


# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## MEMORANDUM

TO: Central Florida Expressway Authority Board Members

FROM: Claude Miller, Director of Procurement 

DATE: May 20, 2015

RE: Approval of insurance proposal for upcoming fiscal year 2016

In order to obtain insurance on its assets, the Authority utilizes an independent insurance broker, Arthur J. Gallagher Risk Management Services, Inc. (Gallagher), for risk management advice and the solicitation and evaluation of proposals for insurance coverage. The Authority's current insurance policy is with Zurich American Insurance Company (Zurich). This policy which covers damage or loss to its bridges, overpasses and toll plaza infrastructure, expires on June 30, 2015.

Last year Gallagher was able to negotiate with Zurich a three year extension of the rate guarantee program through 2017, and this year marks the first year of that extension. The insurance premium for the upcoming 2016 fiscal year is \$591,932 which is an increase of .4% over last year due to the increase of value of the system. Gallagher recommends accepting this year's policy with Zurich.

Authority staff concurs with the recommendations of the broker and requests the Board to authorize staff to execute this year's policy. We also request a budget for FY16 not to exceed \$596,790, which will allow for additional insurance needed for system expansion during the fiscal year.

Consent Agenda 6/15

# Insurance Proposal Prepared For

## CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Central Florida Expressway Authority  
4974 ORL Tower Road  
Orlando, FL 32807

Presented: May 18, 2015



### Arthur J. Gallagher & Co.

Chris Connelly ARM-P, ARe  
Area Senior Vice President

Arthur J. Gallagher Risk Management Services, Inc.  
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# Central Florida Expressway Authority

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# Central Florida Expressway Authority

## Executive Summary

Arthur J. Gallagher Risk Management Services, Inc. appreciates the opportunity to present this proposal for your consideration.

Arthur J. Gallagher & Co. is pleased to provide this proposal to Central Florida Expressway Authority. We thank you for the opportunity to continue our partnership with the Authority, which is now on its 15<sup>th</sup> year!

## Current State of Florida Property Insurance Market

Florida's property insurance is dynamic, fluctuating dramatically when industry events occur. We have partnered with CFEA during both "hard" markets and "soft" market periods. We have been able to provide CFEA with competitive insurance pricing, and needed capacity during both of these periods. Over the past decade, we've seen four hard market cycles:

- The first, in 2002, was a market-wide hardening following the events of 9/11.
- The second occurred in 2005/06 for catastrophic windstorm areas of the Southeast following the widespread hurricane damage as a result of hurricanes Charlie, Ivan, Francis, Jean, Katrina, Rita and Wilma.
- Third, in 2009, following a global reduction in capacity due to the financial crisis, a brief hard market took place for catastrophe property in Q1 2009, followed by a softening in the market later that year.
- Lastly, in 2012, we experienced hard market conditions driven by two primary factors **1)** industry wide-losses in 2011 and **2)** increased perception of risk through new catastrophe modeling, RMS version 11. The latter had the greatest impact on our Central Florida governmental clients.

Fortunately, the past three years have been favorable to the insurance industry, with a limited amount of losses occurring. Additionally, the pace of new capital entering the industry is out-pacing demand, leading to a favorable buyers market.

## CFEA Bridges Program History

Despite the dynamic catastrophe property market in Florida, Gallagher has been able to help CFEA achieve significant rate reductions since our inception as your broker. The initial rate reduction achieved by CFEA in 2004 was approximately 35% by going to a stand-alone program. Since then, your rate has decreased by an additional 44%, including an 18% reduction in 2012 which was guaranteed through a three-year policy term.

