

CONTRACTORS PRO **INSURANCE PROPOS**



Proposal

EXECUTIVE SUMMARY

R-T Specialty, LLC (RT) was tasked by Broker to secure alternatives to A Environmental's combined Contractors Professional ("CPrL") and Pollution Liability ("CPL") program for Company, Ltd.

Based in Location, Company is an electrical/power engineering/construction company comprised primarily of three companies — 1, 2 and 3. All entities provide engineering and construction services within the realm of electrical and power distribution. 2017 revenues are estimated to be around \$200,000,000. Design-build accounts for approximately 10% of total revenue with At-Risk Construction Management accounting for about 5%. The balance is mostly general contracting. They have experienced two minor pollution related claims over the past 5 years and no professional liability

Company is currently insured with Carrier A on a combined CPrL/CPL program:

\$5,000,000 per claim/\$10,000,000 aggregate

- \$5,000,000 per claim/aggregate sublimit
- \$2,000,000 per claim/aggregate sublimit f

\$25 000 per dalm SIR

\$126,000 premium 1/1/07 retroactive date on CPrL and mold liable

To provide alternatives to the Carrier A program, R results can be found in the Recommendations sec

CPrL - dalms made CPL - Occurrence with claims made mold liab \$5,000,000 per claim/\$10,000,000 aggregate

 \$5,000,000 per dalm/aggregate sublimit f \$75,000 per claim/\$225,000 aggregate deduct

595 267 premium

Retmactive dates:

- Coverage A Protective: 12/31/11
- Coverage B Professional Liability: 1/1/0
- Pollution Legal Liability: 1/1/12 Mold Coverage: 1/1/06
- Mitigation of Damage: 12/31/11

This proposal will expire on November 1, 2019. NOTE:

RECOMMENDATION

Carrier C

R-T Specialty, LLC (RT) recommends Company, Ltd. purchase the Carrier A program for the following reasons:

. B does not apply sub-limits to the mold liability coverage under any of the coverage parts. C applies a \$2,000,000

Proposal

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- B offered protective coverage separate from professional liability coverage (third party claims) protective
 coverage is a first party coverage that indemnifies the named insured for costs it incurs, excess of the design
 professional's professional isolatily insurance, that the named insured is legality entitled to recover, as a result of negligent acts, errors and omissions committed by design professionals under contract with the named insured. C does not offer such coverage. A offered but applied a \$250,000 SIR. In addition, under the A program if the design professional does not evidence \$1,000,000 in professional liability limits it voids coverage. Lastly, A just began offering this coverage 3-4 months ago.
- B offered mitigation of loss (MOL) coverage separate from professional liability coverage (third party claims)
 mitigation of loss provides coverage for costs incurred by the named insured to rectify design issues discovered during the course of construction that would otherwise result in professional liability claims if not corrected. They apply a supplemental limit of \$250,000 per claim/aggregate. C does not offer such coverage. A offered a \$500,000 sub-limit but it reduces the overall limit under the program.
- B provided an earlier retroactive date of 1/1/6 on the claims made portion of coverage (except for MOL and protective) to coincide with the inception of the company. Z and W apply a 1/1/07 retroactive date.
 - . B offered the program with a higher SIR of \$75,000 but also added an aggregate SIR of \$225,000 with a drop
 - down on each claim thereafter of \$25,000.
 - . B offered a much broader definition of professional services than both C and A.
 - . B offered a broader definition of contracting operations.

program offsets the cost of taking a higher SIR.

- B offered Building Information Modeling (BIM) Extra Expense coverage with a supplemental limit of \$50,000. This coverage provides the insured for any and all reasonable and necessary additional expense arising from loss of or damage to any information due to inherent mailunction of any software used in connection with any Building Information Modeling system. C and A do not.
- B makes an exception in their faulty work exclusion for professional services. This allows coverage for the cost to replace or repair faulty work that the insured falled to identify during the course of providing professional services (i.e. construction management). Widid not.
- · A applies a hammer clause discontinuing defense in the event the insured refuses to settle. B does not have such a clause
- . Even with all the above enhancements, B is still approximately \$40,000 less than C.
- The one point that should be made is that C and B offer a \$25,000 SIR on their program. However, the types of coverage being purchased are catastrophic in nature and a program should be structured accordingly - higher limits, broader coverage and higher retentions (since the frequency of claims are low under these insurance coverages). For these reasons RT believes the B program is the optimal program. Furthermore, the reduced premium under the B

As for the A program, the only substantive benefit is they offered to convert the claims made mold liability coverage under the CPL coverage part to occurrence with a nose endorsement for prior claims made coverage. This is easily mitigated by ensuring this type of coverage will be a permanent part of Company's overall insurance program.



