



Insurance Proposal for the City of Rockville

111 MARYLAND AVENUE, ROCKVILLE, MD 20850

PUBLIC ENTITY INSURANCE PROPOSAL

PROPERTY/BOILER & MACHINERY

**GENERAL LIABILITY, AUTO LIABILITY, GARAGEKEEPERS, LAW ENFORCEMENT, EMPLOYEE BENEFITS LIABILITY,
PUBLIC OFFICIALS LIABILITY, WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE AND
EXCESS LIABILITY INSURANCE**

POLICY PERIOD: JULY 1, 2011 TO JULY 1, 2012

JUNE 13, 2011

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This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all the terms and conditions or exclusions of such proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all the terms, exclusions and conditions of such policy(ies).

The services and placements outlined in this proposal will be provided in accordance with the terms of the notices and policies set forth in ARS Disclosures and Commitments to Our Clients, (see also <http://www.aon.com/about-aon/corporate-governance/guidelines-policies/ars-disclosures-commitments.jsp>)

I. Executive Summary

Until July 1, 2010, the City obtained all or substantially all of its property and casualty insurance coverage from the Montgomery County Self-Insurance Program, a pooling arrangement. Effective July 1, 2010, the City moved its coverages to the following providers:

1. Workers compensation – State assigned risk pool, the Injured Workers Insurance Fund (IWIF)
2. AD&D, Fiduciary liability, Crime and Public Officials Bonds – Willis
3. All other coverages - Local Governments Insurance Trust (LGIT)

For the 2011-2012 renewal term, we solicited renewal quotations from various markets for the City's consideration. The options we looked at are as follows:

- Workers' Compensation & Employers Liability
 1. Guaranteed Cost
 2. Large Deductible Programs
 3. Self-insured retentions up to \$250,000
- Public Entity Multi-Line Package Programs
- Stand-Alone Commercial Property Insurance, including Boiler & Machinery
- Excess Liability Insurance

Our goals and objectives included the following:

1. Premium reductions in light of the budgetary pressures
2. Broaden property and liability coverages, if possible
3. Look at various excess limit options, if available
4. Provide Deductible and/or Self-Insured Retention options for the City's consideration
5. Include Clash Cover Retention for events that might trigger more than one coverage part
6. Claims Handling - bundled and unbundled options
7. Provide carriers approved TPA listings

Going into this marketing campaign, we realized that competing with LGIT's competitive pricing would be challenging. As anticipated, many of the markets we approached during our marketing effort provided premium indications only, because they were unable to offer competitive pricing that could compete with LGIT, the incumbent.

The following is a summary of the results we achieved during our marketing effort:

Property Insurance:

Chubb provided their quote for a separate Property Insurance Policy; however, the premium is significantly higher than LGIT's expiring.

Workers' Compensation Insurance:

At the initial planning stages of our marketing campaign, Rockville explained that they were interested in looking at various renewal options including the guaranteed cost plan, such as the current program with IWIF, along with self-insured options with retention levels from \$50K to \$500K.

With this range in mind, we approached a number of workers' compensation insurance carriers in an effort to provide options that would compete with IWIF's program. Rockville explained that they were dissatisfied with the level of service currently received from IWIF. Therefore, the markets we approached had to provide their proven record of claims handling services.

If a self-insured retention program was selected, Rockville would be required to contract with a carrier approved authorized Third Party Administrator (TPA). Otherwise, if a large deductible program was selected, the carrier would be required to demonstrate their ability to provide effective, comprehensive claims-handling services to support their workers compensation insurance program.

