

BUSINESS INSURANCE PROPOSAL FOR:

# KC International Academy, Inc.

414 Wallace Avenue  
Kansas City, MO 64125-1132

# CBIZ Your Team.



NYSE: CBZ

120+

offices

6,500+

team  
members

82,000+

clients



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Workplace  
Awards

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<sup>1</sup>Accounting Today - March 2023 <sup>2</sup>Business Insurance magazine - July 2022 <sup>3</sup>Barron's Top Institutional Consultants - 2022. Rankings and recognition by unaffiliated third parties may not be representative of a CBIZ Investment Advisory Services' client experience and should not be construed as a guarantee of a certain level of results. Neither CBIZ IAS nor its advisors pays a fee to the third party in exchange for the rating.

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CBZ



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CBIZServices

# CBIZ SERVICE TEAM

INDIVIDUAL / TITLE	FUNCTIONAL POSITION
<p><b>Tom McGuire</b>  <b>Team Leader</b>            816-945-5293            Cell: 913-307-6048  <a href="mailto:TFMcGuire@CBIZ.com">TFMcGuire@CBIZ.com</a></p>	<p>Your account representative is responsible for the overall delivery of excellent service.</p>
<p><b>Erik Hage, CPCU, ARM</b>  <b>Lead Account Executive</b>            816.841.4005  <a href="mailto:ehage@cbiz.com">ehage@cbiz.com</a></p>	<p>Your primary contact and the senior person responsible for coordinating and implementing the activities of the various specialists who will provide for your service needs. This includes the coordination of technical services, program services, claims management and claim reviews.</p>
<p><b>Nate Byarlay, MBA, ARM, AINS</b>  <b>Account Executive</b>            816.945.5514            Fax: 816.897.1222  <a href="mailto:nbyarlay@cbiz.com">nbyarlay@cbiz.com</a></p>	<p>Responsible for day-to-day service activities, correspondence, account file maintenance, certificates, invoicing and financial accounting.</p>
<p><b>Jessika Downing</b>  <b>Senior Account Manager</b>            816.945.5545  <a href="mailto:jessika.downing@cbiz.com">jessika.downing@cbiz.com</a></p>	<p>Responsible for day-to-day service activities, correspondence, account file maintenance, certificates, invoicing and financial accounting.</p>
<p><b>Amanda Miller</b>  <b>Claims Specialist</b>            816.945.5255  <a href="mailto:AGMiller@cbiz.com">AGMiller@cbiz.com</a></p>	<p>Responsible for the reporting of claims to carriers. Involved in the initial submission of claims and follow-up with insurance company claims personnel.</p>
<p><b>Jason Walker</b>  <b>Loss Control</b>            432.571.4909  <a href="mailto:Jason.Walker@cbiz.com">Jason.Walker@cbiz.com</a></p>	<p>Coordinates carrier and in-house loss control services.</p>

This is a summary of your insurance coverages. It is designed for your convenience. It does not alter or extend coverage in any way. Please consult your insurance contract for specific policy terms, conditions, or exclusions.

# PREMIUM SUMMARY

Coverage	07/01/2023 – 08/01/2024 Annualized Premium	2024/2025 Estimated Premium - \$10k Ded.	2024/2025 Estimated Premium - \$25k Ded.
Package	\$55,437	\$75,592	\$73,208
Property	Included	Included	Included
General Liability	Included	Included	Included
Automobile	Included	Included	Included
Inland Marine	Included	Included	Included
Crime	Included	Included	Included
Umbrella	\$3,870	\$6,819	\$6,819
ELL/EPL	\$12,790	\$14,830	\$14,830
<b>Total Premium</b>	<b>\$72,097</b>	<b>\$97,241</b>	<b>\$94,857</b>

**Contingencies/Subjectivities:**

- TRIA Form – elect or reject

# MARKETING EFFORTS

Carrier	Line of Business	Indication
Glatfelter's	Package- Prop/GL/Auto/IM/Crime	Declined
Hanover	Package- Prop/GL/Auto/IM/Crime	Declined
Hartford	Package- Prop/GL/Auto/IM/Crime	Declined
Zurich	Package- Prop/GL/Auto/IM/Crime	Declined
Liberty Mutual	Package- Prop/GL/Auto/IM/Crime	No response
Wright Specialty	GL/Auto/Umbrella	Declined
APEX	GL/Auto/Umbrella	No response
Chubb	Property	No response
RT Specialty	Property	Pending

### FIRST NAMED INSURED

Named Insured & FEIN	Property	General Liability	Auto	Inland Marine	Cyber	Crime	Educators Legal	Umbrella
KC International Academy, Inc. 45-4547605	X	X	X	X	X	X	X	X

### LOCATION SCHEDULE

Loc #	Bldg. #	Address	City	State	Zip Code
1	1-3	414 Wallace Avenue	Kansas City	MO	64125
2	1	430 Wallace Avenue	Kansas City	MO	64125
3	1	8313 Wilson Road	Kansas City	MO	64125
4	1	426 Wallace Avenue	Kansas City	MO	64125

