

# National Accounts Casualty Program Proposal

## Proposal for:

Harman International Industries, Inc.  
400 Atlantic Street, FL 15  
Stamford, CT 06901



## Producer:

Willis Towers Watson  
Brookfield Place  
200 Liberty Street, FL 6  
New York, NY 10281

## Prepared by:

CNA  
125 Broad Street  
New York, NY 10004  
Kaitlin Friedman, ***your Underwriter***

Effective Date: 12/01/2024  
Expiration Date: 12/01/2025  
Created On Date: 11/21/2024  
Proposal Valid Until: 11/30/2024

**This Proposal is presented on behalf of Willis Towers Watson**

- No alterations in the Proposal may be made without the prior written approval of CNA.
- In the event of any conflict or inconsistency in the text of this Proposal and comments entered into a "Notes" field of this Proposal Letter, the latter comments shall govern.
- Any questions regarding the Proposal should be directed to:
  - Kaitlin Friedman, (631) 873-0931, [kaitlin.friedman@cna.com](mailto:kaitlin.friedman@cna.com)

This Proposal and its terms must be held in strict confidence by you and your producer and may not be disclosed to any other insurance or related services provider or unauthorized individual.

Section I. Contacts  
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## Section I. Contacts

### CNA Team Members Contacts

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Name/Title	Address	Email Address	Phone Number
Kaitlin Friedman Underwriter	1166 Ave of the Americas New York, NY 10036	kaitlin.friedman@cna.com	631-873-0931
Rachel Hernandez Underwriting Technician		rachel.hernandez@cna.com	407-804-5872
Shawn Egan RC Account Executive		shawn.egan@cna.com	410-259-6634
John Taylor Senior Client Services Manager	53 State Street, Suite 510 Boston, MA 02109	john.taylor2@cna.com	617-963-6439

### Producer Contacts

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**For Workers Compensation policies with New Jersey exposure, NJCRIB is requiring carriers to include the email address for the agent/broker associated with each WC policy. It can be an agency email mailbox or an individual's email address. Please provide the email address we should report in connection with this policy.**

Name/Title	Address	Email Address	Phone Number
Bureau Communications (NJ)	N/A		N/A
Jim Bourke Senior Broker	200 Liberty Street New York, NY 10281	james.bourke@wtwco.com	917-623-3103

### Insured Contacts

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Name/Title	Address	Email Address	Phone Number
Jon Powers Insurance Specialist	400 Atlantic Street, FL 4 Stamford, CT 06901	john.powers@harman.com	203-570-4921

## Section II. Program Details

### A.) Schedule of Policies

Policy Number	Issuing Company	Line of Business	Rating Plan	Ded/Retro/SIR Limit	Conversion Months / Date	States/ Jurisdiction	ALAE
7094870590	American Casualty Company of Reading, Pennsylvania	Workers' Compensation	Paid Loss WC Large Deductible	\$500,000	Not Applicable	All Deductible States excl. CA	Included
7094870573	Continental Insurance Company	Workers' Compensation	Paid Loss WC Large Deductible	\$500,000	Not Applicable	CA	Included
7094870587	Transportation Insurance Company	Workers' Compensation	Paid Loss Retro	\$500,000	Not Applicable	AZ, MA, WI	Included
7094870556	Transportation Insurance Company	General Liability (Stop Gap)	Paid Loss Retro	\$500,000	Not Applicable	ND, OH, WA, WY	Included
7094870542	Continental Casualty Company	General Liability	Paid Loss Third Party Deductible	\$500,000	Not Applicable	All States	Included
7094870539	Continental Casualty Company	Automobile Liability	Paid Loss Third Party Deductible	\$500,000	Not Applicable	All States	Included
TBD	Continental Casualty Company	Auto Physical Damage	Guaranteed Cost		Not Applicable	All States	Included
Loss Picks	Workers' Compensation	Automobile Liability	General Liability				
	\$167,613	\$80,156	\$324,311				

### **Account Quotation is Subject To:**

This proposal is considered to be a multiline offering from CNA Financial Corporation, which contemplates Workers Compensation, General Liability, Auto Liability, Umbrella Coverage, and Foreign Casualty. Should any of these lines of business not be selected, we reserve to right to revisit our pricing, terms, and conditions prior to binding coverage at the direction of Harman International Industries, Inc., through your broker, Willis Towers Watson.

## B.) Premium & Adjustment

Premium Component	Exposure	Exposure Basis	Adjustment Rate	Premium/ Cost	Minimum \$
<b>Workers' Comp Deductible</b>	\$333,599,587	Per \$100 of Workers' Comp Payroll excluding monopolistic states	0.024	\$80,064	\$72,058
<b>Workers' Comp Deductible</b>	\$72,526,779	Per \$100 of Workers' Comp Payroll excluding monopolistic states	0.024	\$17,406	\$15,666
<b>Workers' Comp Retro</b>	\$7,502,288	Modified Standard Premium - \$6,191	0.96	\$5,943	
<b>General Liability (Stop Gap)</b>	\$18,063,193	Non-Subject Premium	Flat	\$700	N/A
<b>General Liability</b>	\$6,740,577,733	Per \$1,000 of Gross Sales	0.034	\$229,180	\$229,180
<b>Automobile Liability</b>	88	Per Power Unit	1,201	\$105,688	\$95,119
<b>Auto Liability</b>	HNO	Manually Rated	Flat	\$6,000	N/A
<b>MI PIP</b>	82	Per Power Unit	90	\$7,380	N/A
<b>Auto Physical Damage</b>	*	*	*	\$45,510	\$40,959
<b>Assessments, Surcharges &amp; Taxes</b>	N/A	See C. below	See C. below	\$8,324	N/A
<b>TRIA, WC Catastrophe &amp; Expense Constant</b>	N/A	See C. below	See C. below	\$27,239	N/A
<b>Brokerage Commission</b>	N/A	See X. below	See X. below	Net of Commission	See X. below
<b>Total Program Costs</b>				\$533,435	

\*APD Rates broken out below:

Vehicle Type	#	Rate	Total Premium
PPT, Light, Med	78	535	41,730
Motorcycles	6	480	2,880
Trailers	6	150	900

**C.) Assessments, Surcharges, Taxes, TRIA, Catastrophe & Expense Constant****Assessments, Surcharges & Taxes**

Policy	Rating Plan	Assessments, Surcharges & Taxes Type	Total Amount
Workers' Compensation (AOS)	Deductible	Various	\$3,575
Workers' Compensation (CA)	Deductible	Various	\$4,658
Workers' Compensation (Retro)	Retro	Various	\$30
General Liability	Deductible	Various	\$33
Automobile Liability and/or Physical Damage	Guaranteed Cost	Various	\$28