The Workers' Compensation Insurance markets approached are as follows:

Workers' Comp	Deductible Programs	Carrier Access
Hartford	Deductible/SIR Options	No Response
Liberty Mutual	Deductible/SIR Options	Quoted, Large Deductible Program
Chartis	Deductible/SIR Options	Quoted, Large Deductible Program
Sentry Insurance	Deductible/SIR Options	Declined.
ACE US	Deductible/SIR Options	No Response
Fireman's fund	Deductible/SIR Options	Declined
Travelers	SIR Option /Guaranteed Cost	Guaranteed Cost Program Quoted. Declined to offer the Large Deductible Option due to the police exposure

We are pleased to report that that competitive options were received from Chartis and Liberty Mutual for their Large Deductible Programs for the City's consideration. Both carriers included the required claims handling services and the carriers have had an opportunity to discuss their proposals with Rockville's Risk Manager.

In addition, Travelers provided a quote for a Guaranteed Cost program similar to the IWIF program. Rockville's Risk Manager visited Traveler's Hunt Valley, Maryland office to meet with their territory manager and tour their claims department, meeting with key staff who would be assigned to the Rockville's claims team.

Based on conversations with Rockville's Risk Manager, serious consideration is being given to the proposal presented by Chartis due to their lower collateral requirement, familiarity with the Chartis workers' compensation program and claims handling ability. As a result, Chartis was given the opportunity to provide various deductible aggregate options ranging from \$1M to \$1.5M. Please note the following options:



Chartis					Liberty Mutual	
Option #1 Loss Aggregate (Maximum) \$1.5 million	Option #2 Loss Aggregate (Maximum) \$1.3 million	Option #3 Loss Aggregate (Maximum) \$1 million = \$30,000 AP	Option #4 Loss Aggregate (Maximum) \$1million with a \$200,000 Loss minimum = \$24,450 AP	Option #5 Loss Aggregate (Maximum) \$1million with a \$300,000 Loss minimum = \$13,638 AP	Option #1 Loss Aggregate Zero	Option #2 Loss Aggregate \$1,333,000
\$ 362,091	\$ 364,091	\$ 392,091	\$ 386,541	\$ 375,729	\$ 353,900	\$ 358,900

Travelers – Public Entity Multi-Line Package Program, Including Guaranteed Cost Workers’ Compensation Insurance:

In their effort to compete with both LGIT and IWIF’s programs, Travelers quoted their Public Entity Multi-Line Package Program that includes their Guaranteed Cost Workers’ Compensation Insurance. The total cost for all lines of coverage is \$1,810,334 as referenced below.

	Expiring
LGIT - Property & Casualty Lines	\$ 338,407.00
Excess Liability	\$ 55,953.00
IWIF Workers' Comp	\$ 868,673.00
Total:	\$1,263,033.00
	Proposed
Property & Casualty Lines	\$ 509,566.00
Umbrella	\$ 105,184.00
Workers' Compensation	\$1,195,584.00
Total:	\$1,810,334.00
Difference:	\$ 547,301.00

As referenced in the above exhibit, the Travelers program, while the coverage is comprehensive, the premium is uncompetitive compared to the expiring programs with LGIT and IWIF.

Gotham Insurance Company (Midlands) Multi-Line Public Entity Package Policy – Specific Excess Insurance (excess property, general liability, law enforcement, automobile physical damage and automobile liability, public officials, and crime)

This program is designed to cover the lines of coverages referenced above excess of the applicable self-insured retention. Please refer to the exhibits included in this proposal document.

Gotham has provided options for their buffer layer workers’ compensation insurance with self-insured retention options of \$200K xs \$300K and \$300K xs \$200K. In addition, they have provided options for other casualty lines with self-insured retention, options of \$25K for property



and a \$50K and \$100K options for all other lines of coverage. It is important to point out that this program structure is designed specifically for Public Entities and has no collateral requirements.

Gotham's program provides the first \$1M for the casualty lines, plus the buffer workers' compensation insurance layer.

To support this primary \$1M, excess property coverage is quoted by Great American, and Excess Workers' Comp is quoted by New York Marine & General Insurance Company, Statutory Limits and \$1M Employers Liability xs of \$500K SIR, and finally, Excess Liability is quoted by Scottsdale, \$10M xs \$1M xs SIR.