# PROPERTY

Company: The Cincinnati Insurance Company  
 A.M. Best Rating: A+; XV  
 Policy Period: August 01, 2024 – August 01, 2025

**Location:** See SOV for the Details

Coverage	2023/2024 Limits	2024/2025 Limits	Deductible
Building	\$14,599,193	\$16,318,662	\$10,000 / 2% Wind/Hail
Business Personal Property	\$1,385,424	\$1,337,220	\$10,000 / 2% Wind/Hail
Property in the Open	-	\$123,204	\$10,000 / 2% Wind/Hail

## Valuation:

Subject of Insurance	Valuation	Coinsurance
Building	Replacement Cost	Agreed Value
Business Personal Property	Replacement Cost	Agreed Value
Property In the Open	Replacement Cost	80%

## Perils Insured:

- Direct physical loss subject to policy exclusions
- Equipment breakdown Included

## Policy Extensions:

- Windstorm or Hail Deductible: 2% per building
- Causes of Loss: Special
- Crisis Event Expense Coverage Limits of Insurance: \$100,000/\$100,000/\$100,000

## Educational Institutions Commercial Property Endorsement:

- Accounts receivable (additional \$5,000 limit away from premises, not per location) \$25,000
- Building glass – insured as part of the building Included up to building limit
- Business income and extra expenses (no waiting period) \$25,000
- Debris removal of covered property from a covered loss 25% of loss within limit + \$10,000
- Electronic data (not per location) \$2,500 (per coverage term)
- Fairs and exhibitions (not per location) \$10,000
- Fences (within 1,000 feet of premises) \$5,000

# PROPERTY (CONTINUED)

- Fire department service charge – by contract or agreement or required by ordinance (not available in AZ) \$5,000
- Fire protection equipment recharge \$25,000
- Fungi, wet rot, dry rot and bacteria – limited coverage (not available in NY) \$15,000 (per coverage term) Inventory, appraisal, loss statement expenses \$10,000
- Key and lock expense \$1,000
- Newly acquired property – buildings (up to 90 days) \$1,000,000
- Newly acquired property – business personal property (at acquired building up to 90 days) \$500,000
- Ordinance or law \$10,000
- Outdoor property (trees, shrubs, plants \$1,000 limit per item) \$5,000
- Personal effects (\$500 theft limit – excludes theft of employees’ tools) \$10,000
- Pollutant cleanup and removal from land or water at each insured premises \$10,000 (per coverage term)
- Premises boundary 1,000 feet – BPP in the open or in a vehicle Included
- Preservation of covered property moved to avoid imminent covered loss(up to 60 days) Included in BPP limit
- Property temporarily at other premises (not per location) \$10,000
- Property in transit in a vehicle (not per location) \$10,000
- Rewards for reporting arson, V&MM, theft and burglary, which leads to a conviction (not available in NY) \$10,000
- Signs:
  - if attached to building, include in building limit Included
  - if detached but permanently installed within 1,000 feet of premises, may be scheduled Per Dec page
  - detached but not part of building (not per location \$5,000
- Theft damage to non-owned building (occupied by insured tenant) \$25,000
- Trailers (detached and non-owner left in the insured’s care, custody or control) \$5,000
- Utility services (off-premises water, communication and power supply, excluding overhead lines) for direct and time element loss \$25,000
- Valuable papers (additional \$5,000 limit away from premises (not per location) \$25,000

## Bridge Endorsement

- Business travel benefit – pays benefits to current director or officer for certain accidental injuries while travelling on a commercial transportation carrier for your business (not available in Virginia or New York) \$50,000
- Conference cancellation – reimburses of business related conference expenses incurred as the result of cancellation of a conference or convention by a civil authority \$25,000
- Donation security – covers a written donations pledged to the insured and not honored due to bankruptcy, unemployment or incapacitation of the donor (not available in New York) \$50,000
- Emergency travel expense – reimburses emergency travel expenses incurred by a current director or officer due to a certified act of terrorism \$50,000
- Fundraising event cancellation expense – reimburses expenses incurred due to cancellation of a fundraising event caused by a civil authority \$25,000