PROGRAM SUMMARY

Coverage 83 \$1,000,000 p

Coverage 84 \$10,000,000

Coverage B5 \$5,000,000 p

Note: Sublim

is included fo

Note: once si defense cost:

Nability

Defence Expense A SYXX 000

| Description | Carrier A | Carrier C | Carrier B |
|--------------------------------|---|---|-----------|
| Commission to Retail Broker | 10% | 10% | 10% |
| Policy Term | Annual | Annual | Annual |
| Options | Policy Aggregate: \$10,00,000 Coverage A - Professional Liability Coverage A - Highston Expense - \$500,000 per claim/aggregate Coverage A - Profestive - \$5,000,000 per claim/aggregate | \$5,000,000 each claim/\$10,000,000 aggregate Via endorsement - Sublimit on the insured's Premises Poliution coverage of \$1,000,000 per loss/aggregate \$5,000,000 Sublimit on professional liability Sublimit of \$2,000,000 applies to mold under | |

COVERAGE MATRIX

The following matrix is provided to give guidance on the coverage issues that RT New Day feels important. It is not a comprehensive review and the policy lemms and conditions may be above-vided. This matrix, along with the policy form and quote, should be reviewed prior to binding coverage. All applicable limits, referitions and retimactive dates are incuded within the Program Dummany.

| Coverage Description | Carrier A AM Best Rated A+ XV | Carrier C AM Best Rated A XV | Zurich American Insurance Company of Illinois - Zurich Construction AM Best Rated A+ XV | | |
|-------------------------|---|--|--|--|--|
| Company Ratings | To better provide financial information on the carriers in this proposal. AT thes big has provided the following links to assist in the selection of a carrier. Please solvie your cliest accordingly of thesic institute of the carriers provided in this proposal. All Sett. — This invariant extraction Selection of the carriers of the carriers of the carriers provided in this proposal. Selection of the carriers | | | | |
| Product Description | Contractor's Perform Politoy: (Proteotive, Professional, Poliution, Cyber, Media and Mitigation Response) Form: 10001-0618 A. Protective Indemnity - Claims Made B. Professional Liability - Claims Made C. Contractor Polition Liability - Claims Made or Occurrence D. Ovber Lib | PAICE - Professional Activities/Complete Execution Polloy Form: KLD 689 0113 Professional Liability A. Professional Liability A. Professional Liability Claims Made Betfication Coverage: Claims Made B. Rectification Coverage: Claims Made | Contractor's Protective Professional Indemnity, Liability and Pollution Liability Insurance Form: 5TF-CPP-108-B CW (11):09 Coverage Part A - Professional - Claims Made Coverage Part B - Protective - Claims Made Coverage Part C CPL - Occurrence/Claims Liavies | | |

Named Insured Company, L

| Coverage Description | Carrier A AM Best Rated A+ XV | Carrier C AM Best Rated A XV | Carrier B AM Best Rated A+ XV |
|---|---|--|---|
| Additional Named Insureds | | If none, state - "None Provided" | |
| Automatio Additional Incured Status for Clients of the Named Incured Under the CPL | Provided for any person or entity when required by written contract. | When required by written contract | Provided via CPL endorsement where required by written contract |
| Additional Incured | | | |
| Minimum Incurance Requirement for Design Professionals | No requirement | Not applicable | |
| Coverage Territory | Worldwide, when allowable by law. | Anywhere in the world, to the extent permitted by law. | Worldwide where allowable by law |
| Insuring Agreement | | | |
| Contractors Professional Liability Coverage | We will defend you against any Professional Claim das provided in Rection III. At off this Policy and pay on your behaf all Damages and Claim Expense for this Professional Claim in excess of any applicable Self-Insured Retention, provided that 1. the Professional Claim arises out of an actual or alleged negligent act, error or omission in the rendering of a failure to omission in the rendering of a failure to | We will pay on behalf of the Insured for Professional Loss which the Insured becomes legally obligated to pay because of a Professional Liability Claim resulting from a negligent act, error, or omission in Professional Activities and Dutes to the Professional Liability Claim arises out of Professional Activities and Dutes resident on or after the Retroactive Date resident on or after the Retroactive Date. | We will pay on behalf of the "insured" all sums in excess of the Doducthien feed in litem 5, of the Declarations that the "insured" is legally obligated to pay as "Domeger because of a "Oliginif first made against the "insured" during the "Policy Period" and reported to us during the "Policy Period" and reported to us during the "Policy Period" arising from negligent acts, errors and omissions in the performance of professional services by or on behalf of the insured. |