**TRIA, Catastrophe (O/T Cert Acts of Terror) & Expense Constant**

Item	Total Amount
Workers' Compensation Catastrophe (O/T Cert Acts of Terror) Charges	\$4,361
Workers' Compensation TRIA Charges	\$19,879
Workers' Compensation Expense Constant(s)	\$700
General Liability (Stop Gap) TRIA	\$7
General Liability TRIA	\$2,292

***Taxes, Assessments and Surcharges shown above are estimated and not final until policy issuance. Taxes, Assessments and Surcharges will be adjusted at audit and where required, at rating plan adjustments and the results will be billed or credited, as appropriate.***

## D.) Payment Terms

Premiums are payable on the following installment schedule (not including Loss Billings & Variable Claim Fees):

Line of Business	Policy Number	Type of Payment	Payment Plan*	First Installment Due (Insert Date)	Remaining installments (1 <sup>st</sup> day of the month)	Total Estimated Cost (\$)
<b>Workers' Compensation</b>	7094870590	Deductible Premium (AOS)	10 Equal Installments	\$8,010	\$8,006	\$80,064
		TRIA Charges	Due at Inception	\$15,922	N/A	\$15,922
		CAT Charges	Due at Inception	\$4,361	N/A	\$4,361
		Assessments, Surcharges & Taxes	Due at Inception	\$3,575	N/A	\$3,575
		Expense Constant	Due at Inception	\$250	N/A	\$250
<b>Workers' Compensation</b>	7094870573	Deductible Premium (CA)	10 Equal Installments	\$1,740	\$1,746	\$17,406
		TRIA Charges	Due at Inception	\$3,626	N/A	\$3,626
		Assessments, Surcharges & Taxes	Due at Inception	\$4,658	N/A	\$4,658
		Expense Constant	Due at Inception	\$200	N/A	\$200
<b>Workers' Compensation</b>	7094870587	Retro Basic	10 Equal Installments	\$597	\$594	\$5,943
		TRIA Charges	Due at Inception	\$331	N/A	\$331
		Assessments, Surcharges & Taxes	Due at Inception	\$30	N/A	\$30
		Expense Constant	Due at Inception	\$250	N/A	\$250
		Tax at 1st Adjustment	Deferred	N/A	N/A	N/A
<b>General Liability (Stop Gap)</b>	7094870556	Subject Premium	Deferred	N/A	N/A	N/A

		Non-Subject Premium	Due at Inception	\$700	N/A	\$700
		TRIA Charges	Due at Inception	\$7	N/A	\$7
<b>General Liability</b>	7094870542	Policy Premium	10 Equal Installments	\$22,918	\$22,918	\$229,180
		TRIA Charges	Due at Inception	\$2,292	N/A	\$2,292
		Assessments, Surcharges & Taxes	Due at Inception	\$33	N/A	\$33
<b>Auto</b>	7094870539	Policy Premium	10 Equal Installments	\$11,176	\$11,168	\$111,688
		MI PIP	Due at Inception	\$7,380	N/A	\$7,380
		Assessments, Surcharges & Taxes	Due at Inception	\$28	N/A	\$28
<b>Auto Physical Damage</b>	TBD	Policy Premium	10 Equal Installments	\$4,551	\$4,551	\$45,510
<b>Total Premium</b>				<b>\$92,564</b>	<b>\$48,905</b>	<b>\$533,435</b>



**E.) Plan Maximum \*****Not Applicable**

Lines of Business	Exposure	Exposure Basis	Adjustment Rate	Premium	Maximum Losses	Plan Max incl. ALAE
<b>Workers'</b> <input type="checkbox"/> <b>Compensation:</b>  <b>General Liability:</b> <input type="checkbox"/>  <b>Auto Liability:</b> <input type="checkbox"/>	\$	Per \$100 of Workers' Comp Payroll excluding monopolistic states		\$incl above	\$	Yes: <input type="checkbox"/>  No: <input type="checkbox"/>

\* The Plan Maximum is the maximum amount you shall be obliged to pay under the plan(s) except interest on overdue payments, TPA fees and certain related costs, additionally imposed taxes, fees and assessments, and as may be noted below. The Plan Maximum is the sum of paid losses, reserves for unpaid losses, the additional charges indicated below, and if applicable, loss conversion charges, claim service fees, and if applicable, ALAE as limited under the provisions of the plans. The Maximum Losses will only adjust upwards and will never be below the amount stipulated in the table above

**Additional Charges included in the Plan Maximum:**

- Loss conversion charges and claim service fees on incurred losses included in 'Maximum Incurred Losses' above, unless paid to a claims administrator under any claim service agreement
- The audited WC Deductible Plan premium if applicable
- The audited Third Party Deductible Plan premium if applicable
- The retention and excess loss premium of the Rating Plan
- Premium taxes
- Residual market charges
- Non-subject premiums, non-ratable elements, regulatory assessments and administrative fees

## F.) Collateral

	Amount (\$)	Collateral Form
Collateral Currently Held	\$0	Letter of Credit
<b>Total Held</b>		
Additional Collateral Required	\$408,175	Letter of Credit
<b>Total Collateral Required</b>	\$408,175	Letter of Credit

### NOTES:

## G.) Retrospective Rating Plan

- i. **Lines of Business and Loss Limits** subject to the retrospective rating plan are referenced in Section A. above.
- ii. **Retrospective Rating Plan Formula**

$$\left[ \begin{array}{c} \text{Company} \\ \text{Expenses} \\ \text{Basic/Retention} \end{array} + \begin{array}{c} \text{Excess} \\ \text{Loss} \\ \text{Premium} \end{array} + \left( \begin{array}{c} \text{Incurred} \\ \text{Subject} \\ \text{Losses} \end{array} \times \begin{array}{c} \text{Loss} \\ \text{Conversion} \\ \text{Factor}^* \end{array} \right) \times \begin{array}{c} \text{Loss} \\ \text{Development} \\ \text{Factor}^* \end{array} \right] \times \begin{array}{c} \text{Tax} \\ \text{Multiplier} \end{array} = \begin{array}{c} \text{Rating} \\ \text{Plan} \\ \text{Premium} \end{array}$$

\*The default value for the factors is 1.0 unless otherwise specified. Subject to minimum and maximum provisions:

- iii. **Loss Limit Charge (Excess Loss Premium)**

Included in the Basic/Retention

- iv. **Loss Conversion Factor**

Lines of Business	LCF Limit	Factor*	Adjustment Basic	ALAE (as defined by CNA)
Workers' Compensation	\$250,000	1.08	Incurred Losses (Paid Losses, Paid Expense and Reserves)	Included

\*If the LCF = 1.00 please see the Claim Handling Section.