## PROPERTY (CONTINUED)

- Image restoration and counseling expense – reimburses image restoration and counseling expenses arising out of a covered event \$50,000
- Key-individual replacement expense – reimburses certain reasonable expenses incurred to replace an executive director or CEO due to death or permanent disability (not available in New Hampshire) \$50,000
- Kidnap expense – reimburses certain reasonable expenses incurred as a result of the kidnapping of a director or officer or their spouse, parent or child \$50,000
- Lease assessment – extends business personal property coverage for the insured’s share of any assessment charged to all tenants by a building owner due to direct physical damage caused by covered cause of loss \$2,500
- Leasehold improvements – extends BPP coverage to apply to the unamortized value of improvements and betterments that a tenant made but cannot legally remove due to a covered cause of loss to the building \$25,000
- Political unrest evacuation expense – reimburses certain emergency evacuation expenses incurred by a director, officer, employee or volunteer as the direct result of political unrest \$25,000 (\$5,000 per employee)
- Premises boundary increase – extends of BPP premises boundary from 1,000 feet to 1,800 feet Included
- Temporary meeting space expense – reimburses rental expenses for an alternate meeting space when the primary meeting space is temporarily unavailable after failure of climate control systems or hot water heater \$25,000
- Travel delay expense – reimburses current director or officer for nonrefundable expenses because of cancellation of any regularly scheduled business travel on a commercial transportation carrier \$1,500
- Unauthorized use – reimburses loss of money or incurred charges and costs directly resulting from the unauthorized use of credit, debit or charge cards issued in the insured’s business name \$1,500
- Unintentional error in description – covers an unintentional error in the description of the occupancy or address of covered property Included
- Workplace violence counseling expense – reimburses counseling expenses arising from a workplace violence incident at a covered premises (not available in New York) \$50,000

# PROPERTY VALUES

CBIZ recommends that you verify that the property insurance limits you purchase reflect accurate and up-to-date replacement cost valuations, and that you contemplate inflation, supply chain disruptions, increased costs of materials and labor. Failure to maintain adequate insurance limits may result in **significant underinsurance issues and penalties.**

CBIZ also recommends adjusting values accordingly to meet your policy co-insurance provision at a minimum. Please consult your account manager for guidance on your policy co-insurance provision.

**CBIZ Insurance Appraisals & Tangible Asset Valuation Service:** Access timely solutions for fixed assets, property insurance, and machinery and equipment appraisals from our Valuation Team. This service is available for a fee. Please contact your insurance service team for an introduction.

## STATEMENT OF VALUES

Loc #	Building #	Address City, State Zip	Coverage	Limit
1	1	414 Wallace Avenue Kansas City, MO 64125-1132	Building	\$15,184,469
1	1	414 Wallace Avenue Kansas City, MO 64125-1132	Business Personal Property	\$1,312,220
1	2	414 Wallace Avenue Kansas City, MO 64125-1132	Business Personal Property	\$48,204
1	3	414 Wallace Avenue Kansas City, MO 64125-1132	Building	\$1,134,193
1	3	414 Wallace Avenue Kansas City, MO 64125-1132	Business Personal Property	\$25,000
3	1	8313 Wilson Road Kansas City, MO 64125-1132	Building	\$75,000

Total Blanket Limit	N/A
<b>Total Insured Values (TIV) \$17,779,086</b>	

Before signing this document, verify that the content is accurate to the best of your knowledge.

X

**DATE:**

# GENERAL LIABILITY

Company: The Cincinnati Insurance Company  
 A.M. Best Rating: A+; XV  
 Policy Period: August 01, 2024 – August 01, 2025  
 Coverage Form: Occurrence

## Limits of Liability:

Coverage	Limits
General Aggregate (Other than products/completed operations)	\$2,000,000
Products & Completed Operations Aggregate	\$2,000,000
Each Occurrence – Bodily Injury & Property Damage	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Medical Expenses - Any One Person	\$10,000
Deductible	Nil

## Schedule of Hazards:

Class Code	Description	Rating Basis	2023/2024 Exposure	2024/2025 Exposure
47471	Schools-Public Elem., Kindergarten, JR.High	E	637	610
46671	Parks Or Playgrounds	E	-	1
49451	Vacant Land - OT NFP	E	4	2
49452	Vacant Land-NFP	T - Acre	4	-
46622	Parking-Private	A	10,632	-

## Rating Basis:

S – Gross Sales per \$1,000                      A – Area per 1,000 square feet  
 C – Cost per \$1,000                                E – Each  
 P – Payroll per \$1,000                            T – Other

## Premium Audit

This policy will be audited at end of the term. The final premium will be based on your actual exposure subject to the policy minimum premium.

## Policy Extensions:

- Educational Institutions Commercial General Liability Endorsement
- Educational Institutions Sexual Misconduct or Sexual Molestation Liability
  - Aggregate Limit: \$1,000,000

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## GENERAL LIABILITY (CONTINUED)

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- Occurrence Limit: \$1,000,000
- Deductible: None

### Standard Exclusions:

- Professional liability, pollution, care, custody and control, workers' compensation, automobile, war, nuclear, criminal acts, asbestos, mold, employment practices liability, fungus, lead, bacteria, subsidence, EIFS, and silica.

