



# Huntsville, Alabama

308 Fountain Circle  
Huntsville, AL 35801

## Cover Memo

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**Meeting Type:** City Council Regular Meeting **Meeting Date:** 11/10/2022

**File ID:** TMP-2295

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**Department:** Human Resources

**Subject:**

**Type of Action:** Approval/Action

Resolution authorizing the Mayor to execute the application for renewal of Government Crime Policy with Zurich American Insurance Company.

Resolution No.

**Finance Information:**

**Account Number:** N/A

**City Obligation Amount:** \$17,295

**Total Obligation:** \$17,295

**Special Circumstances:**

**Grant Funded:** N/A

**Grant Title - CFDA or granting Agency:** N/A

**Resolution #:** N/A

**Location:**

**Address:**

**District:** District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

**Additional Comments:**

**RESOLUTION NO. 22-\_\_\_\_**

**WHEREAS** he City of Huntsville, wishes to renew an insurance policy for government crime and employee dishonesty insurance with Fidelity and Deposit Company of Maryland; and

**WHEREAS**, the City desires to execute an application with Fidelity and Deposit Company of Maryland Colonial American Casualty and Surety Company on November 10, 2022.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to execute an application for a commercial crime policy for commercial and government entities, and other related documents with Fidelity and Deposit Company of Maryland on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, regarding the issuance of a government crime and employee dishonesty insurance policy for the City of Huntsville, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as “Application for a Commercial Crime Policy for Government Entities”, and related documents consisting of 22 pages, together with the signature of the President or President Pro Tern of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

**ADOPTED** this the 10th day of November 2022.

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President of the City Council of  
the City of Huntsville, Alabama

**APPROVED** this the 10th day of November 2022.

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Mayor of the City of  
Huntsville, Alabama

Administrative Offices  
1299 Zurich Way  
Schaumburg, IL 60196



**APPLICATION FOR A  
COMMERCIAL CRIME POLICY  
FOR GOVERNMENT ENTITIES**

**INSTRUCTIONS:**

1. This Application must be completed in full, including all required attachments.
2. This Application and all attachments shall be deemed attached to and part of the policy, if issued.

**THE FOLLOWING MATERIAL MUST BE ATTACHED TO THIS APPLICATION, IF APPLICABLE:**

1. Copy of the most recent External Auditor's Letter to Management on internal controls including Management's response.
2. Copy of the Internal Auditors Audit Plan for the current year.
3. For private entities and non-profit entities, copy of the most recent audited financial statements with notes. If not consolidated, please provide financial statements on each consolidated entity.
4. With respect to any Joint Venture or Partnership for which the Applicant requests coverage, please attach the following information:
  - a. country of domicile and date established;
  - b. percentage of Applicant's ownership;
  - c. description of its operations; and
  - d. identify the Applicant's responsibilities in the Joint Venture and/or Partnership, including such participation status as the General Partner, Managing Partner, investor, etc.

Please submit this completed proposal application with all attachments to:  
Zurich American Insurance Company

**If you want to learn more about the compensation Zurich pays agents and brokers visit:**

**<http://www.zurichnaproducercompensation.com>**

**or call the following toll-free number: (866) 903-1192.**

**This Notice is provided on behalf of Zurich American Insurance Company and its underwriting subsidiaries.**

**I. GENERAL INFORMATION:**

1. Applicant (List all insureds, including Employee Benefit Plans you sponsor that are subject to ERISA):

Mailing Address: P.O. Box **308**

City: Huntsville

State: AL

Zip: 35804

Year Established: 1809

Website: [www.huntsvilleal.gov](http://www.huntsvilleal.gov)

E-mail Address:

2. Insured Address (Please do not enter a P.O. Box): **308 Fountain Circle**

City: Huntsville

State: AL

Zip: 35801

3. Policy Period Requested: 12:01 a.m. on \_\_\_\_\_ to 12:01a.m. on \_\_\_\_\_

4. Premium Payable: ☐ Annual ☒ Three year prepaid ☐ Three year in equal annual installments

5. Direct Bill ☐ Agency Bill ☐

**II. APPLICANT PROFILE**

1. Applicant is a: ☐ State ☐ County ☒ City ☐ Town  
☐ Township ☐ Village ☐ Borough  
☐ Other \_\_\_\_\_

2. For Policies with Credit, Debit, or Charge Card Forgery coverage only: Number of Covered Cardholders \_\_\_\_\_

3. Is insurance being provided for a school system? ☐ Yes ☒ No

4. Is Faithful Performance of Duty coverage, as prescribed by law or you constitution and by-laws requested? ☒ Yes ☐ No

5. Does this insurance indemnify an Obligee other than the Applicant? ☐ Yes ☒ No

If "Yes", list the name(s) and address of the obligee:

Name	Address

### III. COVERAGES REQUESTED:

	Limit of Insurance	Deductible Amount
Agreement 1 – Employee Theft – Per Loss	\$ 2,500	\$ 200
Add Faithful Performance of Duty Coverage	\$	N/A
Agreement 2 – Employee Theft – Per Employee	\$	\$
Add Faithful Performance of Duty Coverage	\$	N/A
Agreement 3 – Forgery or Alteration	\$	\$
Agreement 4 - Inside The Premises – Theft of Money & Securities	\$	\$
<input type="checkbox"/> Blanket <input type="checkbox"/> Schedule		
Agreement 5 – Inside The Premises – Robbery or Safe Burglary of Other Property	\$	\$
<input type="checkbox"/> Blanket <input type="checkbox"/> Schedule		
Agreement 6 – Outside The Premises – Theft of Money & Securities and Robbery of Other Property	\$	\$
<input type="checkbox"/> Blanket <input type="checkbox"/> Schedule		
Agreement 7 – Computer Fraud and Funds Transfer Fraud	\$	\$
Agreement 8 – Money Orders and Counterfeit Paper Currency	\$	\$
Other Coverages/Endorsements	Limit of Insurance	Deductible Amount
<u>Agreement 1 Above, subject to Government Policy Form</u> <u>#CR0026 0506</u>	\$	\$
<u>Schedule Excess Limit for Specified Positions</u>	\$ 85,000	\$
_____	\$	\$
_____	\$	\$
_____	\$	\$

#### IV. RATING INFORMATION

1. Number of employees consisting of:

- a. Officials/officers (other than noncompensated officers) not required by law to be individually bonded who are authorized to manage, govern or control your employees:
- b. Officials/officers (other than noncompensated officials/officers) required by law to be bonded (but where blanket coverage satisfies the bond requirement) who are authorized to manage, govern or control your employees: 1
- c. Full- and part-time employees who handle, have custody or maintain records of money, securities or other property; also include:
  - (1) Department and division heads and assistant department and division heads; and 26
  - (2) Peace officers (including patrolmen/women) only when Faithful Performance Of Duty Coverage is being written (otherwise, include these persons in item I. below):
- d. Officials, trustees, officers, employees, administrators and managers (other than independent contractors) not included in a. – c. above who handle funds or other property of employee benefit plans: 0
- e. Leased employees and former employees hired as consultants: 0
- f. Natural persons, whether or not compensated, while performing services as chairpersons or members of committees:
- g. Treasurers or tax collectors by whatever name known (if not required to be individually bonded): 10
- h. Noncompensated officers: 0
- i. Volunteer workers who **do not** solicit funds: 0
- j. Volunteer workers who solicit funds: 0
- k. If insured is a school system, students who handle property or funds in connection with sanctioned student activities: NA
- l. All others not included in a. – k. above 81
- m. **Total** (Items a. – l. above): 108

2. Number of premises (other than the head office) located in the United States of America (including its territories and possessions), Puerto Rico:

V. AUDIT PROCEDURES: If a question is answered "No", explain what alternate control is in effect. Attach a separate sheet with explanations.

- 1. Is there an annual audit conducted by an independent CPA? X Yes ☐ No
  - a. If "Yes": Is it a complete audit made in accordance with generally accepted auditing standards and so certified? YES
  - b. If "Yes:" Are all locations and subsidiaries included in the audit? X Yes ☐ No
- 2. Is there a CPA Management Letter and response by management on internal control weaknesses or recommendations for improvement? ☐ Yes X No
  - a. If "Yes", please attach Management Letter and response.
  - b. If "Yes", have all recommendations made by the accountant been implemented?

3. Is there an Internal Audit Department that is responsible for the review of all business operations?
  - a. If "Yes", how many employees are in the Internal Audit Department: 1
4. If weaknesses are discovered by the internal auditor, are they reported directly to the owner, partners, members (if LLC) or Board of Directors? YES

VI. **INTERNAL CONTROLS:** If a question is answered "No", explain what alternate control is in effect. Attach a separate sheet with explanations.