- v. **Tax Multiplier**

Applicable To	Estimated Amount to 1 <sup>st</sup> Retro Calculation	Factor	Factor Type
Overall Retro	Deferred to 1st Adjustment	1.04	Fixed

- vi. **Minimum Premium**

Minimum Premium = Basic \* Tax Multiplier

- vii. **Plan Maximum**

Plan Maximums are referenced in Section C. above

### Section III. Coverage and Limits

## Worker's Compensation

Policy Number: 7094870590, 7094870573, 7094870587

### Policy Limits- Worker's Compensation

Worker's Compensation	States Covered	Statutory
Employers Liability	Bodily Injury by Accident, each Accident Bodily Injury by Disease- Policy Limit Bodily Injury by Diseases- each Employee	1,000,000 1,000,000 1,000,000
U.S. Longshoremen's and Harbor Workers		Statutory

Form #	#Edition	Title
		90 day Cancellation by US (except 10 days, or any greater notice period required by law, if non-payment)
WC 00 04 14 A	1/19	90-DAY REPORTING REQUIREMENT - NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT
WC 00 03 01 A	2/1	ALTERNATE EMPLOYER ENDORSEMENT
WC 00 04 24	1/17	AUDIT NONCOMPLIANCE CHARGE ENDORSEMENT
G-19160-B	11/1	BLANKET WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS
		CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) PREMIUM ENDORSEMENT
CC031605A	12/14	CNA INSURANCE PREMIUM AUDIT
WC 00 04 25	5/17	EXPERIENCE RATING MODIFICATION FACTOR REVISION ENDORSEMENT
G-35224-B	3/1	INCREASED LIMIT OF LIABILITY ENDORSEMENT
		Large Deductible/Retrospective Endorsements as Appropriate
WC 00 01 06 A	4/1	LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT COVERAGE ENDORSEMENT
		LOSS REIMBURSEMENT PROGRAM
G-20411-B37	7/4	NOTICE OF RIGHTS AND DUTIES
WC 00 04 14	7/1	NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT
P-31203-E	10/14	PARTICIPATING PROVISION
WC 00 04 04	4/1	PENDING RATE CHANGE ENDORSEMENT
CC81865B	1/21	POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE
CNA105749XX	5/23	POLICYHOLDER FRAUD NOTIFICATION
WC 00 04 19	1/1	PREMIUM DUE DATE ENDORSEMENT
G-140370-E	5/19	PRIVACY POLICY NOTICE
WC 00 04 22 C	1/21	TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT
G120609A	10/1	Unintentional Errors and Omission or Failure to Disclose Endorsement
		Various Amendatory Endorsements as Required by States
WC000311A	8/1	VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE ENDORSEMENT
WC 00 03 13	4/1	WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT
		WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
		WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY INFORMATION PAGE
G120608A	10/1	YOUR DUTY IF AN INJURY OCCURS

## General Liability

Policy Number: 7094870542

### Policy Limits- General Liability

Coverage		Limit
General Liability	Each Occurrence Limit	2,000,000
Personal and Advertising Injury Limit		2,000,000
Medical Expense	Any One Person	10,000
Products/ Completed Operations Aggregate Limit		4,000,000
General Aggregate Limit (Other than Products/Completed Operations)		4,000,000
Policy Aggregate		4,000,000
Employee Benefit Liability	Each Employee Aggregate	1,000,000
		1,000,000
Damage to Premises Rented to You	Any One Fire	1,000,000

Form #	Edition	Title
		90 day Cancellation by US (except 10 days, or any greater notice period required by law, if non-payment)
CNA74745XX	1/15	Additional Insured - Designated Person or Organization Endorsement
CNA74968XX	1/15	Additional Insured - Managers or Lessors of Premises Endorsement
CG2037	4/13	Additional Insured - Owners, Lessees or Contractors - Completed Operations Endorsement
CG2010	4/13	Additional Insured - Owners, Lessees or Contractors - Scheduled Person or Organization Endorsement
CNA75116XX	1/15	Amendment - Infringement of Copyright, Patent, Trademark Trade Secret or Other Intellectual Property Rights or Laws Endorsement
CNA74719XX	1/15	Asbestos Exclusion Endorsement
CNA75079XX	3/22	Blanket Additional Insured - Owners, Lessees or Contractors - with Products-Completed Operations Coverage Endorsement
CNA62646XX	1/15	Bridge Endorsement
CNA74726XX	1/15	Calculation of Premium Endorsement
CG0001	4/13	Commercial General Liability Coverage Form
CNA75169XX	1/15	Deductible Including Allocated Expenses Endorsement
CNA74754XX	1/15	Designated Professional Services Exclusion Endorsement ("All Professional Services")
CNA86269XX	10/16	Employee Benefits Liability - Amended Definition of Executive Officer Endorsement
CNA74721XX	1/15	Employee Benefits Liability Coverage Part - Occurrence
CNA74761XX	1/15	Employment-Related Practices Exclusion Endorsement
CG2106	12/23	Exclusion - Access Or Disclosure Of Confidential Or Personal Material Or Information
CG4035	12/23	Exclusion - Cyber Incident
CG0069	12/23	Exclusion - Violation Of Law Addressing Data Privacy
CNA74893XX	1/15	Fellow Employee Coverage Extension
CNA74708XX	1/15	Fungi / Mold / Mildew / Yeast / Microbe Exclusion Endorsement
CNA75101XX	1/15	Manufacturers' General Liability Extension Endorsement
CNA74727XX	1/15	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
CNA74687XX	1/15	Silica Exclusion Endorsement
CNA74768XX	1/15	Total Pollution Exclusion with a Building Heating, Cooling, and Dehumidifying Exception and a Hostile Fire Exception Endorsement

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## Automobile Liability

Policy Number: 7094870539

### Policy Limits- Auto Liability

Coverage – Liability	Symbol	Limit
Liability	1	2,000,000
Medical Payments	2	5,000
Personal Injury Protection	5	Statutory
Uninsured Motorist/Underinsured Motorist	2	\$1,000,000