# COMMERCIAL AUTO

Company: The Cincinnati Insurance Company  
 A.M. Best Rating: A+; XV  
 Policy Period: August 01, 2024 – August 01, 2025

Coverage	Limits
Bodily Injury & Property Damage - Combined Single Limit	\$1,000,000
Medical Payments	\$5,000
Uninsured Motorists	\$1,000,000
Underinsured Motorists	\$1,000,000
Comprehensive – Deductible	\$500
Collision – Deductible	\$1,000

Description Of Covered Auto Designation Symbols		
1	Any Auto	
2	Owned Autos Only	Only those autos you own (for Covered Autos Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos you acquire ownership of after the policy begins.
3	Owned Private Passenger Autos Only	Only the private passenger autos you own. This includes those private passenger autos you acquire ownership of after the policy begins.
4	Owned Autos Other Than Private Passenger Autos Only	Only those autos you own that are not of the private passenger type (for Covered Autos Liability Coverage any trailers you don't own while attached to power units you own). This includes those autos not of the private passenger type you acquire ownership of after the policy begins.
5	Owned Autos Subject to No-fault	Only those autos you own are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those autos you acquire ownership of after the policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6	Owned Autos Subject to a Compulsory Uninsured Motorists Law	Only those autos you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those autos you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorist's requirement.
7	Specifically Described Autos	Only those autos described in Item Three of the Declarations for which a premium charge is shown (for Covered Autos Liability Coverage any trailers you don't own while attached to any power unit described in Item Three).
8	Hired Autos Only	Only those autos you lease, hire, rent or borrow. This does not include any auto you lease, hire, rent or borrow from any of your employees, partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Non-owned Autos Only	Only those autos you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes autos owned by your employees, partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs.

# COMMERCIAL AUTO (CONTINUED)

## Policy Extensions:

- Hired and Non-Owned Liability - Number of Employees: 50

## Standard Exclusions:

- Expected or intended injury, contractual, workers' compensation, employers liability, fellow employee, care, custody and control, handling of property, movement of property by a mechanical device, completed operations, pollution, war, racing and nuclear.

## Vehicle List

Year	Make	Model	VIN	City	State	Comp Ded.	Coll Ded.
2017	Dodge	Grand Caravan	2C4RDGCG7HR557566	Kansas City	MO	\$500	\$1,000
2020	Dodge	Grand Caravan	TBD	Kansas City	MO	\$500	\$1,000
2017	Ford	Transit	1FDES8PM2HKA85233	Kansas City	MO	\$500	\$1,000
2018	Ford	Transit	1FDES8PM6JKA75830	Kansas City	MO	\$500	\$1,000

# INLAND MARINE

Company: The Cincinnati Insurance Company  
 A.M. Best Rating: A+; XV  
 Policy Period: August 01, 2024 – August 01, 2025

Coverage	2024/2025 Limit	Deductible
Contractors Equipment	\$1,016,857	\$2,500

## Valuation:

Subject of Insurance	Valuation	Coinsurance
Equipment	Actual Cash Value	100%

## Perils Insured:

- Direct physical loss subject to policy exclusions

## Equipment Schedule:

Description of Equipment	Limit of Insurance
Computer Coverage	\$1,000,000
T-Shirt Press	\$12,762
Kiln	\$4,095

# CRIME

Company: The Cincinnati Insurance Company  
 A.M. Best Rating: A+; XV  
 Policy Period: August 01, 2024 – August 01, 2025

Coverage	Limits	Deductible
Employee Theft	\$250,000	\$1,000
Forgery or Alteration	\$100,000	\$1,000
Inside the Premises - Theft of Money and Securities - Unscheduled	\$100,000	\$1,000
Inside the Premises - Robbery or Safe Burglary of Other Property - Unscheduled	\$100,000	\$1,000
Outside the Premises - Theft of Money and Securities - Unscheduled	\$100,000	\$1,000
Computer Fraud	\$100,000	\$1,000
Funds Transfer Fraud	\$100,000	\$1,000
Money Orders and Counterfeit Money	\$100,000	\$1,000



# UMBRELLA / EXCESS LIABILITY

Company: Philadelphia Indemnity Insurance Company  
 A.M. Best Rating: A++; XV  
 Policy Period: August 01, 2024 – August 01, 2025  
 Coverage Form: Occurrence

Coverage	Limits
General Aggregate	\$3,000,000
Each Occurrence	\$3,000,000
Personal & Advertising Injury Limit	\$3,000,000
Personal & Advertising Injury Aggregate	\$3,000,000
Self- Insured Retention	\$10,000

Underlying Policies & Limits:	
<b>General Liability</b>	
Carrier	The Cincinnati Insurance Company
Each Occurrence	\$1,000,000
General Aggregate Limit	\$2,000,000
Products & Completed Operations Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
<b>Automobile</b>	
Carrier	The Cincinnati Insurance Company
Combined Single Limit	\$1,000,000
<b>Employers Liability</b>	
Carrier	First Dakota Indemnity Company
Bodily Injury – Each Accident	\$1,000,000
Bodily Injury by Disease – Policy Limit	\$1,000,000
Bodily Injury by Disease – Each Employee	\$1,000,000

## Standard Exclusions:

- Professional liability, care, custody & control (real & personal property), mold, lead, asbestos, pollution, subsidence, employment practices liability, criminal acts, nuclear, war, workers' compensation and fungus.

