

A 3D rendering of a city skyline with several skyscrapers. The sky is filled with various mathematical formulas and symbols, including  $(y^2 - y')/y'$ ,  $a^2$ ,  $\sin x$ ,  $\cos x$ ,  $\frac{1}{x}$ ,  $\frac{1}{x^2}$ ,  $\frac{1}{x^3}$ ,  $\frac{1}{x^4}$ ,  $\frac{1}{x^5}$ ,  $\frac{1}{x^6}$ ,  $\frac{1}{x^7}$ ,  $\frac{1}{x^8}$ ,  $\frac{1}{x^9}$ ,  $\frac{1}{x^{10}}$ ,  $\frac{1}{x^{11}}$ ,  $\frac{1}{x^{12}}$ ,  $\frac{1}{x^{13}}$ ,  $\frac{1}{x^{14}}$ ,  $\frac{1}{x^{15}}$ ,  $\frac{1}{x^{16}}$ ,  $\frac{1}{x^{17}}$ ,  $\frac{1}{x^{18}}$ ,  $\frac{1}{x^{19}}$ ,  $\frac{1}{x^{20}}$ ,  $\frac{1}{x^{21}}$ ,  $\frac{1}{x^{22}}$ ,  $\frac{1}{x^{23}}$ ,  $\frac{1}{x^{24}}$ ,  $\frac{1}{x^{25}}$ ,  $\frac{1}{x^{26}}$ ,  $\frac{1}{x^{27}}$ ,  $\frac{1}{x^{28}}$ ,  $\frac{1}{x^{29}}$ ,  $\frac{1}{x^{30}}$ ,  $\frac{1}{x^{31}}$ ,  $\frac{1}{x^{32}}$ ,  $\frac{1}{x^{33}}$ ,  $\frac{1}{x^{34}}$ ,  $\frac{1}{x^{35}}$ ,  $\frac{1}{x^{36}}$ ,  $\frac{1}{x^{37}}$ ,  $\frac{1}{x^{38}}$ ,  $\frac{1}{x^{39}}$ ,  $\frac{1}{x^{40}}$ ,  $\frac{1}{x^{41}}$ ,  $\frac{1}{x^{42}}$ ,  $\frac{1}{x^{43}}$ ,  $\frac{1}{x^{44}}$ ,  $\frac{1}{x^{45}}$ ,  $\frac{1}{x^{46}}$ ,  $\frac{1}{x^{47}}$ ,  $\frac{1}{x^{48}}$ ,  $\frac{1}{x^{49}}$ ,  $\frac{1}{x^{50}}$ ,  $\frac{1}{x^{51}}$ ,  $\frac{1}{x^{52}}$ ,  $\frac{1}{x^{53}}$ ,  $\frac{1}{x^{54}}$ ,  $\frac{1}{x^{55}}$ ,  $\frac{1}{x^{56}}$ ,  $\frac{1}{x^{57}}$ ,  $\frac{1}{x^{58}}$ ,  $\frac{1}{x^{59}}$ ,  $\frac{1}{x^{60}}$ ,  $\frac{1}{x^{61}}$ ,  $\frac{1}{x^{62}}$ ,  $\frac{1}{x^{63}}$ ,  $\frac{1}{x^{64}}$ ,  $\frac{1}{x^{65}}$ ,  $\frac{1}{x^{66}}$ ,  $\frac{1}{x^{67}}$ ,  $\frac{1}{x^{68}}$ ,  $\frac{1}{x^{69}}$ ,  $\frac{1}{x^{70}}$ ,  $\frac{1}{x^{71}}$ ,  $\frac{1}{x^{72}}$ ,  $\frac{1}{x^{73}}$ ,  $\frac{1}{x^{74}}$ ,  $\frac{1}{x^{75}}$ ,  $\frac{1}{x^{76}}$ ,  $\frac{1}{x^{77}}$ ,  $\frac{1}{x^{78}}$ ,  $\frac{1}{x^{79}}$ ,  $\frac{1}{x^{80}}$ ,  $\frac{1}{x^{81}}$ ,  $\frac{1}{x^{82}}$ ,  $\frac{1}{x^{83}}$ ,  $\frac{1}{x^{84}}$ ,  $\frac{1}{x^{85}}$ ,  $\frac{1}{x^{86}}$ ,  $\frac{1}{x^{87}}$ ,  $\frac{1}{x^{88}}$ ,  $\frac{1}{x^{89}}$ ,  $\frac{1}{x^{90}}$ ,  $\frac{1}{x^{91}}$ ,  $\frac{1}{x^{92}}$ ,  $\frac{1}{x^{93}}$ ,  $\frac{1}{x^{94}}$ ,  $\frac{1}{x^{95}}$ ,  $\frac{1}{x^{96}}$ ,  $\frac{1}{x^{97}}$ ,  $\frac{1}{x^{98}}$ ,  $\frac{1}{x^{99}}$ ,  $\frac{1}{x^{100}}$ . The formulas are rendered in a blue, metallic style, giving them a three-dimensional appearance as if they are floating in the air. The city buildings are modern and sleek, with a blue and grey color scheme. The overall scene suggests a connection between urban development and advanced mathematics or data science.

**12/15/2020 Property  
Insurance Renewal  
Proposal**

Original Proposal Date: October 27, 2020

Revised as of: November 13, 2020

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This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy (ies) and is not intended to reflect all the terms and conditions or exclusions of such proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all the terms, exclusions and conditions of such policy(ies).

The services and placements outlined in this proposal will be provided in accordance with the terms of the notices and policies set forth in Aon's Commercial Risk Solutions U.S. Business Terms.

# I. Executive Summary

Aon is pleased to provide our renewal proposal for City of Hollywood's Property, Terrorism, and Equipment Breakdown insurance programs, effective December 15, 2020.

During our renewal strategy plan meeting in September, we recommended that City of Hollywood budget a 15-25% rate increase for the Combined Municipal / Utilities program. This 2020 renewal was faced with many challenges as property insurance renewals are still experiencing a hard market with insurance companies seeking rate and premium increases, particularly on catastrophic loss exposed property schedules. Markets view City of Hollywood as a catastrophic account, with 100% of exposure situated in South Florida.

The COVID-19 global pandemic has severely impacted economic activity and will significantly impact the insurance industry, despite questions over coverage. Q2 2020 represented the 11th consecutive quarter of increasing property rates. More pointedly, Q2 2020 is the first time since 9/11 that we have witnessed five consecutive quarters with property rates averaging above 20%. The average property rate increased by 26.3% for Q2 2020 from an average rate of 20.2% in Q1 2020. Based on Aon's proprietary data, we are now in the most prolonged period of increased property rates since Aon began officially tracking property market analytics in 2001.

COH's Property, Terrorism and Equipment Breakdown insurance program is quoted at \$1,810,554 (plus taxes & fees). This is a \$238,713 year-over-year premium increase (15.19%). COH's total insurable values increased 2.22% so the year-over-year rate / \$100 of property values increase is 12.69%.

Program	Municipal Program @ \$30M NWS Limit		Utilities Program @ \$50M NWS Limit		Combined Municipal / Utilities	
	2019 - 2020	2020 - 2021	2019 - 2020	2020 - 2021	2019 - 2020	2020 - 2021
Policy Year						
Total Insurable Property Values	\$205,365,476	\$210,667,954	\$316,279,100	\$322,552,682	\$521,644,576	\$533,220,636
Total Premium	\$930,904	\$1,090,312	\$629,150	\$708,742	\$1,571,841	\$1,810,554
Program Rate per \$100 of Values	\$0.453	\$0.518	\$0.199	\$0.220	\$0.301	\$0.340
% of Premium Change (Year-over-Year)		17.12%		12.65%		15.19%
% of Rate Change (Year-over-Year)	-	14.18%		10.46%	-	12.69%

\*excluding Taxes, Fees and Surcharges

**\*\*Please note Aon secured an additional \$13,021 of premium savings since the original proposal on the Municipal program via Endurance.**

City of Hollywood is a valued client of Aon, and we thank you for your continued business.

# I. Executive Summary

## Municipal Renewal Program:

### **2020 Catastrophe Windstorm Modeling Results (United States Hurricane + Storm Surge)**

- Insured Loss Estimate based on a 1 in 250 year event is \$17.5M
- Insured Loss Estimate based on a 1 in 5,000 year event is \$71.5M

### **2020 Renewal Premium**

- **The COH Municipal property insurance renewal premium at the current \$30M Named Windstorm limit is \$1,090,312; a \$159,408 premium increase year-over-year (14.18% rate increase)**

### **2020 Options to Change Named Windstorm Limits**

- **Decrease Named Windstorm Limits from \$30M to \$20M – Quoted Annual Premium is \$1,023,580 (a \$66,732 Premium Reduction)**
- Increase Named Windstorm Limits from \$30M to \$50M – Estimated Additional Annual Premium is ~\$100,000\*
- Increase Named Windstorm Limits from \$30M to \$100M – Estimated Additional Annual Premium is ~\$280,000\*

## Utilities Renewal Program:

### **2020 Catastrophe Windstorm Modeling Results (United States Hurricane Excluding Storm Surge)**

- Insured Loss Estimate based on a 1 in 250 year event is \$36.1M
- Insured Loss Estimate based on a 1 in 5,000 year event is \$103.2M

### **2020 Renewal Premium**

- **The COH Utilities property insurance renewal premium at the current \$50M Named Windstorm limit is \$708,742; a \$79,592 premium increase year-over-year (10.46% rate increase)**

### **2020 Options to Change Limits or Deductibles**

- Increase the All Other Perils Limit from \$100M to \$150M for an additional annual premium of \$23,423
- Buy down the proposed \$50K All Other Perils deductible to \$25K per occurrence for an additional annual premium of \$41,771

### **2020 Options to Increase Named Windstorm Limits to \$75M and \$100M (Estimated Pricing)**

- **Decrease Named Windstorm Limits from \$50M to \$40M – Quoted Annual Premium is \$671,734 (a \$37,008 Premium Reduction)**
- Increase Named Windstorm Limits from \$50M to \$75M – Estimated Additional Annual Premium is ~\$125,000\*
- Increase Named Windstorm Limits from \$50M to \$100M – Estimated Additional Annual Premium is ~\$200,000\*

*\*The above pricing to increase Named Windstorm limits are estimates only. If COH is interested in increasing current insured limits, Aon will firm up indications. These estimates are based on no major industry losses or deterioration of loss history from now until the December 15<sup>th</sup> COH renewal date.*



## II. Marketing Results – Achievements

Renewal Strategy Objectives	Activities & Achievements
<ul style="list-style-type: none"> <li>Secure the most favorable terms available in the marketplace</li> </ul>	<ul style="list-style-type: none"> <li>Engaged Aon Global Broking Centers in London and Bermuda plus preferred wholesale brokers at RT Specialty and AmWINS</li> <li>Maintained Aon Manuscript policy on Municipal program (Berkshire Hathaway originally pushed for their limited carrier form); Only change on the Utilities program is an <b>increase in AOP deductible from \$25k to \$50k</b> <ul style="list-style-type: none"> <li>Please refer to “Details of Coverage” section in the Appendix</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Manage non-concurrencies to terms and conditions (limits, deductible structure, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Negotiated with markets to keep the Municipal program sublimits as close to expiring as possible <ul style="list-style-type: none"> <li><b>Markets have removed coverage for Attraction Property within Contingent Time Element sublimit</b></li> <li><b>Markets reduced the sublimit for Land Improvements, Property in the Open, and Soft Costs</b></li> </ul> </li> <li>Several incumbents and new markets unsuccessfully attempted to add a Margin Clause and/or restrict coverage for Time Element all together</li> </ul>
<ul style="list-style-type: none"> <li>Conduct strategic marketing for alternative indications</li> </ul>	<ul style="list-style-type: none"> <li>Leveraged worldwide open marketplace to foster competition in the primary \$30M layer on the Municipal program</li> <li>On a combined basis, Aon secured a 12.69% year-over-year increase over expiring program</li> <li>Optional excess Named Windstorm quotes or estimates are provided for the Municipal and Utilities programs</li> </ul>
<ul style="list-style-type: none"> <li>Mitigate substantial rate increases being pushed on CAT exposed accounts</li> </ul>	<ul style="list-style-type: none"> <li>Introduced 3 new markets this year due to competitive Terms &amp; Pricing received on the Municipal program <ul style="list-style-type: none"> <li>Oversubscribed by ~40% in Primary</li> </ul> </li> <li>Most market indications originally received represented a rate increase range of 20-25%</li> <li>Engaged Aon Global Risk Consulting to review COH's properties by updating some primary and secondary construction information, which improved windstorm modeling results</li> </ul>

## II. Marketing Results: Premium Summary Comparison – Expiring NWS Limits

Program	Municipal Program @ \$30M NWS Limit		Utilities Program @\$50M NWS Limit		Combined Program	
	2019 – 2020 Expiring	2020 – 2021 Renewal	2019 – 2020 Expiring	2020 – 2021 Renewal	2019 – 2020 Expiring	2020 – 2021 Renewal
<b>Total Insurable Values</b>	<b>\$205,365,476</b>	<b>\$210,667,954</b>	<b>\$316,279,100</b>	<b>\$322,552,682</b>	<b>\$521,644,576</b>	<b>\$533,220,636</b>
% of Change	-	2.58%	-	1.98%	-	2.22%
<b>Property Premium</b>	<b>\$924,576</b>	<b>\$1,081,857</b>	<b>\$629,150</b>	<b>\$708,742</b>	<b>\$1,553,726</b>	<b>\$1,790,599</b>
Property Rate per \$100 of Value	\$0.450	\$0.514	\$0.199	\$0.220	\$0.298	\$0.336
% of Property Rate Change	-	14.07%	-	10.46%	-	12.74%
<b>Equipment Breakdown Premium</b>	<b>\$6,328</b>	<b>\$8,455</b>	-	-	<b>\$6,328</b>	<b>\$8,455</b>
Equipment Breakdown Rate per \$100 of Value	\$0.003	\$0.004	-	-	\$0.003	\$0.0040
% of Equipment Breakdown Rate Change	-	30.25%	-	-	-	30.25%
<b>Combined Terrorism</b>	-	-	-	-	<b>\$11,787</b>	<b>\$11,500</b>
Terrorism Rate per \$100 of Value	-	-	-	-	\$0.0023	\$0.0022
% of Terrorism Rate Change	-	-	-	-	-	-4.56%
<b>Total Premium</b>	<b>\$930,904</b>	<b>\$1,090,312</b>	<b>\$629,150</b>	<b>\$708,742</b>	<b>\$1,571,841</b>	<b>\$1,810,554</b>
Program Rate per \$100 of Value	\$0.453	\$0.518	\$0.199	\$0.220	\$0.301	\$0.340
% of Total Program Rate Change	-	14.18%	-	10.46%	-	12.69%

Please note the above exhibit was updated to account for the additional \$13,021 of premium savings achieved via Endurance.