Form #	Edition	Title
		90 day Cancellation by US (except 10 days, or any greater notice period required by law, if non-payment)
CNA71527XX	10/12	ADDITIONAL INSURED - PRIMARY AND NON-CONTRIBUTORY
CA 20 71		AUTO LOAN/LEASE GAP COVERAGE
CA 99 03	10/13	AUTO MEDICAL PAYMENTS COVERAGE
CNA75890XX	9/13	BROADENED NAMED INSURED ENDORSEMENT
G-21578-B	5/8	BROADENED POLLUTION LIABILITY COVERAGE
G-22454-A	10/1	BROADENED POLLUTION LIABILITY SCHEDULE
CA 00 01	11/20	BUSINESS AUTO COVERAGE FORM
G-89001-F	1/16	BUSINESS AUTO COVERAGE FORM COMPOSITE RATE ENDORSEMENT
CNA85611XX	1/21	BUSINESS AUTO COVERAGE PART DECLARATIONS
IL 00 03	9/8	CALCULATION OF PREMIUM
CNA86492XX	3/18	COMMERCIAL AUTO POLICY HOLDERS RIDE-SHARING EXCLUSION
IL 00 17	11/1	COMMON POLICY CONDITIONS
CA 99 54	10/13	COVERED AUTO DESIGNATION SYMBOL
CA 99 10	10/13	DRIVE OTHER CAR COVERAGE - BROADENED COVERAGE FOR NAMED INDIVIDUALS
G-144291-A	3/3	ECONOMIC AND TRADE SANCTIONS CONDITION
CA 20 54	11/20	EMPLOYEE HIRED AUTOS
CA 99 33	10/13	EMPLOYEES AS INSUREDS
G-147191-B	12/10	FAILURE TO DISCLOSE HAZARDS
CA 20 55	10/13	FELLOW EMPLOYEE COVERAGE
CA 04 21-V1	11/20	FULL SAFETY GLASS COVERAGE
CA 99 16	10/13	HIRED AUTOS SPECIFIED AS COVERED AUTOS YOU OWN
G-147192-B	12/10	KNOWLEDGE OF AN OCCURRENCE
CA 20 01	11/20	LESSOR - ADDITIONAL INSURED AND LOSS PAYEE
CA 01 21	10/13	LIMITED MEXICO COVERAGE
CA 99 44	10/13	LOSS PAYABLE CLAUSE
IL 00 21	9/8	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
CNA104750XX	6/23	POLICYHOLDER NOTICE - FRAUD NOTIFICATION
CA 23 44	11/20	PUBLIC OR LIVERY PASSENGER CONVEYANCE EXCLUSION
CA 99 23	10/13	RENTAL REIMBURSEMENT COVERAGE

CNA86098XX	6/16	RENTAL REIMBURSEMENT COVERAGE SCHEDULE
CA 99 28	11/20	STATED AMOUNT INSURANCE
CNA86257XX	7/16	UNINSURED/UNDERINSURED MOTORIST SUPPLEMENTARY SCHEDULE
		VARIOUS AMENDATORY FORMS AS REQUIRED BY STATES
CA 04 44	10/13	WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (WAIVER OF SUBROGATION)



## Automobile Physical Damage

Policy Number: 7094870539

Coverage – Physical Damage	Symbol	Deductible	Limit
Comprehensive	10	\$2,000	ACV
Collision	10	\$2,000	ACV
Towing			\$50
Rental Reimbursement			Maximum Daily Amount \$100 Maximum # of days 30 Maximum payment any one period \$3,000

Form #	Edition	Title
		See section above

## General Liability (Stop Gap)

Policy Number: 7094870556

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Coverage –Stop Gap Liability	Limit
Each Person	\$1,000,000
Each Occurrence	\$1,000,000
Bodily Injury by Disease Aggregate	\$1,000,000

Form #	Edition	Title
CNA74934XX	8/18	Stop Gap Liability Coverage Part
CNA74920WY	1/15	Duty to Defend Endorsement - Wyoming
CNA75267OH	1/15	Stop Gap Liability Coverage Endorsement - Ohio
CNA75267WA	1/15	State Amendatory Endorsement (Stop Gap Liability) - Washington
CNA74726XX	1/15	Calculation of Premium Endorsement
CNA74719XX	1/15	Asbestos Exclusion Endorsement
CNA74727XX	1/15	Nuclear Energy Liability Exclusion Endorsement (Broad Form)

[illegible]

## Claim Handling - LCF

## Workers' Compensation, General Liability

This program includes CNA ClaimPlus, Inc. as your claim service provider.

The following table displays the claim pricing for the life (Cradle to Grace) of the claim handling file. This table applies to all claims received during the term of the contract.

Claim Handling Type	LCF
Claim Handling Billing Frequency	Quarterly
Claim Billing Month(s)	January, April, July, October

### Loss Conversion Factor (LCF) – Workers Compensation

LCF Factor	8%
Applies to	Paid Losses and Paid Expenses
Limited to	\$500,000
ALAE	Including

### Loss Conversion Factor (LCF) – General Liability

LCF Factor	10%
Applies to	Paid Losses and Paid Expenses
Limited to	\$100,000
ALAE	Including

The claim handling fee will not be included in the calculation of any rating plan premium and consequently will not be subject to any plan maximum. A separate service contract and claim servicing invoice will be issued to you on behalf of CNA ClaimPlus, Inc. Billing is to include service tax where applicable.

Any charges required by any state for state and/or local taxes/assessments will be in addition to this claim handling fee, and will be billed to and collected from you.

The state of Texas applies an administrative services and sales and use tax (estimated at 8.5%) to Claim Service Program administrative fees and to claim services fees attributed to Texas claims. The tax does not apply to the amount of loss but only to the amount chargeable for the handling of the claim. This tax will be reflected as a flat charge added to the administrative fee and, in the case of Texas claims, as part of the usual claims services billing.

## Claims Handling - Included

### Auto Liability and/or Auto Physical Damage

This program includes CNA ClaimPlus, Inc. as your claim service provider.

The following table displays the claim pricing for the life (Cradle to Grace) of the claim handling file. This table applies to all claims received during the term of the contract.

Claim Handling Type	Included in Premium
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The above prices are based on the following consultation levels.

Case Estimate	\$25,000
Settlement	\$25,000
Reserve Changes	\$25,000
Reporting Level	\$25,000
Report Type	Written
Report Frequency	Semi-annual

## **Non-Converting Programs**

### **Workers' Compensation Deductible Plan**

#### **Workers' Compensation Deductible Credit**

The Deductible Premium for your deductible policy(ies) will be calculated at inception and at audit using the Deductible Rate shown above. To achieve this Deductible Rate at audit, it may be necessary to adjust the Deductible Credit shown on your policy(ies).

#### **Paid Loss WC Deductible Plan Accounting**

You will be charged estimated deductible premium and assessments during the policy term.

After the policy expiration, the premium audit will be completed and the difference between the collected and actual premium and assessments will be billed directly to you with a copy to your producer approximately 3 months following the program expiration. Payment of any amounts due must be received by CNA within 30 days of billing.