# EDUCATOR’S LEGAL LIABILITY & EMPLOYMENT PRACTICES LIABILITY

Company: The Cincinnati Insurance Company  
 A.M. Best Rating: A++; XV  
 Policy Period: August 01, 2024 – August 01, 2025  
 Coverage Form: Claims Made

Educators Legal Liability	Limits	Deductible
Educator’s Legal Liability	\$2,000,000	\$10,000
Educator’s Legal Liability – Excess Benefit Transaction Tax Sublimit (per organizational manager)	\$20,000	
Excess Side A	\$1,000,000	
Prior or Pending Date	07/01/2016	
Continuity Date	07/01/2016	

Employment Practices Liability	Limits	Deductible
Employment Practices Liability	\$2,000,000	\$10,000
Wage and Hour Defense Sublimit	\$100,000	
Immigration Defense Sublimit	\$100,000	
Optional Third Party Liability Sublimit	\$1,000,000	
Workplace Violence Expense Limit	\$100,000	\$0
Prior or Pending Date	07/01/2016	
Continuity Date	07/01/2016	

## Forms and Endorsements:

- ADV1498 10/2020 General Policy Tools To Help You Manage Risk
- IA4234 01/2015 General Policy Policyholder Notice Terrorism Insurance Coverage
- IA4338 05/2011 General Policy Signature Endorsement
- IA4407 03/2013 General Policy Notice to Policyholders Direct Bill Account Credit Procedure
- IA4421 03/2013 General Policy Disclosure of Direct Bill Fees and Charges
- IA4427 02/2013 General Policy Notice of Loss Control Services
- IA4500MO 10/2018 General Policy Missouri - Notice to Policyholders
- IA4521 03/2020 General Policy Notice Of Privacy Practices

# EDUCATOR'S LEGAL LIABILITY & EMPLOYMENT PRACTICES LIABILITY (CONTINUED)

- IA4991 06/2017 General Policy Commission Schedule
- IP446 08/2001 General Policy Notice to Policyholders
- ML101 01/2020 General Policy General Provisions
- ML384 04/2023 General Policy Amended War Exclusion
- ML400 01/2016 General Policy Summary of Premiums Charged
- ML4002 01/2016 General Policy Management Liability Department Signature Request
- ML4112M0 06/2016 General Policy Missouri Changes - Cancellation and Nonrenewal
- ML4193M0 01/2018 General Policy Missouri Changes - Pillar Policy Program
- ML458 01/2016 General Policy Cap on Losses from Certified Acts of Terrorism
- ML498M0 07/2016 General Policy Acknowledgment of Defense Costs Included Within the Limits of Insurance - Missouri
- ML498M0 07/2016 General Policy Acknowledgment of Defense Costs Included Within the Limits of Insurance - Missouri
- ML501 01/2016 General Policy Pillar Common Policy Declarations
- ML107 01/2018 Educators Legal Liability Educators Legal Liability Coverage
- ML345\_ 02/2020 Educators Legal Liability Athletic Participant Brain Injury Exclusion
- ML348 02/2020 Educators Legal Liability Sexual Misconduct or Physical Abuse Exclusion
- ML357 01/2021 Educators Legal Liability Amended Cyber Exclusion
- ML360 09/2023 Educators Legal Liability Biometric Information Privacy Exclusion
- ML507 01/2016 Educators Legal Liability Educators Legal Liability Coverage Part Declarations
- ML112 01/2018 Employment Practices Liability Employment Practices Liability Coverage
- ML205 01/2018 Employment Practices Liability Workplace Violence Expense Coverage Endorsement
- ML349 02/2020 Employment Practices Liability Third Party Liability Sexual Assault or Physical Abuse Exclusion
- ML361 09/2023 Employment Practices Liability Biometric Information Privacy Exclusion
- ML4195 09/2018 Employment Practices Liability Notice of Post-Event Services - Workplace Violence Expense Coverage
- ML4211 01/2021 Employment Practices Liability Amended Definition of Employee Endorsement - Educational Institutions
- ML4224 01/2021 Employment Practices Liability Employee Privacy Violation Endorsement
- ML512 01/2016 Employment Practices Liability Employment Practices Liability Coverage Part Declarations

## Claims Made Notice:

*Except to the such extent as may otherwise be provided herein, the coverage of this policy is generally limited to liability for only those claims that are first made against the insureds during the policy period and reported in writing to the insurer pursuant to the terms herein.*

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## PAYMENT PLANS & TERMS

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### Payment of Premiums:

If your policies are billed by CBIZ and not directly from the carrier, payment is due the later of the effective date or 30 days after the invoice date.

For certain policies, normal credit terms are not available, and payment must be received **before** the insurance carrier will issue your policy. Your Service Team will inform you of such exceptions.

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# CLAIMS-MADE POLICIES

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## OCCURRENCE VERSUS CLAIMS MADE COVERAGE.