1. Are all Internal Controls and informational systems consistent among domestic and foreign locations? X Yes ☐ No

#### **Human Resources And Payroll**

2. Does pre-employment screening performed on all prospective employees both domestically and internationally include the following:
  - a. Background check for criminal activity? X Yes ☐ No
  - b. Credit history? X Yes ☐ No
  - c. Drug testing? X Yes ☐ No
  - d. Education and training verification? X Yes ☐ No
  - e. Reference checks with prior employers? X Yes ☐ No
  - f. Other (please explain):
3. Are controls in place to prevent persons who approve new hires from adding them to the payroll? X Yes ☐ No
4. Are additions or changes to the payroll system for new or existing employees automatically reported to a Human Resources manager (or equivalent person) for verification? X Yes ☐ No
5. Does the Audit Department have a program in place to detect possible ghost employees? X Yes ☐ No

#### **Bank Accounts**

6. Are bank accounts reconciled at least monthly? X Yes ☐ No
7. Are bank accounts reconciled by someone not authorized to deposit or withdraw? X Yes ☐ No

#### **Accounts Payable**

8. Is countersignature of all checks required? X Yes ☐ No
  - a. If "Yes", above what amount? \$0 The Mayor does an additional review on checks over \$10,000
  - b.
  - c. If "No", who has check signing authority:
9. Do all vouchers or other supporting records accompany all checks to be signed? X Yes ☐ No
10. Are vouchers/supporting records stamped "Paid" at the time checks are issued? X Yes ☐ No
11. Are internal controls designed so that no employee can control any transaction from beginning to end (e.g., approve a voucher, request and sign a check)? X Yes ☐ No
12. Are disbursement functions separated from those who have cash receipt or cash refund duties? X Yes ☐ No

#### **Accounts Receivable**



13. Are all incoming checks stamped "For Deposit Only" upon receipt? X Yes ☐ No
14. Are at least 20% of accounts receivable periodically verified by contact with the customer?  
☐ Yes X No

#### **Purchasing And Receiving**

15. Are employees engaged in purchasing or sales activities prohibited from taking part in shipping and receiving activities? X Yes ☐ No
16. Are all receiving activities reconciled to applicable sale or purchase activities? X Yes ☐ No
17. Does any employee have access to both the purchasing system and the accounts payable system? ☐ Yes X No
18. Do you have a program in place to detect payment to fictitious suppliers? X Yes ☐ No

#### **VII. VENDOR CONTROLS**

1. Is an authorized vendor list utilized and updated annually? X Yes ☐ No
2. Are background checks performed on vendors in order to determine ownership and financial capability? ☐ Yes ☐ No
3. Is competitive bidding required for all purchases above stated amounts? X Yes ☐ No
4. Is the responsibility for authorizing vendors, approving invoices and processing payments segregated among different employees? X Yes ☐ No
5. Are requisitions and purchase orders issued only after the approval of specified employees within specified limits? X Yes ☐ No

#### **VIII. COMPUTER AND FUNDS TRANSFER CONTROLS**

1. Are there controls in place so that employees cannot gain access to programs and files for which they have not been granted authorized access? X Yes ☐ No
2. Is an intrusion detection system utilized and are all patches up to date? X Yes ☐ No
3. Are computer access controls in place that include the following:
- a. Passwords that are alphanumeric and changed at regular intervals by all users?  
X Yes ☐ No
  - b. Revocation of user IDs upon separation of employment? X Yes ☐ No
4. Are transactions, including the buying and selling of goods and services, performed via the Internet? X Yes ☐ No
- a. If "Yes", do you have a firewall and are all security patches up to date? X Yes ☐ No
5. Is the authority to initiate and approve a wire transfer separated between employees?  
X Yes ☐ No
6. Are wire transfers reconciled daily by an employee not involved in approving or initiating the wire transfer? X Yes ☐ No
7. Have approval authorities been established in writing and are they up to date? X Yes ☐ No
8. Are wire transfer controls and procedures consistent among domestic and foreign locations?  
X Yes ☐ No