\*NWS = Named Windstorm

\*\*The 2020-2021 above pricing reflects the selection of the most competitive options for each program at the same All Other Perils limit as insured in 2019-2020

## II. Marketing Results: Premium Summary Comparison – Reduced NWS Limits

Program	Municipal Program @ \$20M NWS Limit		Utilities Program @\$40M NWS Limit		Combined	
	2019 – 2020 Expiring	2020 – 2021 Renewal	2019 – 2020 Expiring	2020 – 2021 Renewal	2019 – 2020 Expiring	2020 – 2021 Renewal
<b>Total Insurable Values</b>	<b>\$205,365,476</b>	<b>\$210,667,954</b>	<b>\$316,279,100</b>	<b>\$322,552,682</b>	<b>\$521,644,576</b>	<b>\$533,220,636</b>
% of Change	-	2.58%	-	1.98%	-	2.22%
<b>Property Premium</b>	<b>\$924,576</b>	<b>\$1,015,125</b>	<b>\$629,150</b>	<b>\$671,734</b>	<b>\$1,553,726</b>	<b>\$1,686,859</b>
Property Rate per \$100 of Value	\$0.450	\$0.482	\$0.199	\$0.208	\$0.298	\$0.316
% of Property Rate Change	-	7.03%	-	4.69%	-	6.21%
<b>Equipment Breakdown Premium</b>	<b>\$6,328</b>	<b>\$8,455</b>	-	-	<b>\$6,328</b>	<b>\$8,455</b>
Equipment Breakdown Rate per \$100 of Value	\$0.003	\$0.004	-	-	\$0.003	\$0.004
% of Equipment Breakdown Rate Change	-	30.25%	-	-	-	30.25%
<b>Combined Terrorism</b>	-	-	-	-	<b>\$11,787</b>	<b>\$11,500</b>
Terrorism Rate per \$100 of Value	-	-	-	-	\$0.002	\$0.002
% of Terrorism Rate Change	-	-	-	-	-	-4.56%
<b>Total Premium</b>	<b>\$930,904</b>	<b>\$1,023,580</b>	<b>\$629,150</b>	<b>\$671,734</b>	<b>\$1,571,841</b>	<b>\$1,706,814</b>
Program Rate per \$100 of Value	\$0.453	\$0.486	\$0.199	\$0.208	\$0.301	\$0.320
% of Total Program Rate Change	-	7.19%	-	4.69%	-	6.23%

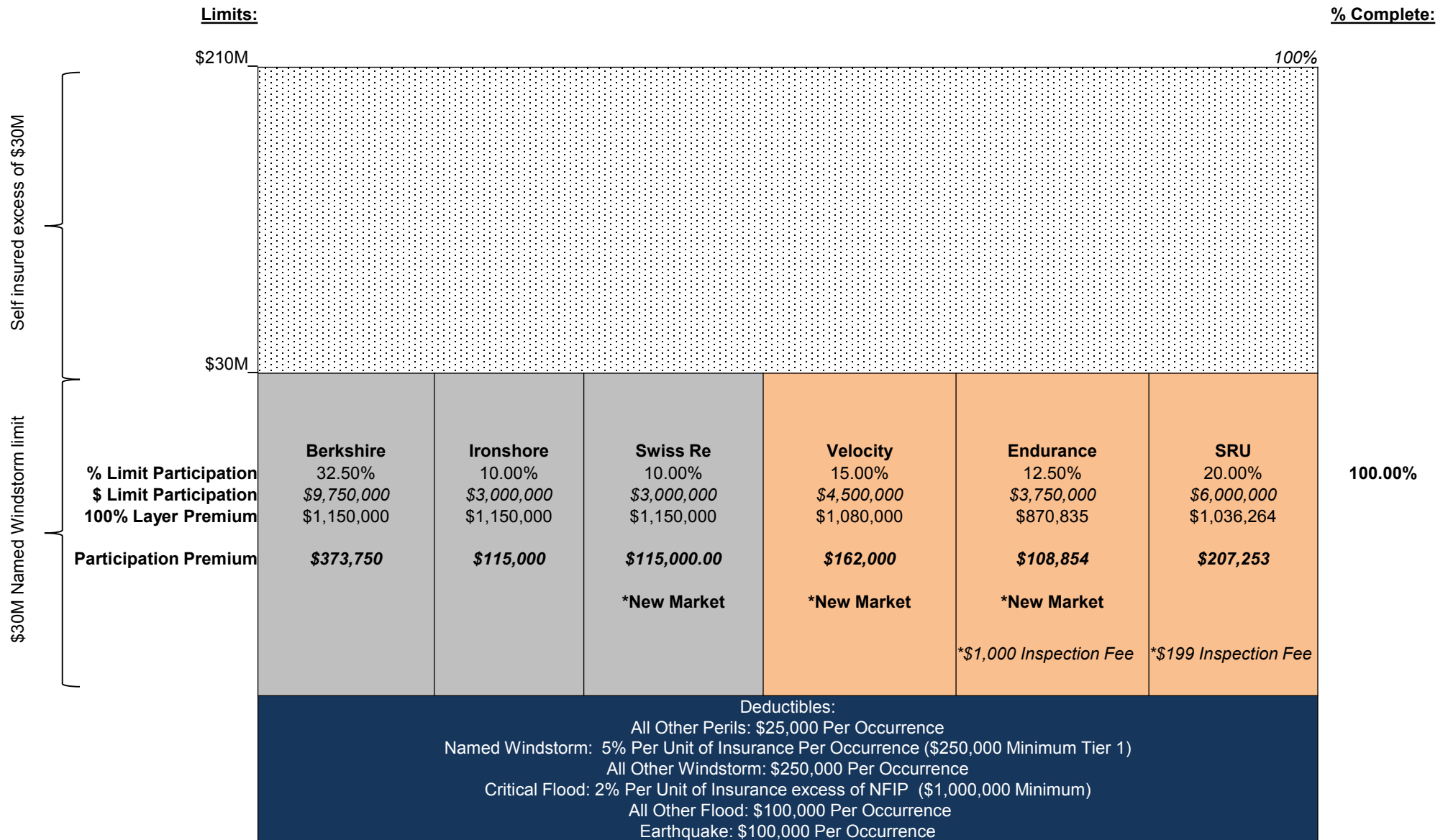
Should COH elect to reduce their Named Windstorm limits, the total savings to decrease from \$30M to \$20M on the Municipal program and from \$50M to \$40M on the Utilities program is **\$116,761**.

The combined savings brings the Year-over-Year Total Premium increase to 8.59% vs. the original 16.02% and the Year-over-Year Program Rate increase to 6.23% vs. the original 13.50% increase.

\*NWS = Named Windstorm

\*\*The 2020-2021 above pricing reflects the selection of the most competitive options for each program at the same All Other Perils limit as insured in 2019-2020

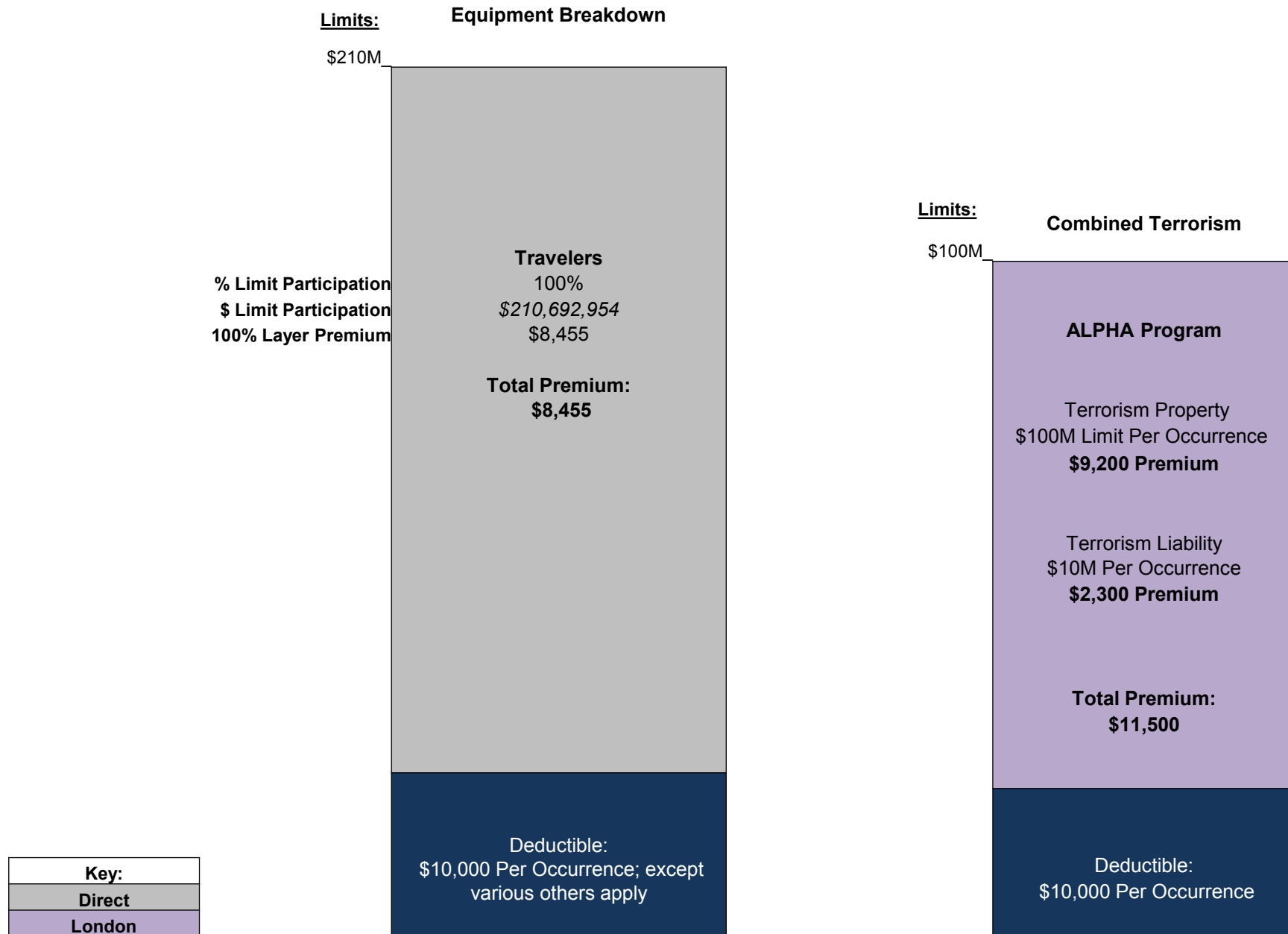
## II. Marketing Results – Municipal Property Schematic @ \$30M NWS Limit



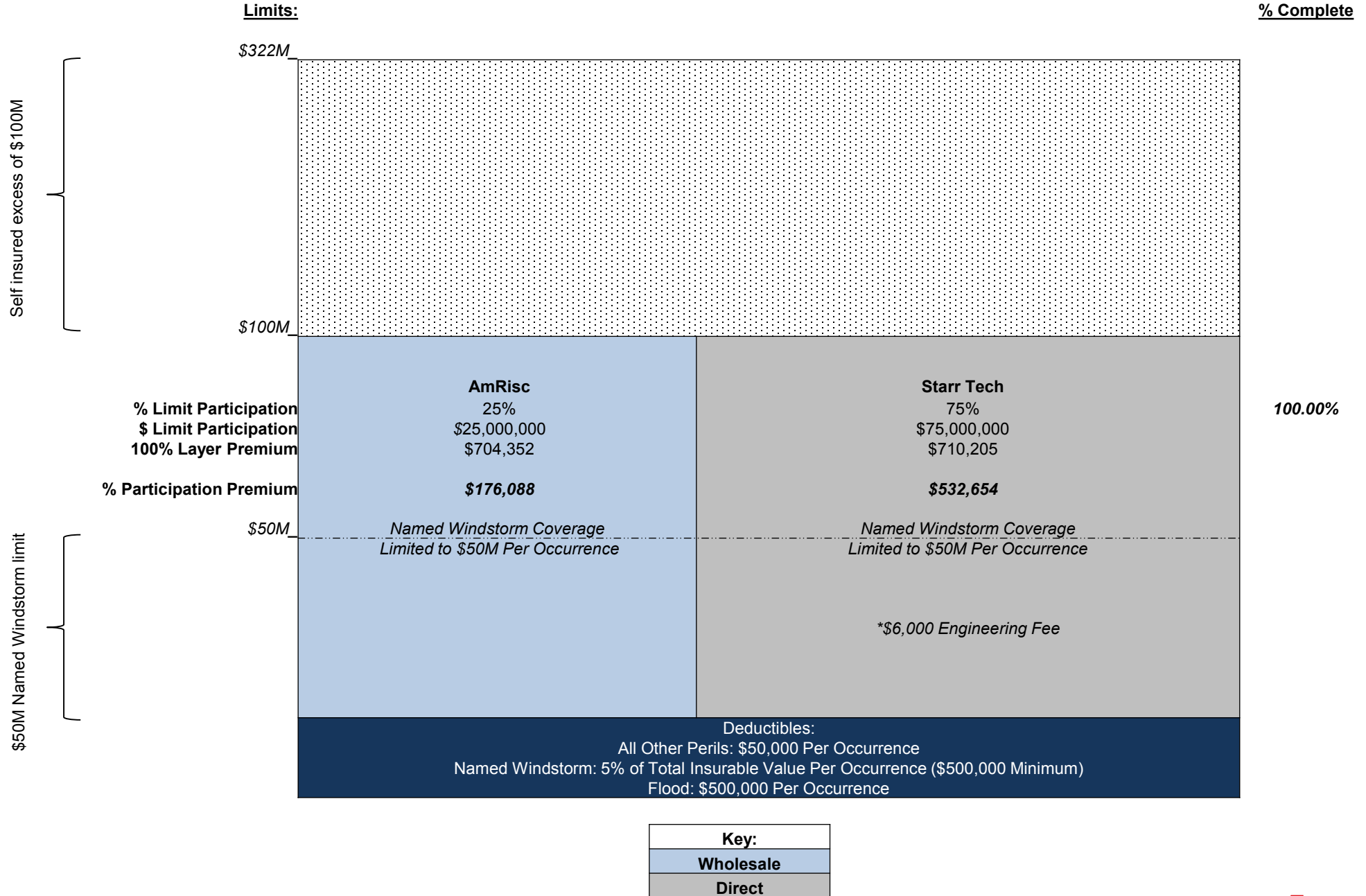
<b>Key:</b>
<b>AmWINS Wholesale</b>
<b>Direct</b>



## II. Marketing Results – Equipment Breakdown & Terrorism Renewal Schematics



## II. Marketing Results – Utilities Property Schematic @ \$50M NWS Limit



# Insured's Acknowledgement and Instruction to Bind

We hereby acknowledge receipt and review of the information presented in the Renewal Proposal ("Proposal") dated 10/27/2020 and updated 11/13/2020 for Commercial Property, Terrorism and Equipment Breakdown and provided in the Compensation for the Value We Deliver disclosure. We hereby instruct **Aon Risk Services, Inc. of Florida** ("Aon", "Commercial Risk Solutions") to bind the below insurance program(s) selected by Us and understand that Our instruction to bind constitutes an acceptance of the terms and conditions and payments described in this Renewal Proposal, including the Commercial Risk Solutions U.S. Business Terms and the General Data Protection Regulation (GDPR).