Insurance written on an occurrence form provides coverage for events or wrongful acts solely occurring during the policy period. The claim from the wrongful act can be brought in the future after the policy expires and still have coverage response. For example, if you buy an auto policy that is valid for one year, then it will cover an accident that happens during that one year, even if a lawsuit isn't filed until after the policy has already expired. On the other hand, **coverage is triggered for a claims-made insurance policy only when a claim is first reported during the policy period**, even if the injury occurred prior to the inception date of the insurance policy. Conversely, if the injury occurs during the policy period and a claim isn't reported until after the policy has expired, then the policy will not provide coverage. Management liability and professional liability policies are typically on claims-made forms. The common exceptions are media liability and health care professional liability, which tend to be on occurrence forms.

## WHAT IS A RETROACTIVE DATE?

Claims-made policies also often contain a retroactive date that specifies the earliest point in time for which the insurance will provide coverage. The coverage applies to actual or alleged wrongful acts from the retroactive date forward. Only injuries or wrongful acts occurring after the retroactive date will be covered by a claims-made policy.

## WHAT IS A CONTINUITY DATE?

This is synonymously called the prior and pending litigation date. Like a retroactive date, this feature sets a date in time for prior or active litigation but not wrongful acts. This clause will state that any litigation of any type that was initiated prior to the continuity date will not be covered, even if the allegations were not part of a potentially covered claim. Many claims can evolve from one type to another. For example, a pollution event could harm the value of a corporation and evolve into a Directors & Officers Liability claim, or a Privacy Litigation claim could evolve into a Directors & Officers Liability claim. This date is typically set as the date the named insured first bought a type of insurance policy. When moving coverage from one insurer to another, it is critical to maintain your continuity date.

## WHAT IS A CLAIM?

Often a claims-made policy will define the term claim quite broadly to include much more than just a lawsuit. Many policies define claims to include written demands for damages as well as proceedings such as arbitration, administrative (such as those brought by the SEC or EEOC), regulatory, mediation and civil proceedings. The language of each policy will govern what constitutes a claim. If you receive a demand or threat of any kind, however, and are unsure what to do, then contact your insurance agent or your insurance company promptly.

# CLAIMS-MADE POLICIES (CONTINUED)

## DOES THE INSURANCE HAVE A CLAIM REPORTING REQUIREMENT?

Claims-made policies require that claims must be reported to the insurance company before the insurer will respond to the claim. The insurer's participation in the claim process often cannot begin until the claim is reported. Claims should be reported promptly to preserve your rights under the policy. The insurer will often reserve their rights to cover any defense expenses incurred prior to their receipt of the claim. They will need to consent to any expenses if they wish to have those expenses insured. Different policies set different time periods for claims. For example, claims normally must be reported as soon as practicable within the policy period. Other policies offer a limited grace period after the policy expiration for up to 30 or 60 days. In some instances, this grace period is only provided if coverage is discontinued. If coverage is continuous – the policy was renewed with the same insurer or a new insurer – the claim will be made on the next policy assuming you have backdated both the retroactive date and the continuity date to match the preceding policy. You should consult the specific language of your policy to verify your reporting requirements. Your insurance broker should also be able to offer assistance.

**Failure to report a claim within the period set by the policy can seriously prejudice your rights under the policy, including an outright coverage denial by the insurer.**

## DO YOU HAVE THE RIGHT TO REPORT A CIRCUMSTANCE THAT IS NOT YET A CLAIM?

Many policies now provide you with the ability to report a circumstance that could give rise to a claim prior to receiving an actual claim. This provision enables you to report potential claims or circumstances under the policy for protection in the event such circumstances eventually evolve into claims.

**We recommend reporting known circumstances anytime you are considering changing insurers so you are less likely to have complications with a new insurer. It is also recommended to send notice of potential circumstances prior to your policy expiration so you can preserve the limits of your next policy for new and unknown claims.**

## WHAT IS A DUTY-TO-DEFEND POLICY?

A duty-to-defend policy allows the insured to tender the defense of a claim to the insurance company. The insurance company will select counsel and control the defense of the claim. Typically a duty-to-defend policy form obligates the insurance company to provide a defense if coverage applies to any of the allegations in the claim.

## A NON-DUTY-TO-DEFEND

A policy that allows the insured to select its own counsel and defense costs may be advanced or reimbursed by the insurance company. If there are matters that the insurer deems uninsurable under the terms of the policy, they will have the ability to allocate their reimbursement based upon covered and uncovered loss on an ongoing basis.

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# CLAIMS-MADE POLICIES (CONTINUED)

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## WHAT IS A HAMMER CLAUSE?

The hammer clause is also called the consent to settle clause. Many insurers have a provision that says that if the plaintiff offers to settle for a certain amount, the maximum the insurer will pay is that offered amount plus expenses paid up to the date of the settlement offer. It is their way to encourage the named insured to make a business decision to resolve the claim and move on to another business. The insured can continue to fight the claim for whatever reason, but not with the insurer's money. Many carriers now offer softened consent to settlement provisions of 50/50, 75/25 or 80/20. Such softened clauses allow the carrier to contribute to settlements and/or defense costs at the specified percentage (e.g., 50/50 = 50% allocated to the carrier, 50% at the insured's expense). Some carriers will consider deleting the provision in its entirety.

## SUMMARY

For a claims-made policy to cover an otherwise covered claim (per the definitions and exclusions in your policy), the following conditions will apply:

1. The injury, damage or alleged wrongful act must occur after the retroactive date.
2. The claim for that injury, damage or wrongful act must be made against the insured during the policy period; and
3. The claim must be reported to the insurer within the time specified.

**It is advisable to report all claims and potential claims during the policy period to reduce coverage limitations based upon missing the claims reporting deadline. The most common reason for denial of coverage is late or improper reporting.**

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# COMPENSATION DISCLOSURE

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The purpose of this disclosure is to explain to you how we are compensated for our work.

## Compensation Disclosure – Commission Only Basis

For the placement and service of your insurance program, CBIZ will receive commission-based compensation from selected insurance companies and/or wholesale intermediaries.

CBIZ Insurance Services is committed to acting in our client's best interest by providing services and products that meet our clients' needs as communicated to CBIZ. From time to time, CBIZ may participate in agreements with one or more insurance companies' third-party vendors, in connection with the insurance-related transactions, to receive additional compensation or consideration. These compensation arrangements are provided to CBIZ as a result of the performance and expertise by which products and services are provided to the client and may result in enhancing CBIZ's ability to access certain markets and services on behalf of CBIZ clients. More information regarding these agreements and the consideration received pursuant to these agreements is available upon written request.



# A.M. BEST COMPANY RATING INFORMATION

Each year the A.M. Best Company reviews the financial status of thousands of insurers, culminating in the assignment of Best's ratings. These ratings reflect their current opinion of the relative financial strength and operating performance of an insurance company in comparison to the norms of the property/casualty insurance industry. Ratings are assigned after extensive analysis measuring the performance of each company in such vital areas as: competency of underwriting, control of expenses, adequacy of reserves, soundness of investments and capital sufficiency.

## Rating Guide:

A++, A+ (Superior)	A & A- (Excellent)	B++, B+ (Good)
B, B- (Fair)	C++, C+ (Marginal)	C, C- (Weak)
D (Poor)	E (Under Regulatory Supervision)	F (In Liquidation)

## Financial Size Category: (In \$000 of Reported Policyholders' Surplus Conditional Reserve Funds)

I	Less than \$1,000	VIII	\$100,000 to \$250,000
II	\$1,000 to \$2,000	IX	\$250,000 to \$500,000
III	\$2,000 to \$5,000	X	\$500,000 to \$750,000
IV	\$5,000 to \$10,000	XI	\$750,000 to \$1,000,000
V	\$10,000 to \$25,000	XII	\$1,000,000 to \$1,250,000
VI	\$25,000 to \$50,000	XIII	\$1,250,000 to \$1,500,000
VII	\$50,000 to \$100,000	XIV	\$1,500,000 to \$2,000,000
		XV	\$2,000,000 or greater

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# TERRORISM NOTICE

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On January 12, 2015, the President signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2015.

This Act amends the Terrorism Risk Insurance Act of 2002 (TRIA) to extend the Terrorism Insurance Program through December 31, 2020, with modifications.

## Modifications include:

- a. A change in the federal share of payments beginning on January 1, 2016, for acts of terrorism, to be reduced annually to 80% of insured losses.
- b. Specifies the aggregate industry—insured losses resulting from certified acts of terror will, beginning calendar years 2015–2019, trigger the federal share of compensation under the Program as:
  - I. \$100 million for 2015
  - II. \$120 million for 2016
  - III. \$140 million for 2017
  - IV. \$160 million for 2018
  - V. \$180 million for 2019
  - VI. \$200 million for 2020 and thereafter.
- d. Revises requirements for mandatory recoupment from insurers and the formula used to determine the insurance marketplace aggregate retention amount.
- e. Redefines an act of terrorism as one that is certified as such by the Secretary of the Treasury in consultation with the Secretary of the Department of Homeland Security (previously, in concurrence with the Secretary of State).

We encourage you to visit the following sites for a detailed summary of the reauthorization act.  
[Further Consolidated Appropriations Act, 2020](#)  
[Terrorism Risk Insurance Act \(TRIA\)](#)

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## IMPORTANT ISSUES — PLEASE READ

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The property and liability limits that we illustrate in this proposal are options only. We can provide additional alternative limit options if you request. The selection of limits is solely your decision.

Our relationship with you is based on trust and we do our best to make no representation that would mislead anyone about any aspect of the products or services we offer. We value your trust. Therefore, we will continue to do all that we can to fully represent you in the insurance marketplace.

### LOSS CONTROL

Loss control is a daily responsibility of your management. Our visits are not a substitute for your loss control program. Recommendations are developed from conditions observed at the time of our visit. They do not include every loss potential, code violation or exception to good practice.