During the paid loss program period you will be billed Paid Quarterly for the paid losses and expenses and claim handling fees, if any, associated with this program.

#### **Retrospective Rating Plan Accounting**

##### **Paid Loss Retrospective Rating Plan Accounting**

During the policy period, you will be charged estimated expense and assessment amounts for the Retrospective Rating Plan. The remaining premium on the policy will be deferred until the conversion of the paid loss program.

After the policy expiration, the premium audit will be completed and the difference between the collected and actual non-subject premium and assessments will be billed directly to you with a copy to your producer approximately 3 months following the program expiration. Payment of any amounts due must be received by CNA within 30 days of billing. The subject premium adjustments are incorporated in the annual program reconciliation and will not be billed separately.

During the paid loss program period you will be billed Paid Quarterly for the paid losses and expenses and claim handling fees, if any, associated with this program.

As of 6 months after the policies' expiration, and annually thereafter until the program conversion to an incurred loss basis, CNA will prepare a rating plan accounting and plan reconciliation between your expenses and assessment payments-to-date and the adjusted expenses and assessments incurred under the Retrospective Rating Plan. The reconciliation of expense and assessment adjustments will be billed directly to you with a copy to your producer approximately 3 months following the valuation date. Payment of any amounts due must be received by CNA within 30 days of billing.

#### **Third Party Deductible Plan Accounting**

##### **Paid Loss Deductible Plan Accounting for Automobile Liability and/or General Liability**

You will be charged estimated deductible premium and assessments during the policy term.

After the policy expiration, the premium audit will be completed and the difference between the collected and actual premium and assessments will be billed directly to you with a copy to your producer approximately 3 months following the program expiration. Payment of any amounts due must be received by CNA within 30 days of billing. The subject premium adjustments are incorporated in the annual program reconciliation and will not be billed separately.

During the paid loss program period you will be billed Paid Quarterly for the paid losses and expenses and claim handling fees, if any, associated with this program

#### **Paid Loss Fund and Interest in Lieu of**

#### ***Paid Loss- Interest In Lieu of Loss Funding***

You will be billed as set forth in the table below for reimbursement of the prior Paid Quarterly paid losses and paid allocated claim expenses, in addition to any claim handling expenses incurred under the policies subject to the claim service program, an interest charge, and any state mandated sales or service taxes or assessments on fees and expenses.

The interest charge compensates CNA for the use of its funds to pay losses and expenses prior to receiving reimbursement from you. The interest charge shall be computed as indicated below, based on the Loss Bill Frequency, Adjustment Factor and Factor Application using either (a) the Commercial Dealer Paper rate described in the below table in effect the first Friday of each respective Loss Billing Frequency, as published in the Midwest Edition of *The Wall Street Journal* under the section entitled "Money Rates" or any successor section or (b) if *The Wall Street Journal* does not publish such a rate on that Friday, the AA Financial Commercial Paper rate described in the below table in effect on that Friday as reported by the Board of Governors of the Federal Reserve System in Statistical Release "Commercial Paper" or any successor Release reporting such rate, adjusted for the billing frequency

Item	Rating Plan
Program Structure	Paid Loss WC Large Deductible/Paid Loss Retro, Third Party Deductible
Credit Terms	15 days
Loss Bill Frequency	Quarterly
Billing Months	January, April, July, October
Adjustment Factor	1.5
Factor Application	Paid Losses + Paid Expenses
Rate Description	90 Day (3 month) Commercial Paper

### **Risk Control Services**

CNA Risk Control offers a full range of effective loss prevention solutions that are designed to produce exceptional results in support of the underwriting of our clients' property, casualty, transportation, marine and specialty coverage. Our goal is to help our customers improved their risk prevention programs to reduce the likelihood of a loss from occurring or the severity of the loss should one occur.

CNA has been successful in collaborating with its clients to prevent or reduce costly losses for over 30 years. We have earned the trust of our clients in order to achieve a shared goal. That goal is simple; prevent costly losses and business interruption. Our main concern is to help you stay in business.

CNA brings expertise in managing risk control and health and safety programs for any size company. Partnering with CNA Risk Control Services will provide measurable financial results and solutions to business issues while at the same time providing strategies and guidance to achieve continuous improvement.

- i. Basic underwriting risk assessments will be completed during the policy year.
- ii. A Risk Control Service Plan may be developed to address your specific loss prevention concerns.

### **RMIS Information Services**

#### **(Package A)**

Your program includes the following services:

<b>Basic Services</b>	Client Support access via 1-800-727-3071 or via email at RMISClientSupport@cna.com
<b>Loss Runs Available via the Internet</b>	36 total reports per year in any combination of available formats. Reports may be scheduled monthly, quarterly, semi-annually or annually.
<b>eSight® Claim Status Access</b>	No of Id's: 2 Notes, where permitted by law, claim payments and status reports per Special Handling Instructions



## **Section VIII. Special Notes**

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This proposal assumes all lines of business quoted are part of a joint insurance program and cannot be selected individually, unless expressly agreed to in writing by an authorized representative of CNA.

### **Documentation**

Upon acceptance of this program, you (and your producer, where applicable) agree to provide CNA - within 30 days of request - with appropriately-signed documents including, but not limited to:

- i. Documents required by various insurance regulatory bodies
- ii. Appropriate CNA finance agreement (and security required)
- iii. Letter confirming all aspects of the program
- iv. Any requisite Claims Administration contracts

All documents requiring signature must be signed by a corporate officer of your organization, and in some instances, on behalf of your producer. All documents must be dated as of the program effective date.

By your acceptance of the insurance program, you agree and acknowledge that your promise to provide any required collateral at inception and to execute a Finance Agreement within 30 days is material consideration for the insurance program without which CNA would not have agreed to bind the program. If you fail to provide the collateral at inception and/or timely execute the Finance Agreement, such failure will be deemed to be your failure to pay premium when due and CNA may cancel any impacted policy for nonpayment of premium in accordance with the cancellation provisions of the policy.

### **Premium Billing**

All premiums are to be paid directly to CNA (Chicago). Installment premiums are due at inception and on the same day of each month thereafter. Other payments must be received by CNA (Chicago) on or before the due date indicated.