## IX. MONEY SECURITIES

ENTER THE EXPOSURES FOR EACH CATEGORY. AMOUNTS ENTERED SHOULD BE MAXIMUM EXPOSURE						
TYPE	MONEY	CHECKS FOR DEPOSIT	CHECKS FOR ACCOUNTS PAYABLE	PAYROLL CHECKS	MONEY OVERNIGHT	SECURITIES (IN BANK/SAFE DEPOSIT BOX)
INSIDE	\$	\$	\$	\$	\$	\$
MESSENGER #1	\$	\$	\$	\$	\$	
MESSENGER #2	\$	\$	\$	\$	\$	

## PROPERTY

DESCRIPTION OF PROPERTY, MERCHANDISE, STOCK, ETC.	MAXIMUM VALUE

## GENERAL INFORMATION

BUSINESS HOURS	AVG # EMPLOYEE S ON DUTY	CHECKS STAMPED FOR DEPOSIT ONLY	FREQUENCY OF DEPOSITS	NIGHT DEPOSITOR Y USED	ANNUAL GROSS SALES OR RECEIPTS FOR LAST FISCAL YEAR	DOOR PREMISES HAVE DOUBLE CYL-INDER DOOR LOCKS	OTHER INFORMATION
8 - 5		YES	DAILY		590,000,000	X Yes <input type="checkbox"/> No	
		<input type="checkbox"/> UL					
		<input type="checkbox"/> SMNA					

## MESSENGER PROTECTION

MESSENGER #	# OF GUARDS PER MESSENGER	USE PRIVATE CONVEYANCE ?	SAFETY SATCHEL USED?	MESSENGER #	# OF GUARDS PER MESSENGER	USE PRIVATE CONVEYANCE ?	SAFETY SATCHEL USED?
		<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO			<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

## X. PRIOR INSURANCE

1. **Note: Question 1 is not applicable in Missouri.** Has any insurance, similar to the kinds requested in this application, been declined or cancelled during the past three years?

☐ Yes X No

a. If "Yes", please explain:

2. Will this policy supplement a special multi-peril or other package policy? ☐ Yes X No

If "Yes", list the following:

a. Insurer:

b. Effective date:

c. Policy Number:

**XI. LOSS HISTORY**

1. List all losses sustained during the past three years, whether reimbursed or not, from
  - a. Check if none ☐
  - b. Briefly describe each loss and explain corrective measures on as separate sheet.

Date of Loss	Amount of Loss	Amount Recovered from Insurance	Amount of Loss Pending	Amount Recovered from other than Insurance	Type of Loss	If Loss occurs at other than Head Office, state location
	\$1,956.40	\$ 0	\$ 0	\$ 0	Theft	
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		

It is understood and agreed that the first premium upon the Policy applied for, and subsequent premiums thereon, are due at the beginning of each premium period, that the Company is entitled to additional premiums because of any unusual increase in the number of Employees or Premises and that the Applicant agrees to pay all such premiums promptly. The Employees of the Applicant have all, to the best of the Applicant's knowledge and belief, while in the service of the Applicant always performed their respective duties honestly. There has never come to its notice or knowledge any information, which in the judgment of the Applicant indicates that any of the said Employees are dishonest. Such knowledge as any officer signing for the Applicant may now have in respect to his own personal acts or conduct, unknown to the Applicant, is not imputable to the Applicant.

Person Authorized To Complete This Application For the Insured (Applicant):

Name (Print):

Signature:

Title:

Date:

Producer Information (Required in Florida, Iowa and New Hampshire):

Producer Name (Print):

Producer Signature:

Agency Name:

Agency Code:

License Number:



**MarshMcLennan  
Agency**

Proposal for Insurance Services

City of Huntsville Alabama

Presented By:  
Jimmy Thornton, CIC

Effective:  
10/15/2022

**Your future is limitless.™**

## Marsh &amp; McLennan Agency Client Service Team

## Marsh &amp; McLennan Agency LLC

206 Exchange Place  
Huntsville, AL 35806  
Phone: 256-890-9000  
Fax: 256-890-9070

Insurance Placement Administration	
<b>Producer:</b> James D Thornton, CIC Vice President	Phone: 256-890-9061 Email: Jimmy.Thornton@MarshMMA.com
<b>Account Manager:</b> Susan B Kerr, AAI Account Manager	Phone: 256-890-9050 Email: Susan.Kerr@MarshMMA.com
Consultative Claims Services	
<b>Regional Claims Director:</b> Angela Lee Senior Vice President	Phone: 770-295-1018 Email: Angela.Lee@MarshMMA.com
<b>Claims Representative:</b> Jennifer Goodwin Claims Analyst	Phone: 256-890-9023 Email: Jennifer.Goodwin@MarshMMA.com