Our inspections, reports and recommendations are provided to assist in your efforts to establish and maintain a safe workplace and don't warrant workplace safety or compliance with applicable laws, regulations or standards. Our observations and suggestions are not a substitute for legal advice. You are encouraged to seek appropriate legal counsel when implementing a program or process to maintain a comprehensive workplace safety program.

### FEMA FLOOD ZONE

If flood coverage is included in this proposal it is based on information regarding the FEMA Flood Zone determination for your property that is currently available to the proposed insurance carrier. Such determinations are subject to change at any time and CBIZ cannot be held responsible for any changes in the flood zone determination reflected herein after the date of this proposal.

Consider buying flood and earthquake coverage. Neither flood loss nor earthquake loss is covered under standard property policies. All of us have exposure to floods, sewer backup and earthquakes.

### STATE ASSESSMENTS & SURCHARGES

Your policy may be subject to state assessments and surcharges that may alter your base premium. Although we routinely try to gather this information in the quotation process, it is not always available.

### CLAIM REPORTING REQUIREMENTS

Changing market conditions have had an adverse effect on many carriers' claim reporting terms and conditions. Many policy forms now include verbiage that severely restricts or negates coverage should a carrier not be immediately notified of a claim or potential claim. Refer to your policies for a more complete explanation of your carrier's reporting requirements.

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# IMPORTANT ISSUES (CONTINUED)

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## CONFIDENTIALITY

We will treat the information you provide us during our professional relationship as confidential and will use it only in performing services for you. We may share this information with third parties as may be required to provide services. We may also disclose this information to the extent required to comply with applicable laws or regulations or the order of any court or tribunal. The records you provide us will remain your property and returned to you upon request. You will treat any information we provide to you, including data, recommendations, proposals or reports as confidential, and you will not disclose it to any third parties. You may disclose this information to the extent required to comply with applicable laws or regulations or the order of any court or tribunal. We retain the sole rights to all our propriety computer programs, systems, methods and procedures and all files developed by us.

## PAYMENT of PREMIUMS

If your policies are billed by CBIZ and not directly from the insurance carrier, payment is due the later of the effective date or 30 days after the invoice date.

## PREMIUM FINANCING

You may choose to use a premium finance company in connection with the insurance coverages we place for you or the services we provide to you. Premium finance options are not always available. Where permitted by law, we may receive a fee for the administrative services we provide those companies. These services include processing the premium finance applications and marketing and sales support they do not have.

## VACANCY RESTRICTIONS

Most property insurance policies restrict coverage on buildings that have been vacant beyond a specified period (usually 30 or 60 days). For example, a standard commercial property policy does not cover losses arising from vandalism, sprinkler leakage (unless the system has been protected from freezing), building glass breakage, theft, or attempted theft if the building where the loss occurs has been vacant for more than 60 consecutive days before the loss. Recovery for other insured losses is reduced by 15% under the same circumstances. It is also important to be aware of the policy's definition of vacancy. Under a standard commercial property policy, if the insured is a building owner or general lessee, a building is considered vacant unless at least 31% of its total square footage is used by the building owner, a lessee or a sub-lessee to conduct their customary operations. If the insured is a tenant, the vacancy provision applies only to the space leased to the insured, and this space is considered vacant when it doesn't have content for the insured to continue normal business operations.

## EXPOSURE CHANGES

In evaluating your exposure to loss, we are dependent upon the information provided by you. You choose the values elected. If any areas need to be evaluated prior to binding coverage or should any of your exposures change after the coverage is bound (e.g., beginning of new operations, hiring employees in new states, buying additional property, autos, equipment), please let us know so coverage can be discussed. While we will strive to place your insurance with reputable, highly rated companies, we cannot guarantee the financial stability of an insurance company.

## IMPORTANT ISSUES (CONTINUED)

To ensure that your important changes are effectively communicated, the binding or altering of coverage must be confirmed in writing by agency personnel.

The changes in exposure that have an impact on your insurance program include, but are not limited to:

1. Changes to any operation (e.g., expansion to another state, new products).
2. Mergers and/or acquisitions of new companies
3. Any assumed contractual liability, granting of indemnities, or hold harmless agreements.
4. Circumstances that may require an increase in liability insurance limits.
5. Any changes to fire or theft protection (e.g., installation or disconnection of sprinkler system, burglar alarms). This includes alterations to the same.
6. Any changes to scheduled equipment (e.g., contractors' equipment, computer equipment).
7. Property of yours that is in transit, unless we have previously arranged for this insurance.
8. Any changes in existing premises (e.g., vacancy, whether temporary or permanent, alterations, demolition). Also, any new premises purchased, constructed or occupied.
9. Any new exposures or plans for foreign travel or operations.

Please notify us throughout the year of changes to your business that may affect your risk exposure.

Failure to do so may result in uncovered losses.

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# ORDER TO BIND

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Please bind the coverage

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 As outlined in the quotes recommended by CBIZ Insurance Services, Inc.

or

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 As follows:

(Insert complete instructions for binding including carrier, limits, options)

**KC International Academy, Inc.**

Signature:

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Name:

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Title:

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Date:

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