Effective 08/28/2009 all payments and wire transfer are to be sent to:

Continental Casualty Company 23453  
Network Place  
Chicago, IL 60673-1234

Remit ACH and wire transfers to:

JP MORGAN CHASE BANK,N.A.,  
New York, NY ABA  
021000021  
Account Name: CCC P&C Receipts, Account  
Number: 323874908  
Reference: "Branch & Producer" & "C Reference & Invoice #"

### **Delinquent Payments**

When you accept this program, you agree to pay each amount due by the respective due date, after which time a payment will be considered past due and interest will accrue to the benefit of CNA. Interest shall be based on the daily equivalent of 5 percent per annum plus either a) the ninety (90) day Dealer Commercial Paper rate in effect on the first Friday of each month such payment is past due, as published in the Midwest Edition of *The Wall Street Journal* under the section entitled "Money Rates" or any successor section or (b) if *The Wall Street Journal* does not publish such a rate on that Friday, the ninety (90) day AA Financial Commercial Paper rate in effect on that Friday as reported by the Board of Governors of the Federal Reserve System in Statistical Release "Commercial Paper" or any successor Release reporting such rate. Interest will compound daily until full payment is received.



### **Failure to Pay Amounts Due to CNA**

If you do not pay any amount due CNA when due under the terms of the policies or the Finance Agreement; or if you do not deliver or adjust the collateral as required in the Finance Agreement then you will be in default.

If you are in default, then CNA may terminate the policies after giving ten (10) days written notice of termination to you (or any greater period required by law). CNA may also, at its option, do any or all of the following: (i) accelerate billing of all installments of premium and other sums that may become payable under the policies or the Finance Agreement, which will become immediately due and payable, (ii) if applicable, convert the insurance program to an incurred loss plan and perform an adjustment using incurred losses, with the entire balance so computed becoming immediately due and payable; provided, with respect to the rating plan policies, if the policy period of those policies has not expired, the rating plan estimated premium becomes payable monthly or on a pro rata basis over the remaining policy period of the policies; (iii) perform an adjustment using the ultimate loss amount, as determined by CNA, with the entire balance so computed becoming immediately due and payable; and/or (iv) draw upon the collateral in the full or any lesser amount.

In the event CNA undertakes any efforts to collect any amounts due from you under the policies or the Finance Agreement, you will indemnify CNA for the costs, expenses, and fees of such collection efforts, including attorneys' fees, plus interest to the extent allowed by law. Any such interest and collection costs, expenses, and fees will be in addition to any applicable plan maximum.

### **Workers' Compensation Premiums**

Workers' Compensation and Employers Liability final premiums and non-ratable elements and assessments are subject to rates approved by states and actual experience modifications. Premium adjustments resulting from WC/EL rate and premium changes applicable at inception, which were not recognized at time WC was rated, may result in revised installments reflecting the amount of any such adjustments.

### **Participating (Dividend) Plan Notice**

The policies subject to a Rating Plan may include a participating provision. Dividends paid policyholders are declared by the Board of Directors out of earned surplus. Dividends are not guaranteed, are not declared until after the expiration of the policies involved, and may only be paid if so declared.

### **California Notice**

Under California Law, it is unlawful for an insurer to promise the future payment of dividends under an unexpired Workers' Compensation Policy or to misrepresent the conditions for dividend payment. Dividends are payable only pursuant to conditions determined by the Board of Directors or other governing board of the company following policy expiration. It is a misdemeanor for any insurer or officer or agent thereof, or any insurance broker or solicitor, to promise the payment of future Workers' Compensation dividends.

### **Oregon Notice**

It is unlawful in Oregon for an insurer to promise to pay policyholder dividends for any unexpired portion of the policy term or to misrepresent the conditions for dividend payment. Dividends will be due and payable only for a policy period that has expired, and only if declared by and under conditions prescribed by the Board of Directors of the Insurer. Furthermore, it is an unlawful rebate and a violation of the Oregon Insurance Code for an insured or a representative of an insured knowingly to accept a dividend pursuant to a promise to pay policyholder dividends if the promise is made before the policy is issued or if the promise is made for any unexpired portion of a policy period.

In the past, our Board of Directors has declared dividends for this plan in accordance with the following formula:

$$\left[ \begin{array}{rcl} \text{Total Collected} & & \text{Incurred} \\ \text{Earned Premium} & - & \text{Losses \&} \\ & & \text{Loss} \\ & & \text{Expenses} \end{array} \right]$$

Company costs and profit have usually been determined by applying a retention factor to the total standard premium and adding applicable taxes and costs for limiting losses to be included in the calculation.

Incurred losses and loss expense is the sum of all paid losses and paid allocated loss adjustment expense; reserves for unpaid losses, whether or not as yet reported; and expected allocated loss adjustment expense associated therewith. Unallocated loss adjustment expense is determined by applying a loss expense factor to the sum of the above paid and reserved loss items.



## Insurance Program Cancellation Policy

If any insurance subject to the rating plan is canceled, the cancellation effective date will become the end of the rating plan period for all insurance subject to the rating plan. You and CNA must agree to continue the rating plan period by specific policy endorsement.

- If CNA cancels because of your non-payment of premium, we will base the maximum rating plan premium on the standard premium or remuneration for the rating plan period, as applicable, extended pro-rata to the normal annual expiration date of policies subject to a one-year rating plan, or the normal three-year expiration date of policies under a three-year rating plan.
- If you cancel, without CNA's prior consent, any of the policies material to the rating plan or insurance program, CNA reserves the right to re-underwrite and re-price the plan and/or program.
- If you cancel, we will calculate the standard premium for the rating plan period in accordance with the applicable cancellation rules. This premium will become the minimum rating plan premium, and will be used to determine the retention or basic premium charge. We will also use the workers' compensation and employers' liability minimum plan premium in calculating the excess loss premium, if applicable. The maximum premium will be determined as stated above.
- **California Policies** - If you cancel the policy prior to the end of the policy term, a short term cancellation fee will apply. The final premium due us will consist of standard premium calculated based on the number of days the policy is in effect, plus a short term cancellation fee. The fee will range from 5% up to a maximum of 10% of the standard premium, subject to any applicable policy minimum premium.

If you cancel, the premium calculation may be less than pro rate. This provision does not apply if you cancel because:

- All work covered by the insurance is completed;
- All interest in the business covered by the insurance is sold; or
- You retire from all business covered by the insurance.

## Automobile Vehicle Schedule

Complete schedule of Vehicles including description (year/make/model), garage location and Vehicle Identification Number (VIN) must be provided to CNA prior to policy inception.

## Federal Employer Identification Number (FEIN)

For workers' compensation coverage, a complete schedule of the FEIN Numbers (by State and by Entity) must be provided to CNA prior to policy inception.