Policy Year	Total Insured Values	Wind Limit	Annualized Premium Incl. Terrorism	TIV Change	Annual Rate	Rate Change
2004-2005	\$476,000,000	\$100,000,000	\$441,728	-	\$ 0.0928	-35%
2005-2006	\$568,096,329	\$100,000,000	\$500,004	19%	\$ 0.0880	-5%
2006-2007	\$628,563,474	\$50,000,000	\$810,761	11%	\$ 0.1290	47%
2007-2008	\$824,472,840	\$50,000,000	\$873,259	31%	\$ 0.1059	-18%
2008-2009	\$919,750,747	\$75,000,000	\$912,088	12%	\$ 0.0992	-6%
2009-2010	\$1,044,830,611	\$75,000,000	\$929,899	14%	\$ 0.0890	-10%
2010-2011	\$1,003,312,997	\$75 MM AOP \$50 MM Named Wind	\$701,316	-4%	\$ 0.0699	-21%
2011-2012	\$1,018,635,884	\$75 MM AOP \$50 MM Named Wind	\$647,343	2%	\$ 0.0635	-9%
2012-2013*	\$1,107,676,346	\$100,000,000	\$578,684	8%	\$ 0.0522	-18%
2013-2014*	\$1,107,048,341	\$100,000,000	\$578,324	-.05%	\$ 0.0522	0%
2014-2015*	\$1,126,066,391	\$100,000,000	\$589,127	2%	\$ 0.0523	0%



# Central Florida Expressway Authority

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## Executive Summary (Cont.)

2015-2016*	\$1,171,174,715	\$100,000,000	\$591,933	4%	\$ 0.0500	-3%
*Policy Issued on a 3-Year Term, with Guaranteed Policy Rate						

## 2015 Property Insurance Renewal – Bridges & Toll Structures

In 2014, Gallagher recommended that CFEA extend its current 3 year policy rate guarantee beyond its expiration in 2015. This allowed CFEA to lock in the historically low rates through 2017 and avoid uncertainty with the Florida property insurance market.

It is almost unheard of in Florida for an insurance company to guarantee property insurance rates, as reinsurance costs and markets can change dramatically year-to-year. We were extremely pleased at this guarantee, which locks in historically low rates for CFEA.

Due to 2012 hard market conditions, the "as is" program at the time would have left CFEA with a premium increase of 23% higher than in 2011. The Zurich program we were able to negotiate actually decreased CFEA's program costs from 2011. This was during a market when all of our clients in Central Florida felt dramatic premium increases. Overall, this led to a \$215,000 reduction for CFEA between the two options!

Additionally, Zurich continues to offer broader conditions than nearly all insurance clients in the Central Florida area, including a low, flat named windstorm deductible which would reduce CFEA's insurance deductible by millions of dollars versus industry standard percentage deductibles.

### Other Renewal Options for Consideration

- **Loss of Revenue, Non-Physical Damage** – Gallagher would recommend evaluating the alternative options that may be available to address revenue loss associated with suspensions in toll operations. Primarily regarding suspension orders that are given as a result of hurricane evacuation orders. Since this type of program has never been negotiated for any Florida toll authorities, we would recommend having Gallagher pursue this option to determine its feasibility. There is market interest in these types of programs; however, the costs are unknown.
- **Cyber Risks** – We have discussed cyber liability with the Authority as a potential insurance line to consider due to the volume of personal data maintained by the Authority. We are happy to provide further information on this should CFEA desire.

We appreciate your continued business and look forward to your further review of this proposal.

**Chris Connelly**  
Monday, May 18, 2015

# Central Florida Expressway Authority

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## Service Team

**Chris Connelly** has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / ALT. PHONE	EMAIL	ROLE
<b>Chris Connelly, ARM-P, ARe</b> Area Senior Vice President	407-563-3513	Chris_Connelly@ajg.com	Producer
<b>Carmen Falcon, AAI</b> Client Service Manager Sr.	407-563-3546	Carmen_Falcon@ajg.com	Client Service Manager

**Arthur J. Gallagher Risk Management Services, Inc.**  
Main Office Phone Number: (407) 370-2320



# Central Florida Expressway Authority

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## Named Insured

NAMED INSURED	LINE OF COVERAGE
Central Florida Expressway Authority	Property

**Note:** Any entity not named in this proposal may not be an insured entity. This may include partnerships and joint ventures.

# Central Florida Expressway Authority

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## Market Place Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

INSURANCE COMPANY	LINE OF COVERAGE	RESPONSE
Zurich American Insurance Company of IL	Property	Recommended Quote

\*The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.



# Central Florida Expressway Authority

## Insurance Company Ratings and Admitted Status

PROPOSED INSURANCE COMPANIES	A.M. BEST'S RATING	ADMITTED / NON-ADMITTED
Zurich American Insurance Company of IL	A + XV	Admitted

If the above indicated coverage is placed with a Non-Admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

\*The above A.M. Best Rating was verified on the date the proposal document was created.

### Guide to Best Ratings Rating Levels and Categories

LEVEL	CATEGORY	Financial Size Categories (In 5000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)			
A++, A+	Superior	FSC I	Up to 1,000	FSC IX	250,000 to 500,000
A, A-	Excellent	FSC II	1,000 to 2,000	FSC X	500,000 to 750,000
B++, B+	Good	FSC III	2,000 to 5,000	FSC XI	750,000 to 1,000,000
B, B-	Fair	FSC IV	5,000 to 10,000	FSC XII	1,000,000 to 1,250,000
C++, C+	Marginal	FSC V	10,000 to 25,000	FSC XIII	1,250,000 to 1,500,000
C, C-	Weak	FSC VI	25,000 to 50,000	FSC XIV	1,500,000 to 2,000,000
D	Poor	FSC VII	50,000 to 100,000	FSC XV	2,000,000 or more
E	Under Regulatory Supervision	FSC VIII	100,000 to 250,000		
F	In Liquidation				
S	Suspended				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges. Copies of the Best's Insurance Reports for carriers listed above are also available upon request of your Gallagher representative.

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# Central Florida Expressway Authority

## Insurance Company Ratings and Admitted Status (Cont.)

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS			
A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.			
Best's Financial Strength Ratings			
	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.
Rating Modifiers			
Modifier	Descriptor	Definition	
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.	
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010)	
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.	
Rating Outlooks			
Indicates potential direction of a Best's Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.			
Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.		
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.		
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.		
Under Review Implications			
Indicates the potential direction of a Best's Financial Strength Rating that is in Under Review status based on information currently available.			
Positive	Indicates there is a reasonable likelihood the company's rating will be raised as a result of A.M. Best's analysis of a recent event.		
Negative	Indicates there is a reasonable likelihood the company's rating will be lowered as a result of A.M. Best's analysis of a recent event.		
Developing	Indicates there is uncertainty as to the final rating outcome but there is a reasonable likelihood the company's rating will change as a result of A.M. Best's analysis of a recent event.		
Not Rated Designation			
NR: Assigned to companies that are not rated by A.M. Best			
Rating Disclosure			
A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at <a href="http://www.ambest.com">www.ambest.com</a>			
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## Central Florida Expressway Authority

### Premium Summary

The estimated program cost for the options are outlined in the following table:

LINE OF COVERAGE		EXPIRING PROGRAM CARRIER	EXPIRING COST	PROPOSED PROGRAM CARRIER	ESTIMATED COST
Property	Premium	Zurich American Insurance Company of IL (Zurich Group)	\$532,208.00	Zurich American Insurance Company of IL (Zurich Group)	\$541,933.00
	Srchrg & Asmnt		\$6,918.70		0.00
	Estimated Cost		<b>\$539,126.70</b>		<b>\$541,933.00</b>
	Annualized Cost		-		-
	TRIA Premium		\$10,435 Included Above		\$10,626 Included Above
Risk Management Fee			<b>\$50,000.00</b>		<b>\$50,000.00</b>
Total Estimated Program Cost			<b>\$589,126.70</b>		<b>\$591,933.00</b>

Quote From Zurich American Insurance Company of IL (Zurich Group) is valid until 7/1/2015

Gallagher is responsible for the placement of the following lines of coverage:

Property  
FMIT Package

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.

# Central Florida Expressway Authority

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## Payment Plans

CARRIER	LINE OF COVERAGE	PAYMENT SCHEDULE	PAYMENT METHOD
Zurich American Insurance Company of IL (Zurich Group)	Property	Due in full within 30 days from effective date	Agency Bill



# Central Florida Expressway Authority

## Program Details

**Coverage:** Property  
**Carrier:** Zurich American Insurance Company of IL  
**Policy Period:** 7/1/2015 to 7/1/2016

The following is a general summary of the Insuring Agreement. Refer to actual policy form for complete terms and conditions.

### Coinurance or Agreed Amount:

DESCRIPTION	AGREED AMOUNT	COINSURANCE %
All Covered Property	Yes	N/A

### Coverage:

DESCRIPTION	LIMIT	BASIS
Any One Occurrence for all Perils and Coverages Combined	\$100,000,000	
Sublimits:	-	
- Named Storm	\$100,000,000	
- Earthquake – Annual Aggregate	\$100,000,000	
- Flood – Annual Aggregate	\$100,000,000	
Physical Damage Covered to the Covered Property	\$100,000,000	
Loss of Revenue	\$100,000,000	

### Deductibles/SIR:

COVERAGE	AMOUNT
Property Damage - Per Occurrence	\$100,000
Named Storm - Per Occurrence	\$500,000
Earthquake - Per Occurrence	\$100,000
Flood - Per Occurrence	\$100,000
Loss of Revenue - Waiting Period - Per Occurrence	7 Day

### Additional Coverage:

DESCRIPTION	LIMIT	BASIS
Additional Coverage - Sublimits:	-	
Accounts Receivable	\$5,000,000	
Interruption by Civil or Military Authority	14 Days	
Extra Expense	\$10,000,000	

# Central Florida Expressway Authority

## Program Details (Cont.)

### Additional Coverage:

DESCRIPTION	LIMIT	BASIS
Extended Period of Indemnity	24 Months	
Debris Removal, Lesser of 25% of Physical Damage or :	\$10,000,000	
Including Contaminants or Pollutants Clean Up – Annual Aggregate	\$250,000	
Expediting Expense	\$2,500,000	
Fire Department Service Charges	\$1,000,000	
Ingress / Egress	14 Days	
Loss Adjustment Expense	\$500,000	
Newly Acquired Property - 90 Day Reporting Required	\$10,000,000	
Ordinance & Law – Coverages A,B, C Combined	\$10,000,000	
Transit - any one conveyance	\$2,500,000	
Terrorism (If Elected)	\$100,000,000	
Valuable Papers	\$2,500,000	

### Valuations:

DESCRIPTION	LIMITATIONS
Replacement Cost	Real & Personal Property
Actual Loss Sustained	Time Element

### Perils Covered:

TYPE	DESCRIPTION
Special Form Perils	Special Form Including Flood, Earthquake

### Endorsements include, but are not limited to:

DESCRIPTION
Declarations Page
In Witness Clause
Schedule of Forms and Endorsements
Zurich Operational Civil Works Policy
Schedule of Locations & Values Insured
Debris Removal Clean up and Decontamination; Aggregate Limit of Liability. This amount is part of and not in addition to the Sublimit of Liability for Debris Removal scheduled in the Policy Declarations. It is a condition precedent to recovery under this extension that the Carrier shall have paid or agreed to pay, for direct physical loss or damage to covered property, unless such payment is precluded solely by the operation of any deductible, and that the Insured shall give written notice to the Carrier of intent to claim for cost of debris removal or cost to cleanup not later than (12) twelve months after the date of such physical loss or damage.



# Central Florida Expressway Authority

## Program Details (Cont.)

Endorsements include, but are not limited to:

DESCRIPTION
Multi-Year Policy Term. The following conditions apply at each anniversary date during the term of this Policy:
A. The terms and conditions of this Policy are subject to review and negotiation at each anniversary date in the event either of the following circumstance(s) occur:
(1) The policy loss ratio exceeds 30%. The Loss ratio shall be determined by dividing the earned premium into the total paid claims, including any allocated and unallocated claims expenses or unpaid reserves; or
(2) The addition of Covered Property during the Policy term and / or an increase in LOSS OF REVENUE* and Contingent Loss of Revenue in the amount of 10% or greater.
B. It is agreed that the annual rate(s) shown in paragraph 9. of the Declarations of the Policy shall be guaranteed for each consecutive anniversary period unless otherwise precluded under A. above.
C. Within thirty (30) days of each anniversary, the Named Insured shall agree to provide to the Company an updated Statement of Values for all Covered Property, LOSS OF REVENUE* and Contingent Loss of Revenue (if endorsed to the Policy). Based upon the updated Statement of Values, the Company will review and adjust the anniversary premium charged.
Construction Property General Conditions -ZBR 300-CPGC (9-07)
Disclosure of Important Information Relating to TRIA
Disclosure Statement – Instruction to Agent or Broker
Disclosure Statement – Notice of Disclosure for Agent & Broker Compensation
Advisory Notice to Policyholders Regarding the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Regulations
Amending the wording under "Under Section III – Policy Definitions" 5. Loss of Revenue on the Civil Works Policy:
5. LOSS OF REVENUE:
Loss of Revenue means:
A. Net Income from tolls or other operating sources which would have been earned and incurred; and
B. Any continuing normal operating expenses which have been incurred had no loss or damage occurred.

Exclusions include, but are not limited to:

DESCRIPTION
Government Action Exclusion
War Exclusion
Nuclear Hazard, Power Failure
Date-related Losses (Y2K) Exclusion
Contaminants or Pollutants
War or Military Action
Asbestos Material
Fraudulent Or Dishonest Act Or Acts Intended To Result In The Financial Gain Of Any Named Insured Or Of Any Associated, Partner, Director, Trustee, Officer, Agent Or Employee Or Any Named Insured. This Exclusion Does Not Apply To Acts Of Destruction To Covered Property By The Named Insured's Employee.
Loss Or Damage, Costs, Expenses, Fines Or Penalties Incurred Or Sustained By Or Imposed On Any Named Insured At The Order Of Any Government Agency, Court Or Other Authority Arising From Any Cause Whatsoever.
Dampness Or Dryness Of The Atmosphere; Extremes Or Changes In Temperature.
Insects, Birds, Rodents Or Other Animals.



# Central Florida Expressway Authority

## Program Details (Cont.)

Exclusions include, but are not limited to:

DESCRIPTION
Consequential Loss Or Damage Of Any Kind Or Description Including Loss Of Use, Loss Of Market Or Delay, Unless Specifically Insured Elsewhere In This Policy.
Electrical Breakdown Of Any Electrical Machinery Or Apparatus While Said Equipment Is Undergoing An Insulation Breakdown Test Or Is Being Dried Out, Unless Direct Physical Damage Not Otherwise Excluded By This Policy Results To Covered Property, In Which Event, This Policy Shall Cover Only Such Resulting Damage
Corrosion, Decay, Deterioration, Erosion, Evaporation, Inherent Vice, Latent Defect, Leakage, Loss Of Weight, Marring Or Scratching, Rust, Shrinkage, Wear And Tear, Wet Or Dry Rot Or Any Quality In Property Which Causes It To Damage Or Destroy Itself
Normal Subsidence, Settling, Cracking, Heaving, Expansion Or Contraction Of Walls, Floors, Ceilings, Roofs, Foundations, Patios, Walkways, Driveways Or Paving.
Errors, Omission Or Deficiency In Design, Plans, Workmanship, Specifications Or Materials Unless Fire Or Explosion Ensues And Then Only For The Loss, Damage Or Expenses Resulting From Such Fire Or Explosion.
Interruption Of Incoming Electricity, Fuel, Water, Gas, Steam, Refrigerant Or Other Services, Unless Specifically Insured Elsewhere In This Policy
Cost Of Excavations, Grading, Backfilling Or Filling, EXCEPT In Connection With Repairs To Building(S), Structure(S), Or Improvements To Land Including Land Fill Destroyed Or Damaged By A Covered Cause Of Loss
Electrical, Gas, Steam, Water, Telephone And Other Transmission Lines And Related Plants, Substations And Equipment Located Beyond One Thousand (1,000) Feet From The Covered Property
Land; Water; Growing Crops; Lawns; Outdoor Trees, Shrubs And Plants; Standing Timber; Coal; Mines, Including Property Contained Therein
Named Insured's Interest In Property Of Which The Named Insured Is A Joint Owner With Other Parties (Known As Joint Venture Property) Unless Declared As Such In The Schedule Of Values
Underground Wells, Piping, Mains, Sewers And Drains, Including Personal Property Therein; Unless Included In The Schedule Of Values
As Respects Loss Of Revenue Coverage: <ul style="list-style-type: none"><li>- Any Physical Loss Or Damage To Property Not Insured By This Policy;</li><li>- Any Increase Of Loss Which May Be Occasioned By The Suspension, Non Completion, Lapse, Or Cancellation Of Any Lease, License, Contract, Or Purchase Order;</li><li>- Any Increase Of Loss Due To Interference At The Named Insured's Property By Strikers Or Other Persons With Rebuilding, Repairing, Or Replacing The Property Damaged Or Destroyed, Or With The Resumption Or Continuation Of Business, Or With The Re-Occupancy Of The Property;</li><li>- Any Loss Occurring To Property In Transit Off Premises;</li><li>- Non Availability Of Funds, Other Than Insurance Reimbursement, For The Repair Or Replacement Of Lost Or Damaged Covered Property;</li><li>- The Failure Of The Named Insured To Use Diligence And Dispatch In Restoring The Damage Property To The Condition Existing Prior To The Physical Loss Or Damage.</li></ul>
Zurich Operational Civil Works Policy (Coverage & Exclusions)
Unexplained or mysterious disappearance, shortage or other loss discovered upon taking inventory.

## Binding Requirements:

DESCRIPTION
None

# Central Florida Expressway Authority

## Program Details (Cont.)

### Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Total Insured Value - \$1,171,174,715
60 Days Written Notice of Cancellation; 10 Days Written Notice for Non-Payment
Zurich shall have the right to inspect property and operations at any reasonable time. Insured agrees to comply with any reasonable Risk Engineering recommendations to avoid a loss.
The Named Insured will report in writing to the Carrier every loss Occurrence which may give rise to a claim under this Policy as soon as possible, but not later than (30) thirty days after it becomes known to the Named Insured.
Knowledge of an occurrence* by the agent, servant or employee of the Named Insured shall not in itself constitute Knowledge by the Named Insured, unless the Owner, General Manager, Director, Risk Manager or General Counsel shall have received such notice from its or their agent, servant or employee.
Deductible & Waiting Periods: In the event that more than one deductible as attached to this Policy shall apply to Insured loss of or damage to Covered Property in any one Occurrence, only the largest deductible shall be applied. Loss of Revenue; the waiting period will always be applied in addition to any dollar deductible stated for physical damage.
3 Year Rate Guarantee extended to 7/1/2017, subject to: <ul style="list-style-type: none"> <li>- Loss ratio, including expense &amp; reserve, not to exceed 30%</li> <li>- Increase of Property and/or Time Element value less than 5%</li> <li>- Insured agrees to provide Zurich with updated values within 30 days of each anniversary date</li> </ul>

<b>Premium</b>	<b>\$531,306.00</b>
<b>Taxes</b>	
Admitted carrier surcharges	
<b>Total Taxes</b>	<b>\$0.00</b>
<b>ESTIMATED PROGRAM COST</b>	<b>\$531,306.00</b>
Minimum Premium -	<b>100.00 %</b>
TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable)	<b>\$10,626.00</b>

# Central Florida Expressway Authority

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## Program Details (Cont.)

	Exposures		Premium
Property Damage	\$876,356,995		\$355,849.00
Loss of Revenue	\$294,817,720		\$175,457.00
		Subtotal	\$531,306.00
Terrorism Coverage Premium			\$ 10,626.00
Estimated Admitted Carrier State Assessments & Surcharges (N/A this year)			\$ 0.00
Total TIV	\$1,171,174,715	Total	\$541,932.00

Signature: \_\_\_\_\_

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

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



# Central Florida Expressway Authority

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## Changes / Developments

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

1. Changes in any operation such as expansion to other states or new products.
2. Mergers and/or acquisition of new companies.
3. Any newly assumed contractual liability, granting of indemnities, or hold harmless agreements.
4. Circumstances which may require increased liability insurance limits.
5. Any changes in fire or theft protection, such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to same.
6. Immediate advice of any changes to scheduled equipment such as contractors' equipment, electronic data processing, etc.
7. Property of yours that is in transit, unless we have previously arranged for the insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed, or occupied.

☐ No Changes and/or Developments

Signature: \_\_\_\_\_

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

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

# Central Florida Expressway Authority

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## Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

### Proposal Disclaimer

IMPORTANT: The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

### Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies. Contingent commissions provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. Some insurance markets, including Gallagher-owned intermediaries, have modified their commission schedule with Gallagher, resulting in an increase in some commission rates. These additional commissions, commonly referred to as "supplemental commissions" are known as of the effective date, but some insurance companies are paying this commission later and apart from when commission is normally paid at policy issuance. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. Note: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.
3. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
4. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
5. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.
6. From time to time, Gallagher may participate in insurance company promotional events or training and development that insurers provide for Gallagher employees.



# Central Florida Expressway Authority

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## Proposal Disclosures (Cont.)

7. Gallagher strives to find appropriate coverage at a competitive price for our customers. In order to achieve these goals, we gather and analyze data about our customers and their insurance coverage. This data and the resulting analytical tools help us better understand the current marketplace, more accurately predict future trends and offer tailored solutions to our customers. The data may also be provided to insurers pursuant to consulting service agreements from which we earn fees.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or send a letter to:

Compliance Officer  
Arthur J. Gallagher & Co.  
Two Pierce Place, 20th Floor  
Itasca, IL 60143

### **TRIA/TRIPRA Disclaimer**

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

### **Property Estimator Disclaimer**

These property values were obtained using a desktop Property Estimator software operated by non-appraisal professionals. These property values represent general estimates which are not to be considered a certified appraisal. These property values include generalities and assumptions that may produce inaccurate values for specific structures.

### **Actuarial Disclaimer**

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher Risk Management Services, Inc.. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.



# Central Florida Expressway Authority

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## Client Signature Requirements

# Central Florida Expressway Authority

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## Coverages For Consideration

### Overview

- A proposal for any of the coverages can be provided.
- The recommendations and considerations summarized in this section are not intended to identify all exposures.
- Since Gallagher does not handle your complete insurance program, these recommendations only reflect items within our scope of responsibility.

### Other Coverage Considerations

- Cyber Risk
- Loss of Revenue, Non-Physical Damage

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:



# Central Florida Expressway Authority

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## Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 5/18/2015, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

		LINE OF COVERAGE	CARRIER
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Property	Zurich American Insurance Company of IL (Zurich Group)
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	TRIA Coverage	

### Producer/ Insured Coverage Amendments and Notes:

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Client Initials



# Central Florida Expressway Authority

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## Client Authorization To Bind Coverage

**Provide Quotations or Additional Information on the Following Coverage Considerations:**

**Other Coverage Considerations**

☐ Yes   ☐ No Cyber Risk

☐ Yes   ☐ No Loss of Revenue, Non-Physical Damage

**Note: Selecting the "Reject All or Accept All" option will override any selections that you have made above**

☐ Reject All   ☐ Accept All - Coverages for Consideration

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

By:

\_\_\_\_\_  
Specify: owner, partner or corporate officer

\_\_\_\_\_  
Print Name

Date:

\_\_\_\_\_

# Central Florida Expressway Authority

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## Claims Reporting By Policy

### Direct Reporting

Immediately report all claims for the following lines of coverage to the insurance carrier.

Policy #IM552554200  
ZURICH AMERICAN INSURANCE COMPANY  
P.O. Box 968084  
Schaumburg, IL 60196  
Phone: (800) 987-3373  
Online: ZNA Online Claims  
Fax: (877) 962-2567  
Email: USZ\_CareCenter@Zurichna.com

## Central Florida Expressway Authority

### Bindable Quotations & Compensation Disclosure Schedule

Client Name: Central Florida Expressway Authority

COVERAGE(S)	CARRIER NAME(S)	ESTIMATED ANNUAL PREMIUM <sup>1</sup>	COMM. % OR FEE <sup>2</sup>	WHOLESALE, MGA OR INTERMEDIARY		
				NAME <sup>3</sup>	COMMISSION % / FEE \$ <sup>4</sup>	AJG OWNED? YES/NO
Property	Zurich American Insurance Company of IL (Zurich Group)	\$531,306.00	0%	N/A	N/A	N/A
Risk Management Fee			\$50,000.00			

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10% of the policy premium. Please refer to the [Compensation Disclosure](#) or contact your Gallagher representative for additional information.

<sup>1</sup> \*A verbal quotation was received from this carrier. We are awaiting a quotation in writing. The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

<sup>2</sup> \*A written quotation was received from this carrier. The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

<sup>3</sup> The commission rate is a percentage of annual premium excluding taxes & fees.

<sup>4</sup> We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

\* The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/ intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.