*We consent to the procedure whereby Aon will place or renew additional Flood, OCP and or miscellaneous surety bonds policies we are likely to need in the twelve months following this program inception with the insurer we have selected. We understand that Aon will advise us of any variances in premium rates, coverages, terms or conditions applicable to specific [projects; locations] prior to binding them for our approval.*

Aon offers Data and Analytics tools that provide You access to reports and analytics including those related to insurers' capabilities, benchmarking and program design. To receive and access Aon's Data and Analytics tools and information over the course of the service period herein, Aon assesses a Data and Analytics charge, separate from any premiums due and calculated based on an amount of \$500 calculated per policy up to a maximum annually of \$20,000 where legally permitted to do so. This fee is fully earned upon invoicing. Aon's Data and Analytics tools contain no recommendations, suggestions or advice about the suitability of an insurer's products or services for You or Your organization's needs, and does not take into account individual circumstances. Before acting on the information contained within these tools, You should evaluate Your individual needs and/or those of Your organization and assess Your objectives and situation, and if necessary, seek appropriate advice, including from Your Aon broker. You acknowledge that the Data and Analytics charge is not a requirement of nor is it a condition to receiving Aon's brokerage services or to the purchase of insurance policies and is in addition to any other compensation earned by Aon hereunder.

Date: \_\_\_\_\_

\_\_\_\_\_  
On behalf of City of Hollywood

- **Municipal Program:**

- Purchase program at \$30M Named Windstorm Limit for \$1,090,312 Annual Premium
- or
- Purchase program at \$20M Named Windstorm Limit for \$1,023,580 Annual Premium

\_\_\_\_\_  
Initial to Accept

\_\_\_\_\_  
Initial to Accept

- **Utilities Program:**

- Purchase program at \$50M Named Windstorm Limit for \$708,742 Annual Premium
- or
- Purchase program at \$40M Named Windstorm Limit for \$671,734 Annual Premium

\_\_\_\_\_  
Initial to Accept

\_\_\_\_\_  
Initial to Accept

# APPENDIX

# Details of Coverage: Municipal Program - Expiring vs Renewal Limits

DESCRIPTION	2019-20 Aon Manuscript Form	2020-21 Aon Manuscript Form
Named Insured Wording	City of Hollywood	City of Hollywood
Policy Term	12/15/2019 - 12/15/2020	12/15/2020 - 12/15/2021
Mailing Address	2600 Hollywood Boulevard, Ste B Hollywood, FL 33022	2600 Hollywood Boulevard, Ste B Hollywood, FL 33022
Territory	United States, its territories and possessions, Puerto Rico, and Canada, including their respective coastal waters	United States, its territories and possessions, Puerto Rico, and Canada, including their respective coastal waters
Program Limit (per occurrence)	\$30,000,000	\$30,000,000
Total Insurable Values	\$205,365,476	\$210,667,954
<b>PROPERTY &amp; TIME ELEMENT INSURED</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Real and Personal Property	Included	Included
Business Interruption / Loss of Rents	\$2,000,000 (Soft Costs Included) *Berkshire only agreed to \$1,000,000	\$2,000,000 (Soft Costs at \$1,000,000) *Berkshire only agreed to \$1,000,000
Extra Expense	\$2,500,000	\$2,500,000
Property in the Course of Construction	\$5,000,000	\$5,000,000
Ordinary Payroll	Not Covered	Not Covered
Rental Value and Rental Income	\$1,000,000	\$1,000,000
Contingent Time Element	\$1,000,000	\$1,000,000, Excluding Attraction Property
Attraction Property	\$500,000	Excluded
Leasehold Interest	\$1,000,000	\$1,000,000
Expediting Expenses	\$1,000,000	\$1,000,000
Fine Arts	\$1,000,000	\$1,000,000
<b>ADDITIONAL COVERAGES</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Automatic Coverage/Newly Acquired Property	\$5,000,000 / 90 Days Reporting	\$5,000,000 / 90 Days Reporting
Accounts Receivable	\$1,000,000	\$1,000,000
Brands and Labels	Included	Included
Commissions, Profits and Royalties	Included	Included
Computer Systems Damage	Included	Included
Debris Removal	\$5,000,000 or 25% of loss (whichever is greater)	\$5,000,000 or 25% of loss (whichever is greater)
Decontamination Costs (annual aggregate)	\$1,000,000	\$1,000,000
Deferred Payments	Not Covered	Not Covered
Demolition and Increased Cost of Construction	Coverage A: \$10,000,000 Coverage B: \$5,000,000 Coverage C: \$5,000,000 Coverage D: \$500,000	Coverage A: \$10,000,000 Coverage B: \$5,000,000 Coverage C: \$5,000,000 Coverage D: \$500,000
EDP Equipment	Included	Included
Electronic Media and Data	\$2,000,000	\$2,000,000
Errors and Omissions	\$500,000	\$500,000
Exhibition, Exposition, Fair or Trade Show	Silent	Silent

# Details of Coverage: Municipal Program - Expiring vs Renewal Limits

ADDITIONAL COVERAGES (Continued)	EXPIRING	RENEWAL
Impounded Water (60 days)	\$500,000	\$500,000
Ingress/Egress	\$500,000 / 30 Days	\$500,000 / 30 Days
Interruption by Civil or Military Authority	\$500,000 / 30 Days	\$500,000 / 30 Days
Fire Brigade Charge	\$500,000	\$500,000
Landscaping	See Land Improvements / See Outdoor Property	See Land Improvements / See Outdoor Property
Land Improvements	\$1,000,000	\$500,000
Land and Water Clean Up Expense	\$1,000,000	\$1,000,000
Miscellaneous Unnamed Locations	\$5,000,000	\$5,000,000
Mold / Fungus Resultant Damage (annual aggregate)	\$250,000	\$250,000
Outdoor Property	\$1,000,000 / \$25,000 max per tree or shrub	\$1,000,000 / \$25,000 max per tree or shrub
Personal Property of Others	Included	Included
Personal Property of officers and employees	\$500,000	\$500,000
Pollutant Clean Up and Removal (annual aggregate)	See Land and Water Clean Up Expense	See Land and Water Clean Up Expense
Professional Fees	\$100,000	\$100,000
Property in the Open	\$10,000,000	\$5,000,000
Protection and Preservation of Property	Included	Included
Radioactive Contamination	Not Covered	Not Covered
Research and Development	\$500,000	\$500,000
Service Interruption	\$500,000 / 24 hr waiting period	\$500,000 / 24 hr waiting period
Temporary Removal of Property	Included	Included
Transit per conveyance / occurrence	\$100,000	\$100,000
Valuable Papers and Records	\$1,000,000	\$1,000,000
EARTHQUAKE LIMITS	EXPIRING	RENEWAL
All Locations (annual aggregate), except:	\$5,000,000	\$5,000,000
State of California, Alaska, Hawaii, & Puerto Rico (annual aggregate)	Not Covered	Not Covered
New Madrid (annual aggregate)	Not Covered	Not Covered
Pacific Northwest (annual aggregate)	Not Covered	Not Covered
Sinkhole	Included within Earthquake	Included within Earthquake
FLOOD LIMITS	EXPIRING	RENEWAL
All Locations (annual aggregate), except:	\$5,000,000	\$5,000,000
High Hazard Zones (annual aggregate)	\$5,000,000	\$5,000,000
NAMED WINDSTORM LIMITS	EXPIRING	RENEWAL
All Locations	\$30,000,000	\$30,000,000
Storm Surge	Included within Named Windstorm	Included within Named Windstorm



# Details of Coverage: Municipal Program - Expiring vs Renewal Limits

<b>BOILER AND MACHINERY LIMITS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Total Limit per Breakdown	\$205,000,000	\$210,692,954
Property Damage	Included	Included
Business Income	Included	\$25,000
Extra Expense	Included	Included in Business Income Sub-limit
Spoilage Damage	\$10,000,000	\$1,500,000
Utility / Service Interruption	Included	\$5,000,000
Civil Authority	Covered	Covered
Dependent Property	\$10,000,000	\$5,000,000
Electronic Data or Media	\$5,000,000	\$5,000,000
Expediting Expense	Included	\$5,000,000
Fungus, Wet Rot and Dry Rot	\$100,000 / 60 days	\$100,000 / 60 days
Hazardous Substance Limitation	\$10,000,000	\$5,000,000
Newly Acquired Locations	Included	Included
Ordinance or Law	\$10,000,000	\$5,000,000
Refrigerant Contamination	Included	Included in Spoilage Damage Sub-limit
Water Damage Limitation	Included	\$5,000,000
<b>BASIS OF INDEMNITY</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Real and personal property	Replacement Cost	Replacement Cost
Time Element	Actual Loss Sustained	Actual Loss Sustained
Extended Period of Liability	180 Days	180 Days
Coinsurance	0%	0%
<b>PROGRAM DEDUCTIBLES</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
All Risk Deductible	\$25,000	\$25,000
Flood Deductible	\$100,000	\$100,000
High Hazard Zones	2% P.U.I., subject to a \$1,000,000 minimum per occurrence	2% P.U.I., subject to a \$1,000,000 minimum per occurrence
Earthquake Deductible	\$100,000 per occurrence	\$100,000 per occurrence
Named Windstorm or Hail Deductible	5% P.U.I., subject to a \$250,000 minimum per occurrence	5% P.U.I., subject to a \$250,000 minimum per occurrence
All other Wind	\$250,000	\$250,000
Boiler and Machinery	\$10,000	\$10,000 PD / 24 hrs BI (EE included in BI deductible) / 24 hrs Utility Interruption, and Dependent Properties / 10% of loss, min of \$5K for Spoilage Damage & 10% of loss, min of \$5K for Refrigerant Contamination
<b>WAITING PERIODS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Interruption by Civil or Military Authority	based on covered peril	based on covered peril
Waiting Period - Service Interruption	24 Hours	24 Hours
Computer Systems Damage	based on covered peril	based on covered peril
Tenants Prohibited Access	based on covered peril	based on covered peril
Delay in Completion	based on covered peril	based on covered peril
Interruption by Communicable Disease	based on covered peril	Excluded

# Details of Coverage: Municipal Program - Expiring vs Renewal Limits

<b>SPECIAL CONDITIONS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Cancellation Clause	90 Days Notice of Cancellation except 10 Days for non-payment of premium	90 Days Notice of Cancellation except 10 Days for non-payment of premium
Minimum Earned Premium	Various	Various
Loss Adjuster	VeriClaim / Sedgwick	VeriClaim / Sedgwick
<b>CARRIER ENDORSEMENTS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Margin Clause	Successfully negotiated removal	Successfully negotiated removal
Hurricane Minimum Earned Provision	Successfully negotiated removal	Successfully negotiated removal
Chemical, Biological and Radiological Exclusion	Coverage excluded with endorsement	Coverage excluded with endorsement
Standard Property Conditions	Included	Included
Electronic Data Corruption/Computer Virus Exclusion	Coverage excluded with endorsement	Coverage excluded with endorsement
Millennium Endorsement	Coverage excluded with endorsement	Coverage excluded with endorsement
Mold / Fungus Exclusion	Ensuing Mold only	Ensuing Mold only
Occurrence Limit of Liability Endorsement	Included - 2b clause removed	Included - 2b clause removed
Office of Foreign Assets Control (OFAC) Disclosure Notice	Included	Included
Pollution, Contamination, Debris Removal Exclusion Endorsement	Coverage excluded with endorsement	Coverage excluded with endorsement
Service of Suit Endorsement	Included	Included
Communicable Disease Exclusion	N/A	Included
War Risk and Terrorism Exclusion	Coverage excluded with endorsement	Coverage excluded with endorsement
Asbestos Endorsement	Coverage excluded with endorsement	Coverage excluded with endorsement
Trade or Economic Sanctions Endorsement	Included	Included