## Workers' Compensation Employee Concentration Spreadsheet

Workers' Compensation—and Employers Liability—coverage is contingent upon CNA having a filed WC Employee Concentration Spreadsheet with current information at the time of inception of the policy. **All locations having employees must be listed.**

## Program Estimates

Rates, premiums and other program aspects outlined in this proposal are based on the accuracy of the estimates shown. Additional locations or exposures may make it necessary to re-evaluate rates, premiums and plan factors if such additional exposures, premiums or losses represent significant changes from what has been contemplated.



## Premium Audits

Records for audit purposes must be available at each auditable location within 30 days following policy anniversary and expiration dates so that audits can be completed well prior to official plan computation dates.

Audit adjustments of subject and non-subject premiums will be due within 30 days of billing.

Line Of Business	Frequency
Workers' Compensation	Annual
Automobile Liability	Annual
General Liability	Annual

## Premium Audit Records

### Audit Records

- You will make available records of account required for completion of final audit to CNA within 30 days past policy expiration date.
- CNA reserve the right to complete a mid-term audit at any point during the policy period.
- Classification additions noted at mid-term audit will be endorsed onto the current term policy.

## Audit Billing Instructions

The Premium Audit process is a statutory requirement that CNA must complete as part of this insurance coverage. The audit process may include a pre-audit visit, mid-term audit and final audits. Records must be made available for physical review from effective date until 3 years past policy expiration consistent with standard insurance forms.

A Pre-Audit visit is conducted on all new accounts and will involve a physical visit to meet with the primary premium audit contact to review the operations, policy classifications, exposure estimates and identify all locations of records information.

The final premium audit visit should be scheduled to take place within 30 days past expiration and all required records must be organized in a way that is conducive to complete an efficient and accurate premium audit. A CNA representative should contact you within 20 days before or after policy expiration. CNA adheres to standards requiring that field audits be completed within 60 days past expiration. Audits falling outside time standards may be subject to estimated audit processing. Please help us in maintaining our bureau compliance and required time standards.

## Field Audit Type

The physical audit involves a premium auditor visiting your business operation to review the records of account to determine actual exposures and classifications applicable to the business operation. This process may be conducted at multiple locations.

### Auditable Business Auto Policies

Auditable auto policies will be handled as follows:  
Beginning total at inception of policy, as stated in confirmation letter/policy.  
Ending number will be obtained upon physical audit.  
 $\text{Beginning} + \text{Ending} = \text{Total}$ , Divide Total by 2 = Composite

## Premium Audit Location(s) of Required Records:



Line Of Business	Primary Location

We encourage that records for our premium audits be centralized at one location to assist in the completion of timely quality premium audits. We have found that this will result in less overlap of data gathering, which results in a higher quality final audit.

### Policy Limits of Liability and Coverages

CNA is required by certain state statutes to offer uninsured motorists coverage ("UM") and underinsured motorists coverage ("UIM") equal to bodily injury and/or property damage liability limits of the policy, with the option to reject these coverages or to select a lower limit in many states. Similar elections are required by some states as respects Personal Injury Protection ("PIP") or other no-fault coverage. The premiums and rating plan components are based upon the selection or rejection of UM/UIM and PIP limits for each individual state indicated above.

In any state permitting election of UM/UIM limit "stacking", any UM/UIM coverage contemplated herein is based upon rejection of the "stacking" option.

Acceptance of the above program requires that the specific coverage selections/rejections be signed and dated, and that the election/rejection forms be signed by an individual authorized to make such coverage selections/rejections on behalf of all insured entities.

Due to state laws mandating signed confirmation of UM/UIM, PIP and other coverages selections dated and received by CNA on or prior to the inception of coverage, it must be agreed that If the signed UM/UIM Supplemental Applications are not received with the renewal specifications or during the quote-in- progress period, the UM/UIM coverage will be in accordance with the State required minimum limits only. The same minimum State requirements will apply to the PIP coverage.

In the event that CNA does not receive the signed supplemental applications on or before the inception of coverage and the UM/UIM and PIP coverages equal state required minimum limits, the deductible, retention and/or loss limit applicable to these coverages will equal the UM/UIM and PIP limits.

### Collateral

Collateral is required for the current policy period. The requirements are outlined in the table above.

For as long as it is required, all of the collateral hereunder will secure all of your obligations under the policies, the insurance plans, and any related Finance Agreement entered into by you and any CNA insurance company, regardless of the type of coverage under which such obligations arise. If an event of default occurs under any such Finance Agreement, then CNA may utilize any of the collateral, in its sole discretion, to satisfy any of such obligations.

Collateral will be adjusted annually at renewal based upon losses evaluated as of ten (10) months after expiration for as long as you continue to renew the plan(s) with CNA, or if non-renewal or termination of the plan (s) occurs, as of six (6) months after expiration or termination of the policies and annually thereafter. The result of each collateral review will be furnished to you upon request

### Letter of Credit

Collateral, if provided in the form of a Letter of Credit, must be in the form of a clean, irrevocable, unconditional, and automatically renewable Letter of Credit from a federally regulated institution acceptable to CNA for an initial term of one year from the coverage inception date. The following comments apply:

- We will furnish, on request, a sample form for required Letter of Credit wording.
- Beneficiaries include: American Casualty Company of Reading, Pennsylvania and/or Transportation Insurance Company and/or Continental Casualty Company

- Collateral must not be contingent upon reimbursement.
- A provision must be included in which the issuing institution agrees to provide CNA with written notice at least 60 days prior to expiration in the event the credit will not be renewed.
- Letter of Credit should be mailed to CNA via traceable means (e.g. UPS, DHL, FED-EX. See address below:

CNA  
Collateral and Agreements, 19<sup>th</sup> Floor  
333 South Wabash Avenue  
Chicago, IL 60604

The Collateral hereunder, together with any security obtained by you for the benefit of the applicable CNA insurance companies, under the policy periods set forth above, will secure all of your obligations under the policies, the insurance plans, and any related Finance Agreement for the current policy period and any policy period listed herein, regardless of the specific term or type of coverage under which such obligations arise. If any event of default occurs under any such Finance Agreement, CNA may utilize any of the wrapped security, in its sole discretion, to satisfy any of such obligations.

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## IMPORTANT INFORMATION

### NOTICE OF INSURANCE COVERAGE FOR ACTS OF TERRORISM AND DISCLOSURE OF PREMIUM

You are hereby notified that under The Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest as part of an effort to coerce the government or population of the United States. However, the 2007 re-authorization of the Act no longer requires the act of terrorism to be committed by or on behalf of a foreign interest and certified acts of terrorism now encompass, for example, a terrorist act committed against the United States government by a United States citizen when the act is determined by the federal government to be a "certified act of terrorism".