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### Premium Summary and Comparison

Policy	Expiring Premium	Proposed Premium
Crime	\$13,417	\$17,295
<b>Premium Total</b>	<b>\$13,417</b>	<b>\$17,295</b>

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



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**Government Crime Policy –Discovery Form**


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Renewal for Insured: City of Huntsville  
 Effective Date: 10/15/2022  
 Expiration Date: 10/15/2025  
 Insurance Company: Fidelity and Deposit Company of Maryland  
 A.M. Best Rating: A+ XV

**COVERAGE:****Employee Theft—Per Employee**

Limit	\$2,500
Deductible	\$250

**Faithful Performance of Duty-Per Employee**

Limit	\$2,500
Deductible	\$250

**Employee Theft Added Excess Limit—Per Employee  
 Scheduled Positions (See Below)**

Limit	\$85,000
Deductible	\$2,500

**Coverage Summary**

*Employee Theft-Per Employee:* Loss of or damage to money and securities and other property belonging to the insured entity resulting directly from theft or forgery committed by each employee acting alone or in collusion with other persons

*Faithful Performance of Duty:* Failure of any employee to faithfully perform his or her duties as prescribed by law when loss of the insured entity's covered property results

*Discovery Form:* A loss the insured entity sustains resulting from an occurrence taking place at any time, which is discovered by the insured entity during the policy period shown

**Valuation**

Money: Face Value

Securities: Value on the day the loss is discovered

Other Property: Replacement Cost at the time of loss

**Endorsements**

See policy for a complete list of coverage limitations and exclusions.



## Government Crime Added Excess Limits

Added Schedule Excess Limit of Insurance  
For the following Specified Positions

JOB TITLE	# OF EMPLOYEES	LIMIT PER EMPLOYEE
Accountant I	7	\$85,000
Accountant II	3	\$85,000
Accountant III	13	\$85,000
Accounting Technician	2	\$85,000
Accounting & Budget	1	\$85,000
Animal	1	\$85,000
Animal Services	4	\$85,000
Assistant Director of Finance	1	\$85,000
Cemetery Analyst	2	\$85,000
City Clerk Treasurer	1	\$85,000
Clerk Municipal Court	1	\$85,000
Court Clerk II	16	\$85,000
Magistrate	8	\$85,000
Magistrate Supervisor	1	\$85,000
Director Of Cemeteries	1	\$85,000
Director Of Finance	1	\$85,000
Finance Administrative	3	\$85,000
License abd Permit Inspec.	5	\$85,000
Parking Cashier	22	\$85,000
Revenue Collections	6	\$85,000
Revenue License	4	\$85,000
Payroll Manager	1	\$85,000
Payroll Retirement	2	\$85,000
Taxpayer Service	2	\$85,000

## AM Best Rating Scale

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

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

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

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

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

**Financial Strength Non-Rating Designations**

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

**Rating Disclosure – Use and Limitations**

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches.

Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such, it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

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

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Version 010219

## Client Authorization to Bind Coverage

## LINES OF COVERAGE TO BIND

Coverage Description	Effective Dates
Crime	10/15/22 – 10/15/25

(Please initial)

☒ Bind as Proposed☐ Bind with the following changes

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Authorized Signature

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Title/Position

MAYOR

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Date

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



## Compensation Disclosure and Limitation of Liability

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

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

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

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

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client.
- **Client Fees** – Some clients may negotiate a fee for MMA's services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA's engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client's placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to insurance producers who meet set goals for all or some of the policies the insurance producers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation & Sponsorships** – From time to time, MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, insurers may sponsor MMA training programs and events.

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

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

Rev February 10, 2022

## Minimum Earned & Deposit Premiums

### Minimum Deposit

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

### Minimum Earned Premium

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

### Flat Cancellations

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

### Direct Bill Policies

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

## Proposal Disclaimer

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

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

## Client Contracts

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

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



## Credit Policy

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

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

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

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

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

## PAY YOUR BILL ONLINE

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

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

## FREQUENTLY ASKED QUESTIONS

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