# Details of Coverage: Utilities Program - Expiring vs Renewal Limits

DESCRIPTION	2019-20 Starr Tech Form	2020-21 Starr Tech Form
<b>Named Insured Wording</b>	City of Hollywood	City of Hollywood
<b>Policy Term</b>	12/15/2019 - 12/15/2020	12/15/2020 - 12/15/2021
<b>Mailing Address</b>	2600 Hollywood Boulevard, Ste B Hollywood, FL 33022	2600 Hollywood Boulevard, Ste B Hollywood, FL 33022
<b>Territory</b>	The United States of America, its territories and possessions, Puerto Rico, and Canada	The United States of America, its territories and possessions, Puerto Rico, and Canada
<b>Program Limit (per occurrence)</b>	\$100,000,000	\$100,000,000
<b>Total Insurable Values</b>	\$316,279,100	\$322,552,682
<b>PROPERTY &amp; TIME ELEMENT INSURED</b>	<b>RENEWAL</b>	<b>RENEWAL</b>
Real and Personal Property	Included	Included
Business Interruption	\$100,000	\$100,000
Extended Period of Liability	180 Days	180 Days
Extra Expense	\$2,500,000	\$2,500,000
Property in the Course of Construction	silent	silent
Ordinary Payroll	silent	silent
Rental Value and Rental Income	silent	silent
Contingent Time Element	silent	silent
Attraction Property	silent	silent
Expediting Expenses	\$100,000	\$100,000
Fine Arts	Not Covered	Not Covered
<b>ADDITIONAL COVERAGES</b>	<b>RENEWAL</b>	<b>RENEWAL</b>
Automatic Coverage/Newly Acquired Property	\$5,000,000 / 90 Days Reporting	\$5,000,000 / 90 Days Reporting
Accounts Receivable	\$250,000	\$250,000
Brands and Labels	silent	silent
Commissions, Profits and Royalties	silent	silent
Computer Systems Damage	Not Covered	Not Covered
Debris Removal	\$5,000,000 or 25% of loss (whichever is greater)	\$5,000,000 or 25% of loss (whichever is greater)
Demolition and Increased Cost of Construction	\$2,000,000	\$2,000,000
Electronic Media and Data	\$2,000,000	\$2,000,000
Errors and Omissions	\$500,000	\$500,000
Exhibition, Exposition, Fair or Trade Show	Not Covered	Not Covered
Impounded Water (60 days)	Silent	Silent
Ingress/Egress	Silent	Silent
Interruption by Civil or Military Authority	2 Consecutive Weeks	2 Consecutive Weeks
Fire Brigade Charge	\$50,000	\$50,000
Land Improvements	Not Covered	Not Covered

# Details of Coverage: Utilities Program - Expiring vs Renewal Limits

<b>ADDITIONAL COVERAGES (Continued)</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Land and Water Clean Up Expense	Silent	Silent
Miscellaneous Unnamed Locations	Included	Included
Mobile Equipment	\$500,000	\$500,000
Mold / Fungus Resultant Damage (annual aggregate)	Not Covered	Not Covered
Outdoor Property	Not Covered	Not Covered
Personal Property of Others	silent	silent
Personal Property at Unnamed Locations	\$1,000,000	\$1,000,000
Pollutant Clean Up and Removal (annual aggregate)	\$50,000	\$50,000
Professional Fees	Not Covered	Not Covered
Property in the Open	silent	silent
Protection and Preservation of Property	silent	silent
Radioactive Contamination	Not Covered	Not Covered
Research and Development	silent	silent
Service Interruption	\$100,000	\$100,000
Temporary Removal of Property	\$250,000	\$250,000
Transit	\$100,000	\$100,000
Valuable Papers and Records	\$250,000	\$250,000
<b>EARTHQUAKE LIMITS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
All Locations (annual aggregate), except:	\$25,000,000	\$25,000,000
California Earthquake	Not Covered	Not Covered
New Madrid (annual aggregate)	silent	silent
Pacific Northwest (annual aggregate)	silent	silent
Sinkhole	silent	silent
<b>FLOOD LIMITS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
All Locations (annual aggregate), except:	\$10,000,000	\$10,000,000
High Hazard Zones (annual aggregate)	Not Covered for Zones A & V	Not Covered for Zones A & V
<b>NAMED WINDSTORM LIMITS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
All Locations	\$50,000,000	\$50,000,000
Storm Surge	Included within Flood	Included within Flood
<b>BOILER AND MACHINERY LIMITS</b>	<b>EXPIRING</b>	<b>RENEWAL</b>
Total Limit per Breakdown	\$25,000,000	\$25,000,000
Property Damage	Included	Included
Ammonia Contamination	\$100,000	\$100,000
Business Income	\$100,000	\$100,000
Consequential Damage	\$100,000	\$100,000
Extra Expense	\$2,500,000	\$2,500,000
Expediting Expense	\$100,000	\$100,000
Hazardous Substance Limitation	\$100,000	\$100,000
Water Damage Limitation	\$100,000	\$100,000

## Details of Coverage: Utilities Program - Expiring vs Renewal Limits

BASIS OF INDEMNITY	EXPIRING	RENEWAL
Real and personal property	Actual Cash Value	Actual Cash Value
Time element	Actual Loss Sustained	Actual Loss Sustained
Extended Period of Liability	180 Days	180 Days
Coinsurance	90%	90%
PROGRAM DEDUCTIBLES	EXPIRING	RENEWAL
All Risk Deductible	\$25,000	\$50,000
Flood Deductible	\$500,000	\$500,000
Earthquake Deductible	\$25,000	\$25,000
Named Windstorm Deductible	5% of TIV, subject to a \$500,000 minimum per occurrence	5% of TIV, subject to a \$500,000 minimum per occurrence
WAITING PERIODS	EXPIRING	RENEWAL
Business Interruption	120 Hours	120 Hours
Extra Expense	120 Hours	120 Hours
SPECIAL CONDITIONS	EXPIRING	RENEWAL
Cancellation Clause	30 Days Notice of Cancellation except 10 Days for non-payment of premium	30 Days Notice of Cancellation except 10 Days for non-payment of premium
Minimum Earned Premium	Various	Various
Loss Adjuster	Not designated	Not designated
CARRIER ENDORSEMENTS	EXPIRING	RENEWAL
U.S. Foreign Account Tax Compliance Act ("FATCA:)	Included	Included
Office of Foreign Assets Control (OFAC) Disclosure Notice	Included	Included
Terrorism Exclusion	Coverage excluded with endorsement	Coverage excluded with endorsement
Florida Changes - Legal Action Against Us	Included	Included
Exclusion of Loss due to Virus, Bacteria or Microorganism that induce Physical Distress, Illness or Disease	N/A	Included
Florida Changes - Cancellation and Nonrenewal	Included	Included
Named Windstorm Definition	Included	Included
Trade or Economic Sanctions Endorsement	Included	Included

# Details of Coverage - Placement Considerations

## Natural Catastrophe Deductibles

Wind, Earthquake and Flood deductibles can be fixed USD\$ amounts or percentage deductible's. If there are percentage deductible it is important to understand how these percent deductibles work. The key is to know with certainty what value amount these percent deductibles apply to. In your policy the percentages apply to Units of Insurance.

## An Example

Wind is the coverage with a 5% deductible. Wind loss or damage occurs at a location valued at USD\$50 million<sup>1</sup>. The application of the 5% deductible is based off the units which suffer a loss or damage in lieu of the Total insured Value (TIV) affected at each location covered by the program.

If the 5% deductible were to apply to the affected location on a % of TIV basis it would be USD\$2,500,000 vs on a Units of Insurance application which is \$1,250,000.

The attached exhibit is an example of how your Wind Deductible works using Units of Insurance and compares it to % of TIV:

Unit	Value	Damage	5% P.U.I.	5% of TIV
<b>Building A</b>	USD\$5 million	USD\$2 million	USD\$250,000	USD\$250,000
<b>Personal Property in Building A</b>	USD\$5 million	USD\$1 million	UDS\$250,000	UDS\$250,000
<b>Building B</b>	USD\$5 million	USD\$4 million	USD\$250, 000	USD\$250,000
<b>Personal Property in Building B</b>	USD\$5 million	USD\$0	USD\$0	USD\$250,000
<b>Building C</b>	USD\$5 million	USD\$0	USD\$0	USD\$250,000
<b>Personal Property in Building C</b>	USD\$10 million	USD\$0	USD\$0	USD\$500,000
<b>Personal Property in the open</b>	USD\$5 million	USD\$0	USD\$0	USD\$250,000
<b>All affected Gross Earnings</b>	USD\$10 million	USD\$3 million	USD\$500,000	USD\$500,000
<b>Total</b>	USD\$50 million	USD\$10 million	USD\$1,250,000	USD\$2,500,000

*\*Subject to minimum applicable deductible and policy form*



# Details of Coverage - Placement Considerations

## Policy Limits and Sublimits

The Limits (and sublimits) of Liability of the City of Hollywood. Program (Program) reflect your binding instructions to Aon. Higher Program limits may be available for additional cost and may be increased at any time (i.e. during the policy term or at anniversary) should City of Hollywood exposures, loss activity or risk appetite require. Please contact us immediately if City of Hollywood would like options to increase its Program Limit or sublimits.

Pursuant to the City of Hollywood Master Policy, summarized herein, the Program limit of liability automatically reinstates after each loss Occurrence, with some notable exceptions: Earthquake, Flood and Land and Water Clean Up Expense, for which separate annual aggregate sublimits apply. Annual aggregate sublimits means the maximum amount collectible under that sublimit or coverage provision in any one policy year, regardless of the number of losses or locations involved in the loss(es). In the event of a loss or losses that equals or exceeds any of these sublimits there will be no coverage under this policy(ies) for the remainder of the policy year unless the sublimit is reinstated in consideration of additional premium. Additionally, you will note the City of Hollywood Master Policy form (included as an attachment in this document) contain numerous per occurrence coverage sublimits. Each of these sublimits is the maximum amount collectible under that sublimit or coverage provision in any one occurrence, regardless of the number of locations involved in the loss.

Therefore, as noted above, we strongly encourage City of Hollywood to monitor its exposure to loss during the policy term and contact us if we may be of assistance or additional coverage limits are required.

## Limits Adequacy

As discussed in the Renewal Strategy meeting, it is our goal to provide you with a property insurance program that affords adequate limits of insurance to 1) prudently cover foreseeable events and 2) match or exceed limits purchased by your peer companies. We believe the recommended insurance program accomplishes these goals. In order to maintain a judicious process, there is a continuum of activities that should be carried on throughout the policy term:

- Update insurance values including acquisitions and divestitures
- Obtain Fire and Accident to an Object Engineering Reports and Maximum Foreseeable Loss studies including business interruption interdependency and supply chain disruption analysis
- Obtain up to date flood zone determinations for all locations
- Have natural catastrophe loss (windstorm, flood and earthquake) modeling reports prepared
- Have your cyber defenses evaluated
- Have benchmarking studies prepared

Armed with this information, Aon urges you to annually review your Property Risk Appetite Policy. Such a Policy should be the foundation of our minimum limits strategy. Aon stands ready to assist with any of these activities.

# Details of Coverage - Placement Considerations

## Limits Exhaustion (Layered programs only)

Your insurance program contains layers of coverage. Underlying layers may afford more extensive coverage than some of the excess layers. Your master policy contains two provisions to permit maximum recovery in the event of loss:

- Priority of Payments For Underlying layers
- Step Down / Drop Down Provisions for Excess layers

### Primary Layer

The Priority of Payments provision states that any recoveries made under the underlying policy(ies) policy will first apply to loss or damage not insured by the excess policy(ies). Upon exhaustion of an underlying policy's limit, the excess policy(ies) will step down and be liable for the loss in excess of the amount attributed to the underlying policy as respects loss or damage insured thereunder subject to the excess policy(ies) limits.

### Excess Layers

The Step Down / Drop Down provision mirrors this for the excess layers in that:

- The total loss is determined as any combination of loss or damage, all of which are insured under the primary policy even though such loss or damage may not be insured in the excess policy(ies).
- Any recoveries made under the underlying policies will first apply to loss or damage not insured against by the excess policy(ies). Upon exhaustion of the underlying policy limits, the excess policy(ies) shall apply in excess of the amount attributed to the underlying policy(ies) as respects loss or damage insured by the excess policy(ies) subject to the limit of the excess policy(ies).
- As respects each individual excess policy, if there are other excess policy(ies) insuring the property for loss or damage insured against in the underlying policy(ies) but not insured by an excess policy, that policy will allocate any loss recoveries made under the underlying policy(ies) in the same proportion as the amount of loss or damage insured against by that policy bears to the combined total loss. Upon exhaustion of underlying policy(ies) limits, the policy in question will apply in excess of the amount attributed to the underlying policies as respects loss or damage insured by the excess policy subject to the limit of that policy.
- As respects each individual excess policy, the provision above does not apply when the amount of loss attributed to loss or damage insured under the underlying policy(ies), but not insured under an excess policy, exceed the total amount of insurance provided by the primary and excess coverages with respect to said loss or damage. In this situation, any recoveries made under underlying policy(ies) will first apply to loss or damage not insured by the policy in question. Upon exhaustion of the underlying policy(ies) limits, the policy in question will apply in excess of the amount attributed to underlying policy(ies) as respects loss or damage insured by the excess policy subject to the limit of that policy.
- As respects each individual excess policy, in the event the Flood and/or Earthquake annual aggregate limits of any underlying policy are diminished or exhausted in any one policy year, any loss or damage insured under the excess policy in question for Flood and/or Earthquake shall apply as excess of any undiminished or unexhausted limits subject to the Underlying Policy deductibles. It is important to note that if underlying Flood and/or Earthquake annual aggregate limits are diminished or exhausted due to losses in High Hazard Zones certain excess policy(ies) may not apply as excess of any undiminished or unexhausted limits if High Hazard Flood and/or Earthquake are excluded.

# Details of Coverage - Placement Considerations

## Named Windstorm Coverage

The definition of Named Windstorm in your insurance program includes Storm Surge (only applicable to Municipal Program). This is important because all wind and Storm Surge related loss associated with a Named Windstorm will be quantified and adjusted as an occurrence(s) subject to the Named Wind limit and deductible. These losses will not erode your annual aggregate flood limits unless flooding occurs that is not associated with a Named Windstorm/ Storm Surge occurrence. In this case, Flood losses associated with a Named Windstorm in areas located away from the Storm Surge affected areas will erode the applicable annual aggregate Flood limits and be subject the applicable Flood deductibles. Only one deductible, the largest of the Named Windstorm/Storm Surge or Flood or other related losses, will apply if all Named Windstorm loss is a single occurrence. If there are multiple Named Windstorm occurrences, multiple Named Windstorm deductibles may be applicable.

## Flood Coverage

Aon urges you to purchase coverage offered through the National Flood Insurance Program. Such insurance will be primary with this insurance program to be excess over the recovery under such National Flood Insurance Policy(s). Should the amount of loss payable under such National Flood Insurance Policy(s) exceed the applicable flood deductible this program, then no deductible will apply to excess recoveries. However, if the amount to be paid under such National Flood Insurance Policy(s) is less than the applicable flood deductible under this program, then the amount to be deducted will not exceed the difference between the amount to be paid under the National Flood Insurance Policy(s) and the applicable flood deductible under this program. Insurance maintained through the National Flood Insurance Program are considered underlying Insurance and recoveries under these policies can reduce or eliminate your flood deductible under this insurance program.

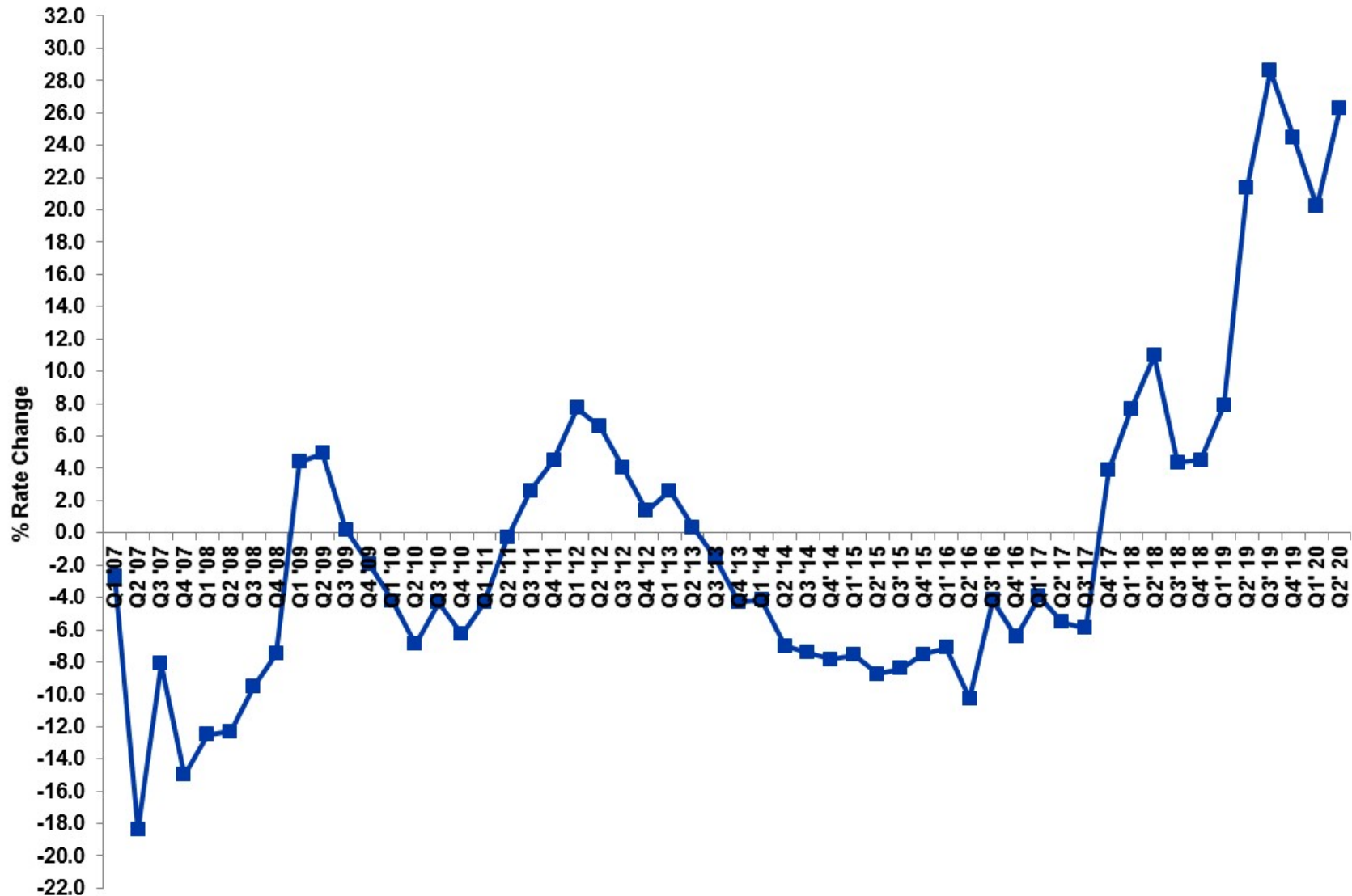
## Endorsements

Carriers may attach endorsements to a policy that 1) change coverage or 2) are required to be in compliance with applicable laws and regulations. Please see the Appendix for more detail as respects endorsements

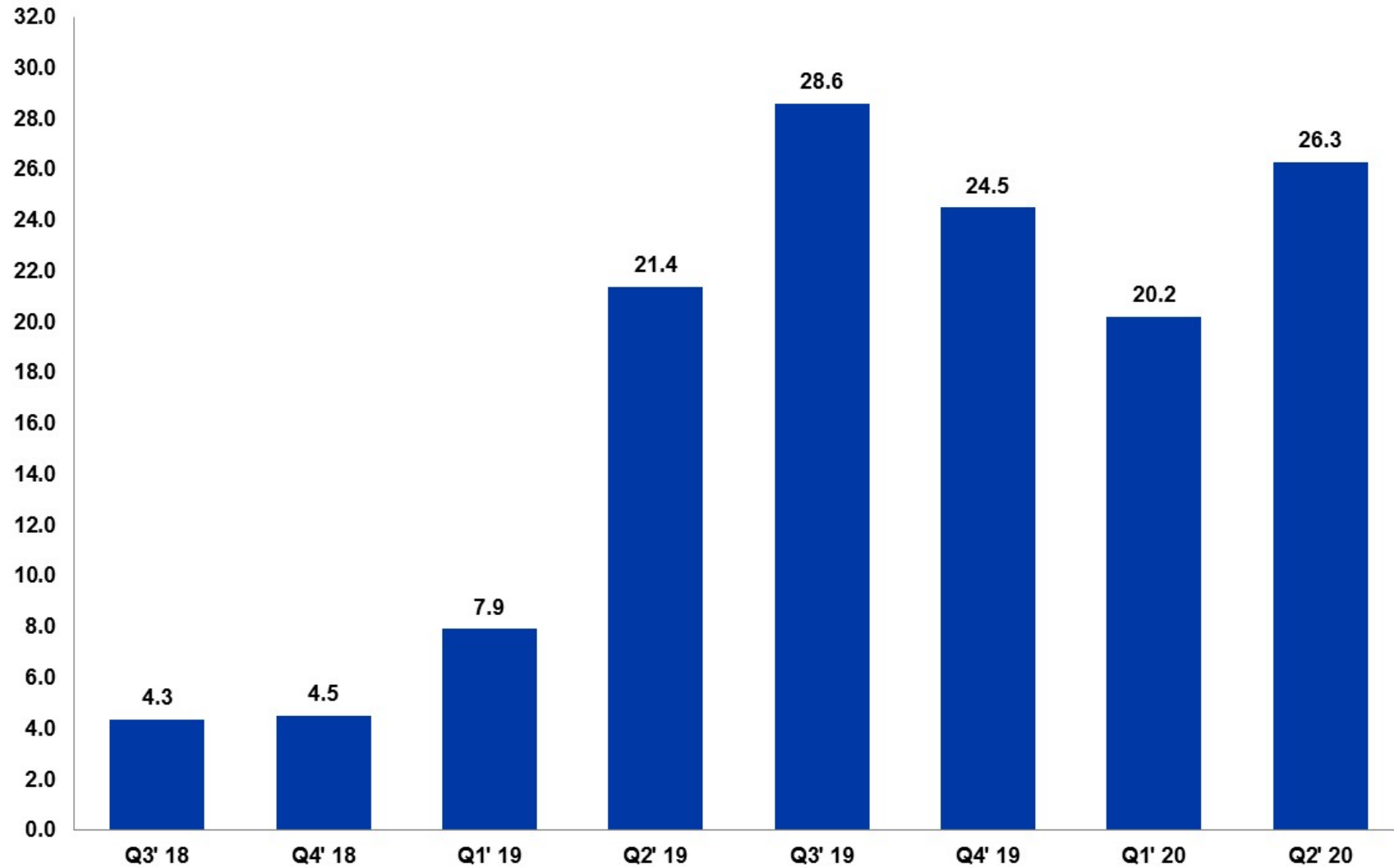
# Benchmarking: Q2 2020 Market Update - Overview

Category	Q2'20	Comment	2020	Comment
Pricing	↑	Larger and more complex accounts experienced increased rates on <b>average for the quarter of 26.3%</b> . This represents an increase compared to the prior quarter of 20.2%. <b>Shared &amp; Layered and Quota-Share Programs experienced an average rate increase for the quarter of nearly 31%</b> exceeding the average of 21% for Single Carrier Programs. The quarter represents an increased firming in the market predominately due to the significant number of catastrophe prone accounts renewing in Q2'20. Accounts with difficult occupancies such as food, habitational frame real estate, and hazardous occupancies are experiencing significantly higher rate increases	↑	Accounts with poor experience will continue to experience significant rate pressure. Stand-alone terrorism pricing may also face upward rate pressure as many stand-alone terrorism markets also write cancellation insurance and trade credit risks which will likely be impacted by COVID-19 losses. Many <b>insurers are continuing to push rates higher toward what they believe are sustainable levels to address increased risk and natural catastrophe losses</b> . Increased Treaty and Facultative reinsurance costs are being passed along to Insureds. In some cases, insurers that have reached or exceeded their 2020 premium goals may <b>only seek opportunistic pricing prospects</b>
Limits	↔	Majority of clients purchased the same limits, however, we are seeing an increase trend in clients electing to purchase lower limits	↔	Clients with single carrier policy limits, some to reported total insurable values, may be forced to consider a lower loss limit. <b>Contingent Business Interruption and any indirect Business Interruption coverages, such as Civil or Military Authority, Ingress/Egress, Service Interruption are likely to be reduced</b>
Deductibles/ Retentions	↔	Most insureds are renewing the same deductibles/retentions. Many <b>insureds are considering higher deductibles/retentions to offset upward rate pressure</b>	↔↑	We <b>expect carrier scrutiny around catastrophe percentage deductibles</b> , particularly with deductible caps and more focus on hail deductibles
Coverage	↔	No material change in traditional "all-risk" property coverage and broad "all-risk" property coverage is readily available in the market. <b>Coverage extensions are being further scrutinized especially communicable disease, loss of attraction, contingent time element and cyber</b>	↔↓	Insurers are <b>mandating COVID-19 exclusions to clarify their intent to not cover losses from it and other pandemics</b> . Also, there is renewed scrutiny on Contingent Time Element coverage with underwriter questions around supply chain and business continuity management. Cyber Property cover will continue to be underwritten carefully as uncertainty in the space continues. The widespread riot activity across the US has caused reinsurers to look <b>to limit exposure to Strikes, Riot and Civil Commotion exposure</b> with focus on loss occurrence definitions
Capacity	↑	Capacity levels remain stable but <b>carriers remain conservative deploying capacity</b> . Within certain problematic, loss-driven classes of business, retraction in capacity is still occurring	↔	We have seen some insurers moving from higher maximum lines to lower working lines due to poor experience. Some carriers have exited specific occupancy classes which have proven unprofitable or moving away from primary layers. A dichotomy is developing on Shared and Layered programs with carriers flocking to primary/first excess capacity for sufficient return on their capital or participations excess of the Client's Maximum Foreseeable Loss. Thus, mid-range layers are challenging to fill
Losses	↔	Property catastrophe losses through the first half of 2020 maintained near median levels of activity with approximately USD26 Billion in losses accumulated to date	↑	Colorado State University (CSU) has is predicting above-normal tropical cyclone activity in the Atlantic Basin during the upcoming 2020 season. The forecast calls for <b>18 named storms, 8 hurricanes, and 4 major hurricanes (Category 3+)</b>

# Q2 2020 Market Update – Quarterly YoY Change In Average Rate

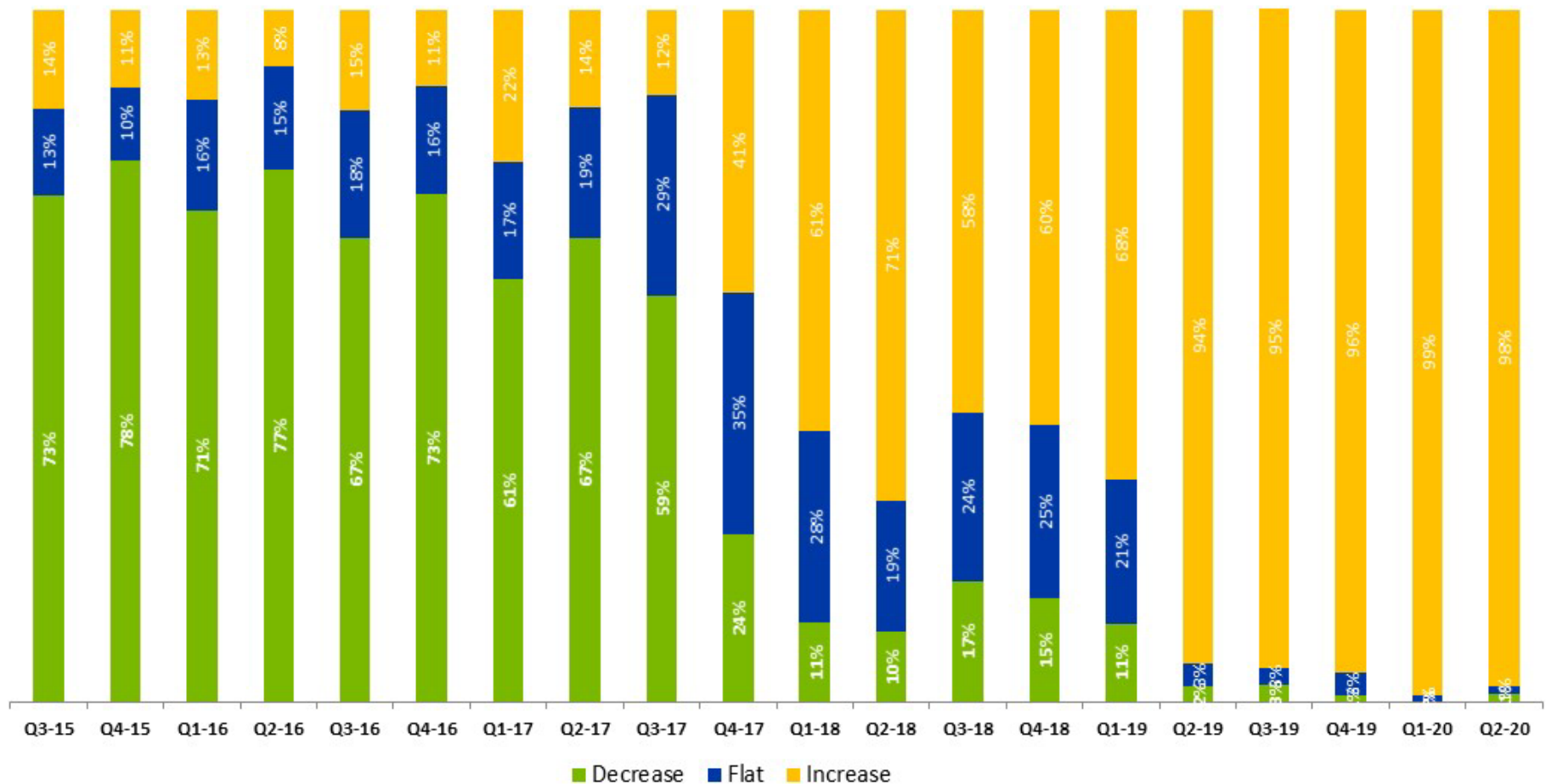


## Q2 2020 Market Update – Quarterly YoY Change In Average Rate





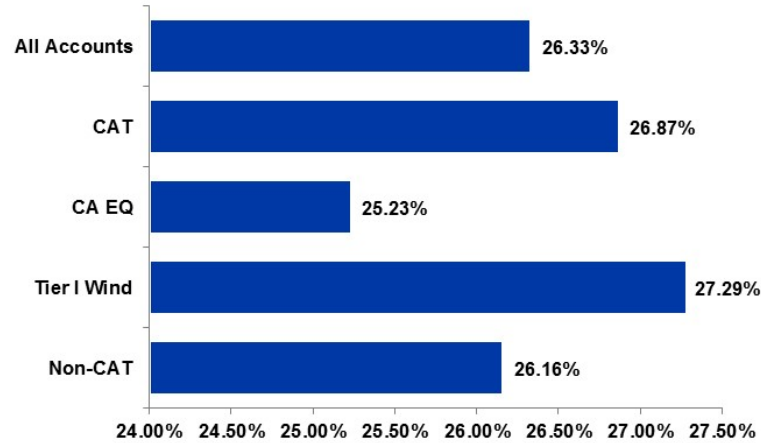
## Q2 2020 Market Update – Quarterly Rate Direction by % of Programs



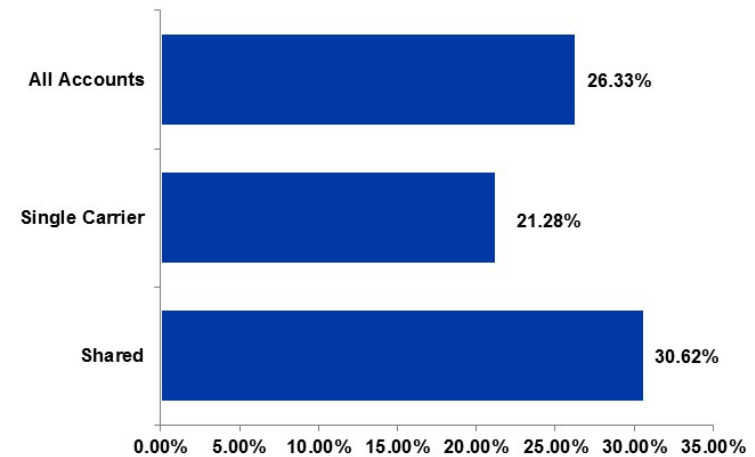
Programs with a rate change of +/- 2% or less are considered Flat in this analysis.

# Q2 2020 Market Update – Quarterly Year-Over-Year In Average Rate by CAT, Loss Ratio and Program Type

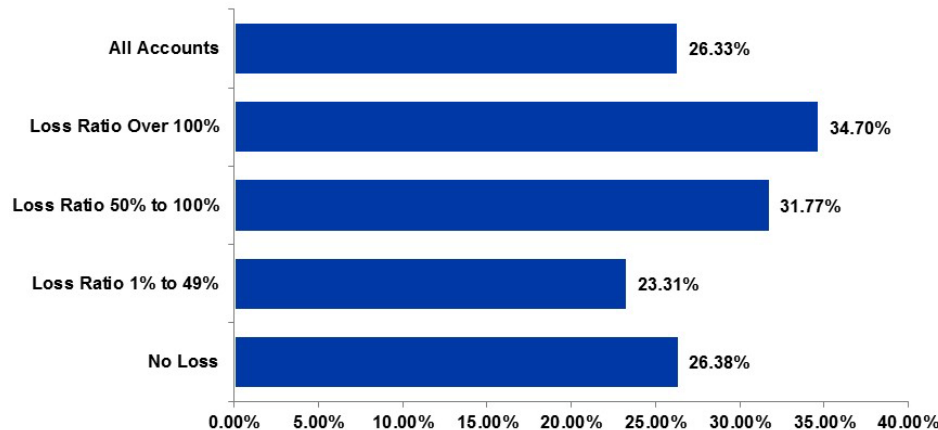
**Year-Over-Year Rate Change  
CAT vs Non-CAT  
Q2 20 To Date  
Source: Aon Data**



**Year-Over-Year Rate Change  
By Program Type  
Q2 20 To Date  
Source: Aon Data**



**Year-Over-Year Rate Change  
By Loss Ratio  
Q2 20 To Date  
Source: Aon Data**



# Commercial Risk Solutions U.S. Business Terms

As Your broker of record, Commercial Risk Solutions U.S. (“Aon”, “We” or “Us” or “Our”) commits to the timely and thorough disclosure of placement strategies, marketing options and broking results. The services We provide to You, Our client (“Client” or “You” or “Your”) will be subject to these Business Terms which, unless You and We agree in writing otherwise, are applicable to Our services to You.

## **Our Services**

We deliver Our services based on the information You give Us or which is given to Us expressly on Your behalf. In preparation for placing or renewing Your insurance coverage, We will consult with You regarding insurance market conditions, the insurers We suggest be approached, Our recommended program options to pursue, and Our marketing strategy on Your behalf. By the conclusion of the marketing process, We will provide You with written information regarding the coverage details, policy terms and conditions provided by the markets.

We will assist You in gathering and preparing the underwriting information and completing insurance applications. We rely on You for the accuracy and completeness of any information You or anyone else provides to Us on Your behalf. We will also rely on You to provide Us promptly with the information needed to deliver the services and to update any information provided where there has been a material change to that information that may affect the scope of delivery of the services, such as the nature of the risk, the insured entities, property values and descriptions of persons to be covered. Applications requiring signature will be signed by You.

We will obtain Your instructions to Us to bind specific programs based on the program proposal We provide. We expect You to carefully review all documents We give You, including binders, policies and endorsements, and to advise Us immediately if You detect any mistakes or believe the contents do not address Your needs or instructions.

Aon will administer Your relationship with insurance companies including, where applicable, issues such as billings in connection with selected programs, data reporting, and compliance with negotiated requirements.

We will provide services unless and until either of Us notifies the other that Aon is no longer acting as Your broker of record. Subject to applicable state law and contractual arrangements with insurers, any commissions to which We were entitled are fully earned.

## **Surplus Lines and Other Government Taxes**

Insurance may not be available in the admitted marketplace for the terms and conditions specified by the Client. In such event, Aon's insurance proposal may include one or more insurers not licensed to transact insurance in the states of exposure and such coverage may be placed as surplus lines coverage pursuant to applicable insurance laws governing the placement of insurance with non-admitted insurers. Persons and entities insured by surplus lines insurers cannot avail themselves of the protection and recovery afforded by the state insurance guaranty funds in the event the surplus lines insurer should become insolvent. The states do not audit the finances or review the solvency of surplus lines insurers.

In some instances, these insurance placements made by Aon or its affiliates on the Client's behalf may require the payment of state surplus lines, excise or other taxes and/or fees in addition to the premium itself. Aon will endeavor to identify any such tax and/or fee in advance, but in all instances the payment of these taxes and/or fees will remain the responsibility of the Client. Aon will invoice the Client for the payment of such taxes and fees where it is Aon's responsibility to do so.

# Commercial Risk Solutions U.S. Business Terms - Continued

## Client Responsibilities

Aon will deliver the Included Services based upon the information that the Client and its representatives provide. The Client is responsible for the accuracy and completeness of the information and Aon accepts no responsibility arising from the Client's failure to provide such information to Aon. Aon must receive promptly the information to deliver the Included Services as well as the Client's prompt updates to any information where there has been a material change which may affect the scope or delivery of the Included Services, such as a change in the nature of the risk, insured entities, property values and persons or entities to be covered.

To the extent that any portion of Aon's compensation, by operation of law, agreement or otherwise, becomes adjusted or credited to the Client, it is the Client's responsibility to disclose the actual net cost of the brokerage and insurance costs You have incurred to third party(ies) having an interest in such amounts.

## Claims Notification to Insurers

Unless Aon has a specific signed agreement with the Client to the contrary, it is the Client's responsibility to take such steps as are necessary to notify directly those insurers whose policies may apply to any circumstances, occurrences, claims, suits, demands and losses in accordance with the terms and conditions of Your policies. Aon assumes no duty or responsibility with respect to such notifications or monitoring the Client's obligation to place insurers on notice unless undertaken in a separate written agreement. The Client may send copies of such notices to members of Aon staff for informational purposes only, but the receipt of such notice by Aon shall not create additional duties or obligations owed by Aon to the Client nor constitute notice to Your insurers.

## Contract and Lease Review; General Advice

In instances where Aon provides summaries of contractual requirements or provisions, or any suggested additional or alternative wordings to any contract or lease at the Client's request, such language must be reviewed by the Client's legal advisor before You take action based upon Aon's statements. Aon does not and cannot provide legal advice as to whether the Client's insurance program covers legal obligations contained in the Client's contracts or leases. All descriptions of the insurance coverages are subject to the terms, conditions, exclusions and other provisions of the policies or any applicable regulations, rating rules or plans. Furthermore, it is understood that none of the services provided by Aon are of a legal nature and Aon shall not give legal opinions or provide legal advice or representations.

## Confidentiality

Aon takes client confidentiality seriously. We have established controls to protect Your information. We are willing to enter an agreement as You may require for the protection of Your confidential data. The Client acknowledges and agrees that the work products provided by Aon are not to be distributed, used or relied upon by third parties without the written consent of both Aon and the Client, except as may be required by Your legal, accounting and non-insurance financial advisors who agree to be bound by this confidentiality agreement.

## Intermediaries

Aon encourages its retail brokers to approach markets directly (without an intermediary) wherever possible. However, where Aon believes it is in the Client's best interest, We may recommend the use of intermediaries, including but not limited to co-brokers, sub-brokers, managing general agents/managing general underwriters, wholesale brokers, or reinsurance brokers (collectively, "Intermediary") to assist in the procurement and servicing of the Client's insurance. Aon prefers, wherever possible, to use the services of an Aon-affiliated Intermediary and Aon shall not be responsible for a non-Aon affiliated Intermediary's actual or alleged acts, errors, or omissions or those of its officers, directors or employees. Any and all compensation earned by an Intermediary in connection with the programs shall be in addition to the compensation paid to Aon and shall not be credited against the Fee, if any.

# Commercial Risk Solutions U.S. Business Terms - Continued

## Intermediaries

Aon encourages its retail brokers to approach markets directly (without an intermediary) wherever possible. However, where Aon believes it is in the Client's best interest, We may recommend the use of intermediaries, including but not limited to co-brokers, sub-brokers, managing general agents/managing general underwriters, wholesale brokers, or reinsurance brokers (collectively, "Intermediary") to assist in the procurement and servicing of the Client's insurance. Aon prefers, wherever possible, to use the services of an Aon-affiliated Intermediary and Aon shall not be responsible for a non-Aon affiliated Intermediary's actual or alleged acts, errors, or omissions or those of its officers, directors or employees. Any and all compensation earned by an Intermediary in connection with the programs shall be in addition to the compensation paid to Aon and shall not be credited against the Fee, if any.

## Collection and Use of Client Information

Aon gathers data containing information about the Client and Your insurance placements, as well as information about the insurance companies that provide coverage to the Client or compete for the Client's insurance placements. In addition to the information provided by the Client, Aon may collect information from commercially available sources. Such information may include name, address, email address and demographic data.

This information may be shared among Aon affiliated businesses, as well as with third-party service providers acting on Our behalf. In addition to being used to provide services to Aon's customers, the information may be used for business administration, business reporting, statistical analysis, marketing of Aon products or services and providing consulting or other services to insurance companies for which Aon or its affiliates may receive remuneration. Aon takes appropriate measures to protect the privacy and confidentiality of Our customers as well as to comply with applicable laws and regulations. Aon may use or disclose information about Our customers if We are required to do so by law, Aon policy, pursuant to legal process or in response to a request from law enforcement authorities or other government officials.

Due to the global nature of services provided by Aon, the personal information the Client provides may be transmitted, used, stored and otherwise processed outside of the country where the Client submitted that information.

## Use of Logos

Unless otherwise instructed by the Client, Aon will use the Client's logo, pictures, and other publicly available information to effectively market the Client's Programs or for use in Aon's business records.

## Jury Waiver

Each party agrees to waive its right to a trial by jury in any lawsuit or other legal proceeding against the other party and/or its parent(s), affiliates, or subsidiaries, in connection with, arising out of or relating to these Commercial Risk Solutions U.S. Business Terms or any services provided to the Client by Aon or its affiliates. In any such action or legal proceeding, neither party shall name, as a defendant any individual employee, officer or director of the other party or its parent(s), affiliates or subsidiaries.