In accordance with this Act, we are required to continue to offer you coverage for losses resulting from an act of terrorism that is certified under the federal program. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium for this coverage will be included for each coverage part as shown below under DISCLOSURE OF PREMIUM and is included in, not in addition to, the premium shown on the Account Premium Recap.

#### DISCLOSURE OF PREMIUM

Policy Number	Coverage Part	Terrorism Premium	Effective Date
7094870590, 7094870573, 7094870587	Workers' Compensation	\$19,879	12/1/2024
7094870542	General Liability	\$2,292	12/1/2024
7094870556	General Liability (Stop Gap)	\$7	12/1/2024

#### DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States Department of the Treasury will pay a share of terrorism losses insured under the federal program. In 2015, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention, and shall decrease by 1 percentage point per calendar year until equal to 80%.

However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability, pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and, in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**Section X. Broker Commission**

**Commission Schedule**

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Line of Business	Type	Commission	Audit Adjustable Rate	Audit Commission Basis	Minimum Commission
Workers' Compensation	Net	\$		Per \$100 of Workers' Comp Payroll excluding monopolistic states	\$
Automobile	Net	\$		Per Power Unit	\$
General Liability	Net	\$		Per \$1,000 of Gross Sales	\$

**Payment of Commission**

No commission is payable on any fees, state assessment or surcharges, loss funds, or loss fund charges. Final adjustment of commission will be made after collection of final audit(s).

**Premium Collection**

The method of premium collection set forth herein shall not be deemed to alter the premium collection responsibilities of the producer as set forth in any producer agreement.

**Disclosure**

If commissions or other amounts are payable to producer by CNA, producer agrees that the terms of such commissions or other sums will be disclosed, and such client consent obtained, as may be required by the laws of each state applicable to this business or pursuant to any duty owed by producer to its client.

Acknowledged on behalf of

By: \_\_\_\_\_

Title: \_\_\_\_\_

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





# IMPORTANT INFORMATION

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## POLICYHOLDER FRAUD NOTIFICATION

Alabama: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines, or confinement in prison, or any combination thereof.

Alaska: A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.

Arizona: For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

Arkansas, Louisiana, Rhode Island, West Virginia:

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

California: For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Colorado: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Connecticut, Georgia, Hawaii, Illinois, Iowa, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, South Carolina, South Dakota, Texas, Utah, Vermont:

Any person who knowingly presents false or fraudulent information in an application for insurance, to obtain or amend insurance coverage, or to make a claim for the payment of a loss is guilty of a crime and may be subject to criminal and/or civil penalties.

Delaware: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

District of Columbia: WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

Florida: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Idaho: Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony.

Indiana: Any person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.

Kansas: Any person who knowingly presents false or fraudulent information in an application for insurance, to obtain or amend insurance coverage, or to make a claim for the payment of a loss is guilty of a crime and may be subject to criminal and/or civil penalties.

A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

Kentucky: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

Maine: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

Maryland: Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Michigan, Wisconsin, Wyoming:

Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or make a claim for the payment of a loss is guilty of a crime and may be subject to criminal and/or civil penalties.

Minnesota: A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

New Hampshire: Any person who, with a purpose to injure, defraud, or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

New Jersey: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

New Mexico: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

New York – **SIGNATURE REQUIRED** (See bottom of this notice)

Ohio: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Oklahoma: **WARNING:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony

Oregon: Any person who, with an intent to knowingly defraud or knowingly facilitate a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement of material fact, may be guilty of insurance fraud and subject to criminal or civil penalties.

Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Puerto Rico: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to

a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

Tennessee, Virginia:

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Washington: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

**NEW YORK ONLY - Signature Required:**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Auto: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.

Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.

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Insured

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Applicant Date

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Authorized Representative

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Title

## IMPORTANT INFORMATION

### POLICYHOLDER FRAUD NOTIFICATION FOR WORKERS' COMPENSATION

Alabama, Alaska, Arizona, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming:

Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to criminal and/or civil penalties.

Arkansas: Any person or entity who willfully and knowingly makes any material false statement or representation, who willfully and knowingly omits or conceals any material information, or who willfully and knowingly employs any device, scheme or artifice, for the purpose of:

- i. Obtaining any benefit or payment;
- ii. Defeating or wrongfully increasing or wrongfully decreasing any claim for benefit or payment; or
- iii. Obtaining or avoiding workers compensation coverage or avoiding payment of the proper insurance premium, or who aids and abets for any of said purposes, under this chapter will be guilty of a Class D felony.

Fifty percent (50%) of any criminal fine imposed and collected under this subdivision (a)(1) or subdivision (a)(2) of this section shall be paid and allocated in accordance with applicable law to the Death and Permanent Total Disability Trust Fund administered by the Workers' Compensation Commission.

California: For your protection, California law requires the following to appear on this form: Any person who makes or causes to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining or denying workers' compensation benefits or payments is guilty of a felony.

Colorado: It is illegal to knowingly make a false or fraudulent material statement or representation for the purpose of obtaining or denying workers' compensation benefits or payments. These actions may result in a loss of future benefits, restitution of prior workers compensation awards and benefits paid, and/or civil and criminal penalties.

Florida: Any person who, knowingly and with intent to injure, defraud, or deceive any employer or employee, insurance company, or self-insured program, files a statement of claim containing any false or misleading information, commits insurance fraud, punishable as provided in s. 817.234.

Colorado: It is illegal to knowingly make a false or fraudulent material statement or representation for the purpose of obtaining or denying workers' compensation benefits or payments. These

actions may result in a loss of future benefits, restitution of prior workers compensation awards and benefits paid, and/or civil and criminal penalties.

Florida: Any person who, knowingly and with intent to injure, defraud, or deceive any employer or employee, insurance company, or self-insured program, files a statement of claim containing any false or misleading information, commits insurance fraud, punishable as provided in s. 817.234.

Louisiana: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. Failure to answer truthfully may result in forfeiture of workers compensation benefits.

Minnesota: Any person who, with intent to defraud, receives workers' compensation benefits to which the person is not entitled by knowingly misrepresenting, misstating, or failing to disclose any material fact is guilty of theft and shall be sentenced pursuant to s 609.52, subdivision 3.

New York: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Oklahoma: Any person or entity who makes any material false statement or representation, who willfully and knowingly omits or conceals any material information, or who employs any device, scheme, or artifice, or who aids and abets any person for the purpose of:

- obtaining any benefit or payment,
- increasing any claim for benefit or payment, or
- obtaining workers' compensation coverage under this act, shall be guilty of a felony punishable pursuant to Section 1663 of Title 21 of the Oklahoma Statutes.

Rhode Island: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Tennessee: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.

Texas: Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Utah: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison