on the dollar amount of their policyholder's surplus and contingent reserve funds.

While comparative rankings for security or financial size by themselves may not adequately portray the complete financial health of a company, the combination of the two has proven to be reliable in predicting the ability of a company to meet its claims obligations in a timely manner, both now and in the near future. The actual rating symbols used by Best and their meanings are:

"Secure" Ratings:	A++ or A+	Superior
	A or A-	Excellent
	B++ or B+	Good
"Vulnerable" Ratings:	B or B-	Fair
	C++ or C+	Marginal
	C or C-	Weak
	D	Poor
	E	Under Supervision
	F	In Liquidation
	S	Suspended

"NR" Not Rated Designation - Assigned to companies not rated by A.M. Best.

### Financial Size Categories:

I	Under \$1,000,000	VIII	100,000,000 - 250,000,000
II	1,000,000 - 2,000,000	IX	250,000,000 - 500,000,000
III	2,000,000 - 5,000,000	X	500,000,000 - 750,000,000
IV	5,000,000 - 10,000,000	XI	750,000,000 - 1,000,000,000
V	10,000,000 - 25,000,000	XII	1,000,000,000 - 1,250,000,000
VI	25,000,000 - 50,000,000	XIII	1,250,000,000 - 1,500,000,000
VII	50,000,000 - 100,000,000	XIV	1,500,000,000 - 2,000,000,000
		XV	Over \$2,000,000,000

Source: *Best's Key Rating Guide* - 2016 Edition

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Effective January 9, 2017