# Commercial Risk Solutions U.S. Business Terms - Continued

## Premium Remittance

Premiums paid by the Client to Aon for remittance to insurers and Client premium refunds paid to Aon by insurance companies for remittance to the Client are deposited into fiduciary accounts in accordance with applicable insurance laws until they are due to be paid to the insurance company or the Client. Subject to such laws and the applicable insurance company's consent, where required, Aon will retain the interest or investment income earned while such funds are on deposit in such accounts

## Insurance Proposals and Summaries

Aon's insurance documents containing proposals to bind coverage, summaries of coverages, and certificates of insurance placed are furnished to clients as a matter of information for Our clients' convenience. These documents summarize proposed and placed policies and are not intended to reflect all the terms, conditions and exclusions of such policies. Moreover, the information contained in these documents reflects proposed or placed coverage as of the effective dates of the proposed policies or the date of the summaries and does not include subsequent changes. These documents are not themselves insurance policies and do not amend, alter or extend the coverages afforded by the proposed or placed policies. The insurance afforded by the proposed or placed policies is subject to all the terms, conditions and exclusions contained in such policies as they are issued by the insurers.

## Insurer Solvency

While Aon only engages insurers who meet certain requirements as established by Us from time to time, We make no representation, guarantee or warranty as to the solvency or ability of any insurer to pay any amounts for insurance claims or otherwise.

## Pricing

Aon does not and cannot guarantee the availability or price of insurance for Your risks and will not be responsible for fluctuation in the premiums charged by insurers. We will rely on You to review and approve calculation or estimation of premium and Aon is not responsible for any loss occasioned as a result of Our calculation or estimation of premium and statutory charges that may apply to Your insurance.

## Mutual Limited Waiver of Liability

Neither party to these Commercial Risk Solutions U.S. Business Terms shall be liable to the other for any indirect, incidental, special, consequential, exemplary, punitive or reliance damages (including, without limitation, lost or anticipated revenues, lost business opportunities or lost sales or profits, whether or not either party has been advised of the likelihood of such damages) or for any attorney's fees (whether incurred in a dispute or an action against the other, or as alleged damages that any party incurred in any insurance coverage dispute, or otherwise) arising out of services provided by Aon or its affiliates.

## Standard Terms and Conditions

Aon assumes no responsibility for the adequacy or effectiveness of programs or coverages that We did not implement or place. Any loss control services, summaries and/or surveys performed by Aon are advisory in nature and are for the sole purpose of assisting the Client in Your development of Your risk control and safety procedures. Such services and/ or surveys are limited in scope and do not constitute a safety inspection nor verify that the Client is in compliance with federal, state and local laws, statutes, ordinances, recommendations, regulations, consensus codes or other standards.



# Commercial Risk Solutions U.S. Business Terms - Continued

## Insurance Producer's Role and Compensation

The role of the insurance producer such as Aon in any particular transaction involves review with insurance purchasers about the benefits and terms and conditions of insurance contracts and selling insurance. Compensation is paid to the producer based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, as well as the arrangement between the producer and the purchaser, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects.

Unless applicable state law and regulation or contractual agreement between Aon and insurers states otherwise, any commission that Aon is entitled to receive for any placements is fully earned at inception of the insurance programs described in Our insurance proposals and Aon is entitled to retain such commissions in the event of a midterm cancellation of coverage or a reduction in coverage resulting in a premium adjustment.

To the extent that any portion of Aon's compensation as reflected on its invoices becomes adjusted or credited to Our client, it is the client's responsibility to disclose the actual net cost to the client of the brokerage and insurance costs incurred to third party(ies) having an interest in such amounts.

In placing, renewing, consulting on or servicing Your insurance coverages, Aon and its affiliates ("Aon") may participate in contingent commission arrangements with insurance companies that provide for additional compensation, if, for example, certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Aon with the insurance company or the overall performance of the policies placed with that insurance company rather than on an individual policy basis. As a result, Aon may be considered to have an incentive to place Your insurance coverages with a particular insurance company.

You may obtain information about compensation expected to be received by Aon based in whole or in part on the sale of insurance to You, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to You by Aon by contacting Your Account Executive or emailing: [Aon.US.Broking@aon.com](mailto:Aon.US.Broking@aon.com)

## Limitation of Liability

Aon's liability to the Client, in total, for the duration of Our business relationship for any and all damages, not otherwise waived under these Commercial Risk Solutions U.S. Business Terms, including costs, expenses and attorneys' fees incurred in any underlying action by the Client that may be or are characterized as "compensatory or other damages", whether based on contract, tort (including negligence), or otherwise, in connection with or related to Our services (including a failure to provide a service) or any other service that We provide shall be limited to a total aggregate amount of **US \$2.5 million** ("Liability Limitation"), to the fullest extent permitted by law.

This Liability Limitation shall apply to the Client and extend to the Client's parent(s), affiliates, subsidiaries, and their respective directors, officers, employees and agents (hereinafter, each a "Client Group Member" and together, "Client Group") wherever located that seek to assert claims against Aon, and its parent(s), affiliates, subsidiaries and their respective directors, officers, employees and agents (each an "Aon Group Member" and together, "Aon Group"). Nothing in this Liability Limitation section implies that any Aon Group Member owes or accepts any duty or responsibility to any Client Group Member.

If the Client or any Client Group Member asserts any claims or makes any demands against Commercial Risk Solutions or any Aon Group Member for a total amount in excess of this Liability Limitation, then the Client agrees to indemnify Aon for any and all liabilities, costs, damages and expenses, including attorneys' fees, incurred by Commercial Risk Solutions or any Aon Group Member that exceeds this Liability Limitation.

# General Data Protection Regulation (GDPR)

## 1. Data Protection

For the purpose of this Section:

- a) **"Agreement Personal Data"** means any personal data (including sensitive or special categories of personal data including but not limited to data revealing medical conditions, criminal convictions or offences) that is processed under or in connection with the Services performed under this Agreement;
- b) **"Business Day"** means a day except Saturdays and Sundays and public holidays in United States;
- c) **"DP Laws"** means any applicable data protection laws relating to the protection of individuals with regards to the processing of personal data including (i) EU Data Protection Directive 95/46/EC (**"DP Directive"**) as implemented by EU member states; (ii) the General Data Protection Regulation (EU) 2016/679 (**"GDPR"**) from 25 May 2018; (iii) laws implemented by EU member states which contain derogations from, or exemptions or authorisations for the purposes of, the GDPR, or which are otherwise intended to supplement the GDPR, (iv) Directive 2002/58/EC (**"ePrivacy Directive"**) as implemented by EU member states (including Switzerland) or in the UK (as may be applicable), (v) any legislation that, replaces or converts into domestic law the GDPR and/or the ePrivacy Directive (as may be updated or replaced) or any other law relating to data protection, and/or (vi) any corresponding or equivalent national laws or regulations including any amendment, update, modification or re-enactment of such laws;
- d) **"EEA"** means the European Economic Area;
- e) **"Personal Data Breach"** means any accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Agreement Personal Data;
- f) **"Supervisory Authority"** means any local, national or multinational agency, department, official, parliament, public or statutory person or any government or professional body, regulatory or supervisory authority, board or other body responsible for administering DP Laws; and
- g) the terms **"controller"**, **"processor"**, **"data subject"**, **"personal data"**, **"processing"** and **"special categories of personal data"** shall all have the meanings given to those terms in under either the DP Directive, or the GDPR as applicable (and related terms such as **"process"** shall have corresponding meanings).

# General Data Protection Regulation (GDPR) - Continued

Each of the parties is and will remain a separate and independent controller in respect of the Agreement Personal Data and shall independently determine the purposes and means of such processing. Each party warrants that it will observe all applicable requirements of DP Laws and these terms in relation to its processing of the Agreement Personal Data.

You acknowledge and understand that Aon gathers personal data from You for (i) the delivery of the Services; (ii) the management of Our relationship with You, including the marketing of products or services to You which may be of interest to You, invoicing, the settlement of disputes and associated business administration; and (iii) the development of Aon Group Members' products and services (for example conducting benchmarking, market research, data analysis), for the purposes of which Aon shall process aggregated, de-identified data, and shall not publish externally or otherwise disclose any information which derives from data originating from You which would identify an underlying data subject or You without Your prior consent. You acknowledge and understand that Aon shall act as a controller of any personal data which is processed pursuant to this Section and shall comply with DP Laws in respect of such processing.

You agree that the Agreement Personal Data provided or made available to Aon by You or on Your behalf can be used by the Aon Group Members (and Our and their service providers) for the purposes of the Services and in accordance with the terms of this Agreement and You confirm that You have (i) provided or shall provide a notice to all relevant data subjects (for example Your employees or insureds) which describes the disclosure of Agreement Personal Data to Aon for the purposes envisaged by the Agreement (further details of which are available on Aon's Website at <http://www.aon.com/about-aon/privacy.jsp>; (ii) obtained or shall obtain all consents from data subjects necessary for Aon to process the Agreement Personal Data for the purposes of performing the Services; (iii) complied and shall comply with the DP Laws and with guidance from all relevant Supervisory Authorities; and (iv) otherwise complied with and shall comply with all the relevant regulations and legislation.

Each of the parties will, on request, provide the other with reasonable assistance, information and cooperation, at its own expense, to ensure the other party's compliance with the respective obligations under DP Laws in relation to the Agreement Personal Data. If a data subject makes a written request to a party to exercise their rights in relation to the Agreement Personal Data that concerns processing in respect of which the other party is the controller, such party shall (i) forward the request to the other party promptly and in any event within five (5) Business Days from the date on which it received the request and (ii) upon the other party's reasonable written request, provide that other party with reasonable co-operation and assistance in relation to that request to enable the other to respond to such request and meet applicable deadlines under DP Laws.

If either party (the "Data Receiving Party") receives any complaint, notice or communication from a Supervisory Authority which relates directly or indirectly to the other party's (i) processing of the Agreement Personal Data; or (ii) a potential failure to comply with DP Laws, the Data Receiving Party shall, to the extent permitted by law, promptly forward the complaint, notice or communication to the other Party and provide the other Party with reasonable cooperation and assistance in relation to the same.

Each party shall implement appropriate technical and organisational security measures in relation to the processing of the Agreement Personal Data by or on behalf of such party in the performance of this Agreement, which shall ensure a level of security appropriate to the risk including, as appropriate, (a) pseudonymisation and encryption; (b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services; (c) the ability to restore the availability and access to the Agreement Personal Data in a timely manner in the event of a physical or technical incident; and (d) a process for regularly testing, assessing and evaluating the effectiveness of those measures.

If either party becomes aware of a Personal Data Breach involving Agreement Personal Data, it shall notify the other party without undue delay, and each party shall co-operate with the other, to the extent reasonably requested, in relation to any notifications to Supervisory Authorities or to data subjects which either party is required to make under DP Laws.

Due to the global nature of services provided by Aon and the Aon Group Members, Agreement Personal Data may be transmitted, used, stored and otherwise processed outside of the country in which it was submitted. The parties acknowledge that Aon may transfer and otherwise process or have transferred or otherwise processed Agreement Personal Data outside the EEA provided that such transfer is made in compliance with applicable DP Laws.

If We provide any additional services to You that require Us to process Agreement Personal Data as a processor on Your behalf, any additional terms relating to that processing and ensuring its compliance with DP Laws may be set out in a separate agreement.

# General Data Protection Regulation (GDPR) - Continued

Each party shall implement appropriate technical and organisational security measures in relation to the processing of the Agreement Personal Data by or on behalf of such party in the performance of this Agreement, which shall ensure a level of security appropriate to the risk including, as appropriate, (a) pseudonymisation and encryption; (b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services; (c) the ability to restore the availability and access to the Agreement Personal Data in a timely manner in the event of a physical or technical incident; and (d) a process for regularly testing, assessing and evaluating the effectiveness of those measures.

If either party becomes aware of a Personal Data Breach involving Agreement Personal Data, it shall notify the other party without undue delay, and each party shall co-operate with the other, to the extent reasonably requested, in relation to any notifications to Supervisory Authorities or to data subjects which either party is required to make under DP Laws.

Due to the global nature of services provided by Aon and the Aon Group Members, Agreement Personal Data may be transmitted, used, stored and otherwise processed outside of the country in which it was submitted. The parties acknowledge that Aon may transfer and otherwise process or have transferred or otherwise processed Agreement Personal Data outside the EEA provided that such transfer is made in compliance with applicable DP Laws.

If We provide any additional services to You that require Us to process Agreement Personal Data as a processor on Your behalf, any additional terms relating to that processing and ensuring its compliance with DP Laws may be set out in a separate agreement.

# Compensation for the Value We Deliver

Aon is an insurance broker and, when serving as your retail insurance broker, in addition to or in lieu of compensation you may pay, Aon may earn compensation which relates in whole or in part to your insurance placement.

For policy level commissions, Aon endeavors to receive compensation using standard commission rates by line of business that we seek to achieve with insurers in advance of individual policy placements. We believe this creates a fairer marketplace among insurers and allows our insurers to focus on the client's needs and risk history, not on commission rate negotiation. In turn, because insurers will be evaluated on their capabilities, clients will be able to more easily compare quotes.

Aon's standard commission rates differ by line of business and, when placed in the U.S. market, are up to the following commission rates: Aviation, 17.5%; Casualty, 18.5%; Cyber, 17.5%; Energy, 20%; Entertainment, 20%; Environmental, 18%; Marine 20%; Med Mal/ Healthcare, 17.5%; Professional/ E&O, 17.5%; Property, 18%; Product Recall, 20%; Financial Lines, 18%; Healthcare, 20%; Surety, 35%; Terrorism, 25%; Trade Credit, 17.5%; and Workers Compensation, 15%. Where an Aon broker is placing a policy in the London or Bermuda market, Aon endeavors to earn 20% on those lines of business. Where Aon has created a facility with proprietary terms and conditions negotiated, the Aon standard commission rates range from 20% - 22.5%. Some lines of business are not conducive to standardization because they are subject to state filing regulations, state-specific rates and/or industry-specific rates. The standard commission rates we achieve do not include program business (e.g.: franchises, sponsored groups) or large deductible programs.

In addition, Aon provides certain administrative and other related placement services to markets. Compensation of up to 7.5% for these services may take the form of a national additional commission (NAC) or a subscription market brokerage (SMB). Collecting these commissions will not change the premium quoted.

Compensation paid to Aon may vary based upon a number of factors, including the insurance contract and the insurer you select, the volume of business and/or profitability of business we place with each insurer. Therefore, Aon may be considered to have an incentive to place insurance coverages with a particular insurance company. We strive for transparency with each Client and the final decision regarding coverage and market options is the Client's decision.

If you are interested in receiving Aon's standard commission grid and/or a Commission Disclosure Report identifying the individual commission rates on your placements or compensation expected to be received based in whole or in part on any alternative quotes, ask your Account Executive or write us at [aon.us.broking@aon.com](mailto:aon.us.broking@aon.com).

# Additional Business Terms for Programs Placed through Aon's Global Broking Center London (GBCL)

## The GBCL's Approach to Marketing Your Risks

The GBCL will always seek to negotiate competitive terms in line with Your instructions and use its judgment and experience to evaluate effective placement methods or combinations of methods to meet these requirements.

A large program may be structured into various individual placements or layers underwritten by either a single insurer or subscription markets. Typically when utilizing subscription markets the GBCL will invite follow insurers to quote below the lead price, or to quote independently, in an effort to achieve or improve the agreed target or composite price for You.

In certain instances, the GBCL may only approach one insurer to provide a lead quotation (or a single insurer who is able to underwrite alone the terms, conditions and limit required). Where this is the case, the GBCL will advise of the reason why it has taken this approach. Otherwise the GBCL will approach multiple insurers to provide either lead quotations or single market solutions. Typically this will be a limited number of insurers for the class of business; however, the GBCL will advise when it has approached an appropriate number of insurers to reflect a fair analysis of the market. A list of insurers considered and/or approached to provide quotations is available upon request. The GBCL will confirm the pricing obtained from all subscribing insurers to demonstrate whether all subscribing follow insurers elected to support the lead price or quoted at a varied price from the lead.

The GBCL's Placement Methods Where appropriate the GBCL may utilize the following placement methods: a. Aon UK Limited operates several market facilities to enable the efficient placement and servicing of risks fitting a prescribed profile that, in the open market, may otherwise be difficult to place or could attract higher premiums. These facilities may be underwritten by one or more insurers and may be used alone or in conjunction with single or subscription markets to deliver capacity for larger risk exposures. Access to these facilities throughout a Client's policy period is a benefit exclusive to Aon Clients and is not available through alternative brokers or intermediaries. b. The GBCL operates several market facilities where additional functions that insurers would normally perform are transferred to Aon, and the insurers pay Aon UK Limited certain management service fees and work transfer fees for carrying out these functions on their behalf. A number of these facilities include binding authorities or other delegated authorities that give Aon Underwriting Managers (AUM) underwriting authority to act as a Managing General Agent (MGA) on behalf of insurers. In addition to any commission earned by the GBCL, AUM is remunerated for the work undertaken on behalf of the insurer and this may include profit or contingent commission. AUM delegated authorities may also be branded as 'Maven'. Details will be provided if a market facility has been used for Your insurance placement or where Aon has placed any participation via an arrangement where Aon UK Limited is acting as an MGA on behalf of an insurer. c. Aon UK Limited has entered into arrangements whereby it offers the capacity of insurer(s) to its Clients in respect of certain qualifying risks. A pre-agreed percentage of the risk can be bound at the qualifying lead insurer's price, terms, conditions and limits. These arrangements are bound and administered by AUM as MGA on behalf of the subscribing insurers. Aon UK Limited currently has an arrangement with: – Aon Client Treaty: Various Underwriters at Lloyd's via Syndicates 9512, 9529, 9531, 9532, 9533, 9534, 9535, 9536, 9537, 9538, 9541, 9542, 9544, 9546, 9547, 9548, 9549, 9551, 9553, 9554 and 9555. The identity of specific participating Lloyd's syndicates is available on request. d. Facultative reinsurance may be arranged for insurers to enhance a Client's once a Client's original placement. Insurers may independently remunerate the GBCL for these services.

# Additional Business Terms for Programs Placed through Aon's Global Broking Center London (GBCL)

## Collection and Use of Your Information

The GBCL may transact business on Your behalf, including the submission of claims and underwriting information, by means of electronic placement and claims systems. This may require, in the case of electronic claims submissions, the submission of documents to a market repository which will be available to insurers. Such market repository may be operated by a third party. Data will be held in accordance with data protection requirements. Should You seek additional information about Aon's GBCL (including details in relation to commissions received by Aon UK Limited through the placement of Your insurance program), please contact Your broker.

## New disclosure obligations relevant to insurance contracts that are subject to the laws of England, Wales, Scotland or Northern Ireland: Your Duty to Make a Fair Presentation

You are legally required to make a fair presentation of the risk You are seeking to insure to Your insurer. To make a fair presentation of the risk You must either (1) disclose all Material Information (described below) that You know or ought to know or (2) provide insurers with sufficient information to put them on notice that they need to ask You further questions to reveal all the Material Information. "Material Information" means all information that would influence an insurer in determining whether to accept a particular risk and, if so accepted, the premium, terms and conditions to be applied to that risk.

You will be deemed to know all Material Information that is known to Your senior management or those responsible for arranging Your insurance, and which should reasonably have been revealed by a reasonable search. Your search will need to include information which is held by other persons (for example, your insurance broker, Aon), and Your agents. You agree that Aon is not required to provide You or insurers with any information that We have received (i) from anyone other than You or those acting on your behalf or (ii) otherwise than directly in connection with the particular contract of insurance We are placing for You. Any losses You suffer as a result of any related nondisclosure or misrepresentation will be Your responsibility.

Failure to disclose all Material Information or misrepresenting circumstances could result in the terms of Your insurance contract being rendered void (so that claim(s) are not paid and there is no cover), terms being amended or insurers reducing any claim(s) paid in proportion to the increased premium that would have been charged had the true position been known. Insurers may also have a right to recover all or part of any claim payments made.

The disclosure obligations outlined above will arise before the policy is entered into and after the policy is entered into as the duty to make a fair presentation is re-imposed when there are changes or variations in cover, when the insurance contract is renewed or extended and when You make a claim



# Additional Business Terms for Programs Placed through Aon's Global Broking Center London (GBCL)

## Safeguarding Your Money

Where the GBCL acts on your behalf, Aon UK Limited shall hold premiums due to insurers and any claims payments and/or premium refunds due to you as client money ("Client Money"). During the provision of the Services to you, the GBCL and any of its Appointed Representatives (as defined in law and the FCA rules) will deposit all payments received in respect of Client Money in a bank account governed by a trust deed that complies with FCA rules ("Trust Account"). The FCA rules seek to protect clients against any inability of an insurance broker to transfer premiums to an insurer or to transfer claims payments and/or premium refunds to the client. Client Money subject to Scottish Law will be held by the GBCL acting as your agent.

In some instances the insurer may grant the GBCL "Risk Transfer". This means that premium received from you by the GBCL is deemed to have been received by the insurer. In such circumstances premiums received by the GBCL are held as insurer money ("Insurer Money"). Conversely, claims payments and/or premium refunds will only be treated as having been received by you when they are actually paid to you. The GBCL may co-mingle Insurer Money with Client Money under the terms of the same trust deed when permitted by the FCA to do so.

Where the GBCL acts on your behalf in respect of activities other than insurance mediation activities that are regulated by the FCA the GBCL may not be permitted by the FCA to hold Client Money in the same Trust Account as it uses for regulated activities. In this case the GBCL will hold Client Money in segregated bank account(s) established solely for this purpose.

The terms of the Trust Account(s) permit the GBCL, in line with standard industry practice, to use the money held in the Trust Account ("Trust Monies") on behalf of one client to pay another client's premium before the premium is received from that client and to make claims payments and/or premium refunds to another client before the GBCL receives payment from the insurer. However, the GBCL is not permitted to use Client Money for any other purpose. In the normal course of business and within the standard terms of Aon UK Limited's Trust Accounts arrangements, the GBCL retains the right to place part of the Trust Monies into money market funds. However, under the terms of the Trust Accounts Aon UK Limited remains liable for meeting any trust fund shortfalls that may arise as a result. In accordance with market practice, Aon UK Limited retains all interest and earnings received on Trust Monies.

The GBCL will pay premiums directly to insurers and receive premium refunds and/or claim payments directly from insurers or their representatives except where it has engaged the services of another intermediary or settlement agent in which case settlements may then be transferred between the GBCL and the other intermediary or settlement agent. Should such an intermediary or settlement agent be located outside of the United Kingdom, payments will be made to and from their jurisdiction and will be subject to a legal and regulatory regime different from that of the United Kingdom. In the event of a failure of the intermediary or settlement agent, the Client Money may be treated differently from the treatment which would have applied if it were held by an intermediary in the United Kingdom. You may notify the GBCL if you do not wish your money to be passed to a person in a particular jurisdiction and the GBCL will consider making a payment to an alternative jurisdiction.

# Additional Business Terms for Programs Placed through Aon's Global Broking Center London (GBCL)

## Continued:

The GBCL may deposit Client Money in a client bank account outside the United Kingdom, unless you notify the GBCL that you do not wish your money to be held in a particular jurisdiction. In such circumstances, the legal and regulatory regime applying to the approved bank will be different from that of the United Kingdom and, in the event of a failure of the bank, your money may be treated in a different manner from that which would apply if the money were held by a bank in the United Kingdom.

The GBCL believes the above arrangements provide you with significant and effective protection for Client Money. Your agreement to all aspects of these arrangements will be assumed unless an objection is registered with the GBCL or, where applicable, the GBCL's appointed representative prior to your first remittance being received by the GBCL.

## Market Abuse Regulation

You agree to inform your Aon broker immediately if any confidential information which you provide to the GBCL, or intend to provide to the GBCL, constitutes "inside information" (within the meaning of Article 7 of Regulation (EU) No. 596/2014 on market abuse ("MAR")). You agree to clearly identify to the GBCL in writing which specific parts of the confidential information constitute such "inside information". In the event that you require the GBCL to maintain an "insider list" (within the meaning of Article 18 of MAR) of individuals who have access to such "inside information", you agree to notify the GBCL in writing prior to, or upon, providing such "inside information".

# About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance

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**[www.aon.com](http://www.aon.com)**

## Contact

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**From:** [Horace McLarty](#)  
**To:** [Tammie L. Hechler](#)  
**Cc:** [Malie Raghunath](#)  
**Subject:** FW: [EXT]RE: Percentage  
**Date:** Thursday, November 12, 2020 6:01:47 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)

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Explanation for increase in storage tank premium (below in yellow)  
This is on property reso.

*Horace McLarty*

Accountant, Human Resources/Risk Management



Office: (954) 921-3292  
Fax: (954) 921-3678  
Email: [hmclarty@hollywoodfl.org](mailto:hmclarty@hollywoodfl.org)

---

**From:** Bing Buenafe [mailto:[bing.buenafe@aon.com](mailto:bing.buenafe@aon.com)]  
**Sent:** Tuesday, November 10, 2020 11:35 AM  
**To:** Horace McLarty <[HMCLARTY@hollywoodfl.org](mailto:HMCLARTY@hollywoodfl.org)>  
**Cc:** William Deeb <[billy.deeb@aon.com](mailto:billy.deeb@aon.com)>  
**Subject:** RE: [EXT]RE: Percentage

We just received the quote on the Marina Storage Tank. The premium went up from \$1,205 to \$1,490 – an increase of \$285. This is due the age of the tanks. As for the Public Officials Liability renewal, we have not received the renewal quote yet. We will let you know as soon as we hear back.

**Bing Buenafe | Account Executive**  
**Aon | Public Entity Practice Group**  
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o: +1.213.996.1763 | f: +1.847.953.0389  
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**From:** Horace McLarty <[HMCLARTY@hollywoodfl.org](mailto:HMCLARTY@hollywoodfl.org)>

**Sent:** Tuesday, November 10, 2020 7:33 AM  
**To:** Bing Buenafe <[bing.buenafe@aon.com](mailto:bing.buenafe@aon.com)>  
**Cc:** William Deeb <[billy.deeb@aon.com](mailto:billy.deeb@aon.com)>  
**Subject:** RE: [EXT]RE: Percentage

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Any news/updates?

*Horace McLarty*

Accountant, Human Resources/Risk Management



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---

**From:** Bing Buenafe [<mailto:bing.buenafe@aon.com>]  
**Sent:** Tuesday, October 27, 2020 9:32 PM  
**To:** Horace McLarty <[HMCLARTY@hollywoodfl.org](mailto:HMCLARTY@hollywoodfl.org)>  
**Cc:** William Deeb <[billy.deeb@aon.com](mailto:billy.deeb@aon.com)>  
**Subject:** [EXT]RE: Percentage

Hi Horace,

As requested, here's a ballpark for the upcoming renewal:

**Marina Storage Tank – Renewal Date 12/7/2020**

**Expect a 15% increase.** With the expiring premium of \$1,205 this would look like around \$1,386

**Public Officials Liability – Renewal Date 12/21/2020**

Expiring Premium: \$140,868 with open claims (wrongful termination & civil complaint) and depending on how it develops, expect the premium to **double** (this is a conservative estimate). Although we aim to keep the increase to a minimum, this is our best guestimate at this time.

Should you have any questions, please let us know.

Kind regards,

**Bing Buenafe | Account Executive**  
**Aon | Public Entity Practice Group**  
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**From:** Bing Buenafe  
**Sent:** Tuesday, October 27, 2020 3:18 PM  
**To:** Horace McLarty <[HMCLARTY@hollywoodfl.org](mailto:HMCLARTY@hollywoodfl.org)>  
**Subject:** RE: Percentage

I have reached out to the carriers to provide me a ballpark % for the upcoming renewal. Stay tuned!

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**From:** Horace McLarty <[HMCLARTY@hollywoodfl.org](mailto:HMCLARTY@hollywoodfl.org)>  
**Sent:** Tuesday, October 27, 2020 2:50 PM  
**To:** Bing Buenafe <[bing.buenafe@aon.com](mailto:bing.buenafe@aon.com)>  
**Subject:** Percentage

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To confirm our conversation, percentage increase if possible for Public officials and Marina storage tank.

***Horace McLarty***

Accountant, Human Resources/Risk Management



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***Horace McLarty***

Sr. Human Resources & Risk Management Accounts Analyst

City of Hollywood

Office of Labor Relations

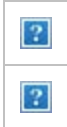
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***Horace McLarty***

Sr. Human Resources & Risk Management Accounts Analyst

City of Hollywood

Office of Labor Relations

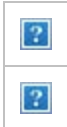
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## II. Executive Summary

	2019-2020 Premium	2020-2021 Estimate Premium
Property Insurance	\$1,571,841	\$1,706,814
Marina Storage Tank	\$1,205	\$1,490
Public Officials Liability	\$140,868	\$281,736
Total	\$1,713,914	<b>\$1,990,040</b>