We have three (3) options for Rockville's consideration. The following is an example of the premium structure. It is important to point out that a separate Boiler & Machinery Policy would be required. Gotham and Great American did not include this important coverage in their respective proposals.

Option 1:

Gotham - Premium Breakdown:	Premium
Package Program Premium:	\$356,000
Excess WC/Employers Liability:	\$184,336
Excess Liability:	\$71,280
Excess Property including Auto Physical Damage:	\$70,638
Total Premium:	\$682,254
<i>Note: Subject to TRIA Options & MD SL Tax</i>	

Note: An approved Third Party Administrator (TPA) would be required.

While this program structure is attractive and deserves Rockville's consideration, the current LGIT deductibles are significantly lower in certain coverages as follows:

LGIT - Deductibles:	\$25,000 Property \$1,000 Boiler & Machinery \$2,500 Sewer Discharge \$1,000 Skateboard or BMX Bike \$25,000 General Liability \$5,000 Law Enforcement/Off Duty Law Enforcement \$2,500 Automobile Physical Damage (Comp/Coll) \$5,000 Public Officials \$1,000 Employee Benefits
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Rockville has expressed concern regarding the increased deductibles for Sewer Discharge, Auto Liability and Physical Damage and Law Enforcement claims. We have discussed the possibility of exploring this program structure next year. More time would be required to introduce this program structure internally.

Lexington Insurance Company – Retained Limit Liability Coverage

Lexington (Chartis) provided coverage options using their Public entity Select – Retained Limit Liability Coverage that includes Auto Liability, General Liability, Errors & Omissions Liability, Employment Practices Liability and Employee Benefits Liability.

Coverage options are as follows:

- Option 1: \$16M/\$16M limits xs \$100k retained limits at \$320,370 including TRIA



- Option 2: \$20M/\$20M limits xs \$100k retained limits at \$332,407 including TRIA
- Option 3: \$16M/\$16M limits xs \$250k retained limits at \$265,370 including TRIA
- Option 4: \$20M/\$20M limits xs \$250k retained limits at \$277,407 including TRIA

Premiums are subject to the applicable MD Surplus Lines Tax

In order to round out this option, a separate property policy is required that would provide coverage for the Property that includes the Boiler & Machinery and Auto Physical Damage coverages. While we have provided Chubb’s Property quotation, Chubb is unable to quote the Auto Physical damage under their property program.

In addition to these options, several other proposals were received from other carriers and are included in this document for your reference.

Once you have had a chance to review these options, we welcome any questions or concerns you may have regarding our marketing effort. For your reference, we have enclosed an exhibit that recaps of our marketing efforts. Our Quote Disclosure Report is also attached in the appendix for your reference.

Insured’s Acknowledgment and Instruction to Bind

We hereby acknowledge receipt and review of the information presented in the Renewal Proposal (“Proposal”) dated 06/13/2011 for Property/Boiler & Machinery General Liability, Auto Liability, Garagekeepers, Law Enforcement, Employee Benefits Liability, Public Officials Liability and Workers’ Compensation & Employers Liability Insurance and provided in the attached Quote Disclosure Report dated 06/13/2011. We hereby instruct Aon Risk Services to bind the insurance program(s) selected by us and understand that our instruction to bind constitutes an acceptance of the terms and conditions and payments described in this Renewal Proposal. We further agree that Aon is entitled to collect from the insurers the compensation set forth in the Quote Disclosure Report and acknowledge and accept the terms set forth in the Limitation of Liability attached to this Proposal.

Date: _____

On behalf of The City of Rockville

Summary of our marketing effort

Public Entity Markets	Lines of Coverage	Carrier Access
Munich Re	All Lines	Indication only.
Travelers	All Lines	Travelers has quoted a package program that includes all lines and guaranteed cost WC. They are not interested in quoting the XS WC due to the police exposure.
Genesis Insurance Company (Berkshire Hathaway Insurance Group)	All Casualty Lines, except WC and Property	Indication: \$5M xs \$200K SIR Low \$400,000 Annual Premium
Chartis (American International Group)	All Casualty Lines	Pending
CivicRisk	Casualty Lines, except WC	Quoted XS Casualty Lines Only. No XS WC. \$10M xs Gotham Ins \$74,844 Annual Premium
One Beacon (White Mountains Insurance Group)	Public Entity Multi-Line Package Program- All Lines	Declined, not a market for Maryland Risk.
ACE USA	All Casualty Lines, except WC	Pending

Public Entity Intermediaries MGU/ MGA	Lines of Coverage	Carrier Access
Midlands Management Corporation	Public Entity Multi-Line Package Program (Carrier: Gotham Insurance)	Quoted
Protected Self Insurance Program Managers (PSI) a Division of Risk Placement Services, Inc.	Public Entity Multi-Line Package Program (Carrier: Brit Re)	PSI's quote thru BritRe is pending the xs property and WC quotes.

Workers' Comp	Deductible Programs	Carrier Access
Hartford	Deductible/SIR Options	Pending
Liberty Mutual	Deductible/SIR Options	Quoted, Large Deductible Program
Chartis	Deductible/SIR Options	Quoted, Large Deductible Program
Sentry Insurance	Deductible/SIR Options	Declined.
ACE US	Deductible/SIR Options	Pending
Fireman's fund	Deductible/SIR Options	Declined

Property Insurance	Carrier Access
Affiliated FM	Declined, uncompetitive and back up
Travelers	Quoted as part of the package as noted above.
Hartford	Pending
Chubb	Quoted Property and BMN - They are not interested in quoting excess property over Gotham.
Chartis	Chartis – Declined to quote due to the expiring premium and limits.
Fireman's Fund	Pending

II. Details of Coverage / Policy Term / Premium

Workers' Compensation and Employers Liability Insurance - Chartis and Liberty Mutual Coverage Options

Please see the attached coverage comparison.

City of Rockville, MD Workers' Compensation Insurance Quotation Options 7/1/2011 - 7/1/2012								
Carrier:	Chartis					Liberty Mutual		
Policy Terms / Options	Option #1 Loss Aggregate (Maximum) \$1.5 million	Option #2 Loss Aggregate (Maximum) \$1.3 million	Option #3 Loss Aggregate (Maximum) \$1 million = \$30,000 AP	Option #4 Loss Aggregate (Maximum) \$1million with a \$200,000 Loss minimum = \$24,450 AP	Option #5 Loss Aggregate (Maximum) \$1million with a \$300,000 Loss minimum = \$13,638 AP	Option #1	Option #2	
States Covered	MD	MD	MD	MD	MD	MD	MD	MD
Estimated Annual Payroll/Manhours	33,656,381	33,656,381	33,656,381	33,656,381	33,656,381	33,231,510	33,231,510	
Experience Modification	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Workers Compensation Limit	Statutory - MD	Statutory - MD	Statutory - MD	Statutory - MD	Statutory - MD	Statutory - MD	Statutory - MD	
Employers Liability Limit								
Bodily Injury by Accident - Each Accident	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Bodily Injury by Disease - Policy Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Bodily Injury by Disease - Each Employee	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Stop Gap Employers Liability	ND, OH, WA, WY	ND, OH, WA, WY	ND, OH, WA, WY	ND, OH, WA, WY	ND, OH, WA, WY	ND, OH, WA, WY	ND, OH, WA, WY	
Bodily Injury by Accident - Each Accident	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Bodily Injury by Disease - Policy Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Bodily Injury by Disease - Each Employee	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Deductible (Loss Reimbursement Amount)								
Workers Compensation and Employers Liability Under State Law - Insured States Each Accident or Each Person for Disease	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
Workers Compensation and Employers Liability Under Federal Law - Insured States Each Accident or Each Person for Disease	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
Employers Liability - Monopolistic States Each Accident or Each Person for Disease	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
Estimated Aggregate (Stop Limit) Retention \$	1,500,000	1,300,000	1,000,000	1,000,000	1,000,000	N/A	1,333,000	
Loss Aggregate with a Loss Minimum:	0	0	0	200,000	300,000			
Rate Per \$100 Payroll	0.9335	0.9335				0.8690	0.8690	
Estimated Rates and Premiums								
Forecast of Subject Losses in Final Premium - Ultimate Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Estimated Claims Services Fees	\$ 47,905	\$ 47,905	\$ 47,905	\$ 47,905	\$ 47,905	\$ 47,275	\$ 47,275	
WC Expenses - Minimum Premium	\$ 304,286	\$ 304,286	\$ 304,286	\$ 304,286	\$ 304,286	\$ 288,782	\$ 288,782	
TRIPRA	\$ 9,900	\$ 9,900	\$ 9,900	\$ 9,900	\$ 9,900	\$ 9,969	\$ 9,969	
Estimated Policy Period Premium	\$ 362,091	\$ 364,091	\$ 392,091	\$ 386,541	\$ 375,729	\$ 346,026	\$ 351,026	
Summary of Expected Cost								
Estimated Premium (Subject and Non-Subject)	\$ 362,091	\$ 364,091	\$ 392,091	\$ 386,541	\$ 375,729	\$ 346,026	\$ 351,026	
Expected Reimbursable Losses/Deductible/Self-Insured Losses and ALAE, if applicable	\$ 660,000	\$ 660,000	\$ 660,000	\$ 660,000	\$ 660,000	\$ 665,000	\$ 665,000	
Expected Total Cost	\$ 1,022,091	\$ 1,024,091	\$ 1,052,091	\$ 1,046,541	\$ 1,035,729	\$ 1,011,026	\$ 1,016,026	
Total Pay-In Amount (Estimated costs less any deferrals)	\$ 362,091	\$ 364,091	\$ 392,091	\$ 386,541	\$ 375,729	\$ 346,026	\$ 351,026	
MD WC Commission Tax	Included in Expenses	Included in Expenses	Included in Expenses	Included in Expenses	Included in Expenses	7,211	7,211	
Security Waiver Credit Risk Charge - For The Use of the FGP Collateral Option (This fee is for the one year period)						663	663	
Total Due at Inception:	\$ 362,091	\$ 364,091	\$ 392,091	\$ 386,541	\$ 375,729	\$ 353,900	\$ 358,900	
Commission (Included)	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,020	\$ 30,020	
Premium Payment Plan	Monthly: 25% Down, plus 8 Equal Monthly Payments					Monthly: 25% Down, plus 8 Equal Monthly Payments		
Summary of Program Structure and Loss Pick								
Estimated Losses (Loss Pick)	\$660,000					\$665,000		
Security Plan								
Collateral:								
Required Collateral (By Type)								
- Letter of Credit	\$270,000					\$530,000		
- Escrow - Cash	\$30,000					\$20,000		
Total Additional Collateral Required	\$300,000					\$550,000		
Total Collateral Required	\$300,000					\$265,000		
Promissory Note	N/A					\$265,000		
Due Date:	7/1/2011					7/1/2011		
Program Design Explanation:	\$250K Deductible Program with LOC as Collateral and Losses Paid Monthly.					\$250K Deductible Program with LOC as Collateral and Losses Paid Monthly.		
\$250K Large Deductible Program with LOC as Collateral and Losses Paid Monthly.								

Multi-Line Public Entity Package Policy & Excess Workers' Compensation and Employers Liability Insurance, Excess Property & Excess Liability Insurance

See the attached exhibits and the following coverage summary.

Options:

1. Gotham Insurance Company – Multi-Line Public Entity Package
Plus Supporting Lines of Coverages:
 - Excess Workers Compensation & Employers' Liability Insurance
 - Excess Property Insurance, Including Auto Physical Damage Coverage
 - Excess Liability Insurance

2. Brit Re (Lloyd's of London Syndicate) – Multi-Line Public Entity Package

3. Lexington Insurance Company (Chartis) – Multi-Line Public Entity Package

Public Entity Package Program Structure - Option 1

Premium Breakdown: Premium

ATTACH - B

Package Program Premium:	\$356,000
Excess WC/Empl Liability:	\$184,336
Excess Liability:	\$71,280
Excess Property/APD:	\$70,638
Total Premium:	\$682,254

Note: Subject to TRIA Options & MD SL Tax

Property Including Auto Physical Damage Great American Ins Co of New York TIV: \$95,183,972.64 Premium = \$70,638		Excess Liability Limit = \$10,000,000 Scottsdale Insurance Premium = \$71,280							
		Property & Business Income, Fine Arts, Mobile Equipment, Etc.	Auto Physical Damage	Auto Liability	General Liability	Law Enforcement Liability	Public Officials, EPLI & EBL: Retroactive Date: 7/1/1987	Excess WC/Employers Liability NY Marine & General Ins Co Premium = \$184,336	Crime 1. Money & Securities 2. Forgery or Alteration 3. Empl. Dishonesty
Gotham Insurance Company - Package Program Premium = \$356,000									
Limits = \$1,000,000	Limits = \$1,000,000	Limits = \$1,000,000	Limits = \$1,000,000 Each \$3,000,000 Agg	Limits = \$1,000,000 Each \$3,000,000 Agg	Limits = \$1,000,000 Each \$2,000,000 Agg	Limits = \$200,000	Limits = \$475,000		
\$25,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000	\$25,000	<div style="border: 1px solid black; padding: 5px;"> Package Program \$1,000,000 Excess Aggregate Stop Loss Protection <hr/> Aggregate Stop Loss / Loss Fund \$1,635,500 </div>	
Self Insured Retention Per Occurrence									
\$1,000 Maintenance Deductible	\$1,000 Maintenance Deductible						\$1,000 Maintenance Deductible		

Self Insured Retention: The Self Insured Retention selected is the maximum amount per loss that the Insured will retain for each line of coverage.

Loss Fund/Aggregate Stop Loss: The Loss Fund/Aggregate Stop Loss is established by the Insurer, and represents the expected maximum accumulation of Self Insured Retention losses in any given policy period before the Aggregate Excess Insurance applies. It is based on the Insured's previous loss experience, adjusted for inflationary and exposure trends, and unreported losses.

Maintenance Deductible: A Maintenance Deductible may be used to protect the stability of the Loss Fund. The amount of the Maintenance Deductible may vary by line of coverage.

ATTACH - B

Clash Coverage: The Clash Coverage of the All Lines Aggregate is unique; it limits a loss involving multiple coverage lines to a single Self Insured Retention.

Aggregate Excess Insurance: Aggregate Excess Insurance provides stop loss coverage of the Loss Fund, thereby protecting the Insured from unexpected loss frequency. When the total amount of paid Self Insured Retention losses exceeds the Loss Fund, the Insured is then fully reimbursed up to the selected Aggregate Excess Insurance Limit.

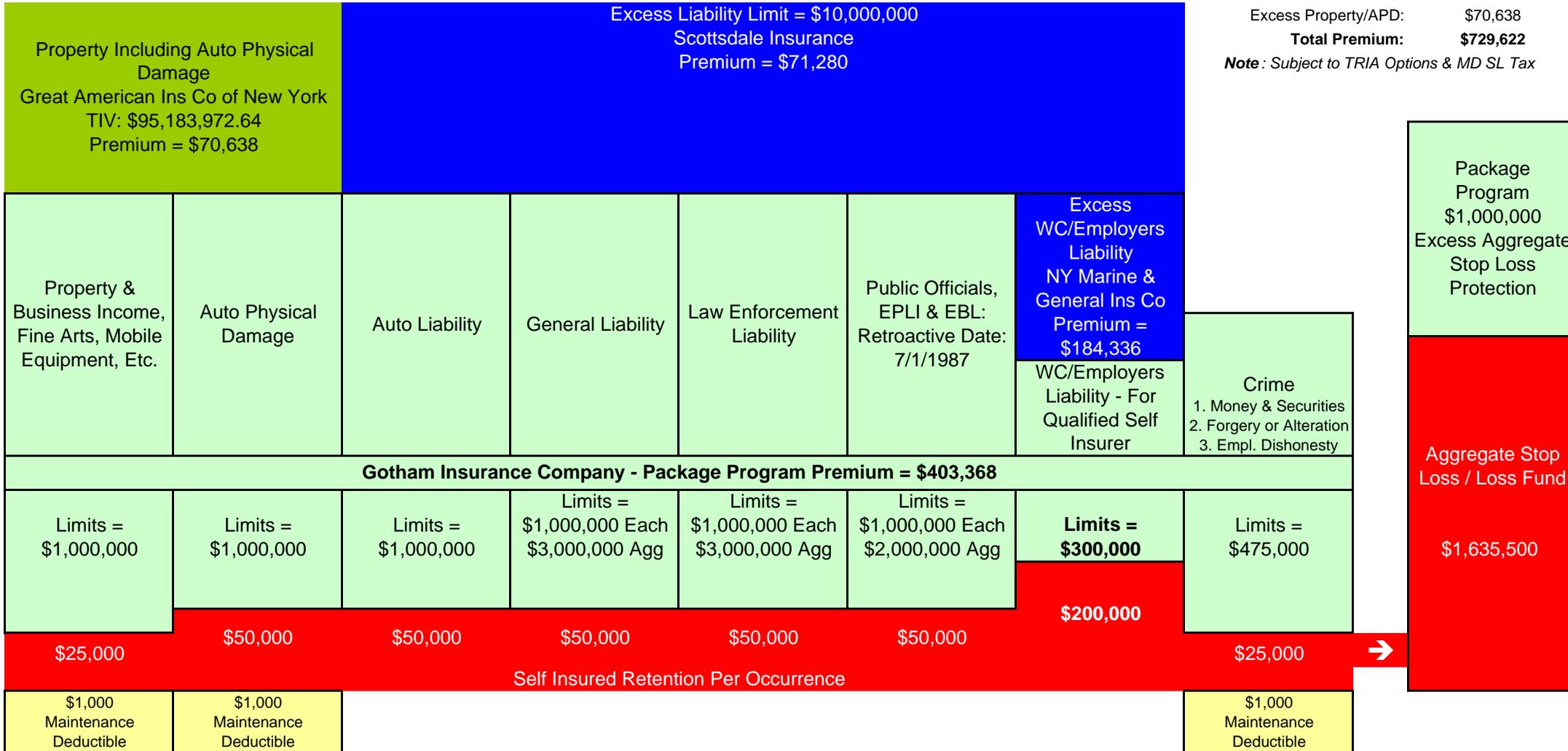
Specific Excess Insurance: Specific Excess Insurance provides coverage above the Self Insured Retention, by line of coverage, to protect the Insured from sever or catastrophic losses. Higher excess limits is available, where necessary or desired.

Public Entity Package Program Structure - Option 2

Premium Breakdown: Premium

Package Program Premium:	\$403,368
Excess WC/Empl Liability:	\$184,336
Excess Liability:	\$71,280
Excess Property/APD:	\$70,638
Total Premium:	\$729,622

Note: Subject to TRIA Options & MD SL Tax

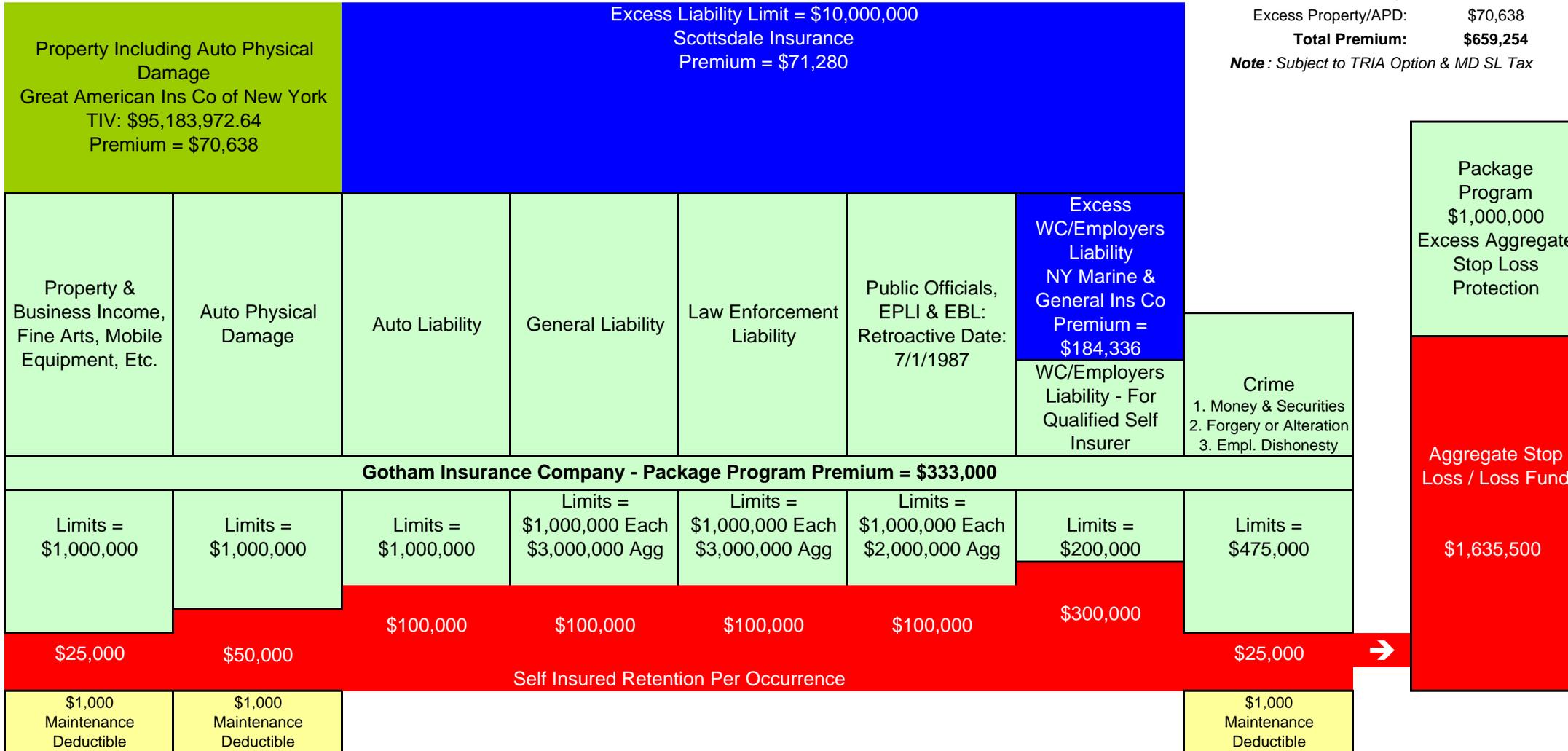


Public Entity Package Program Structure - Option 3

Premium Breakdown:

Package Program Premium:	\$333,000
Excess WC/Empl Liability:	\$184,336
Excess Liability:	\$71,280
Excess Property/APD:	\$70,638
Total Premium:	\$659,254

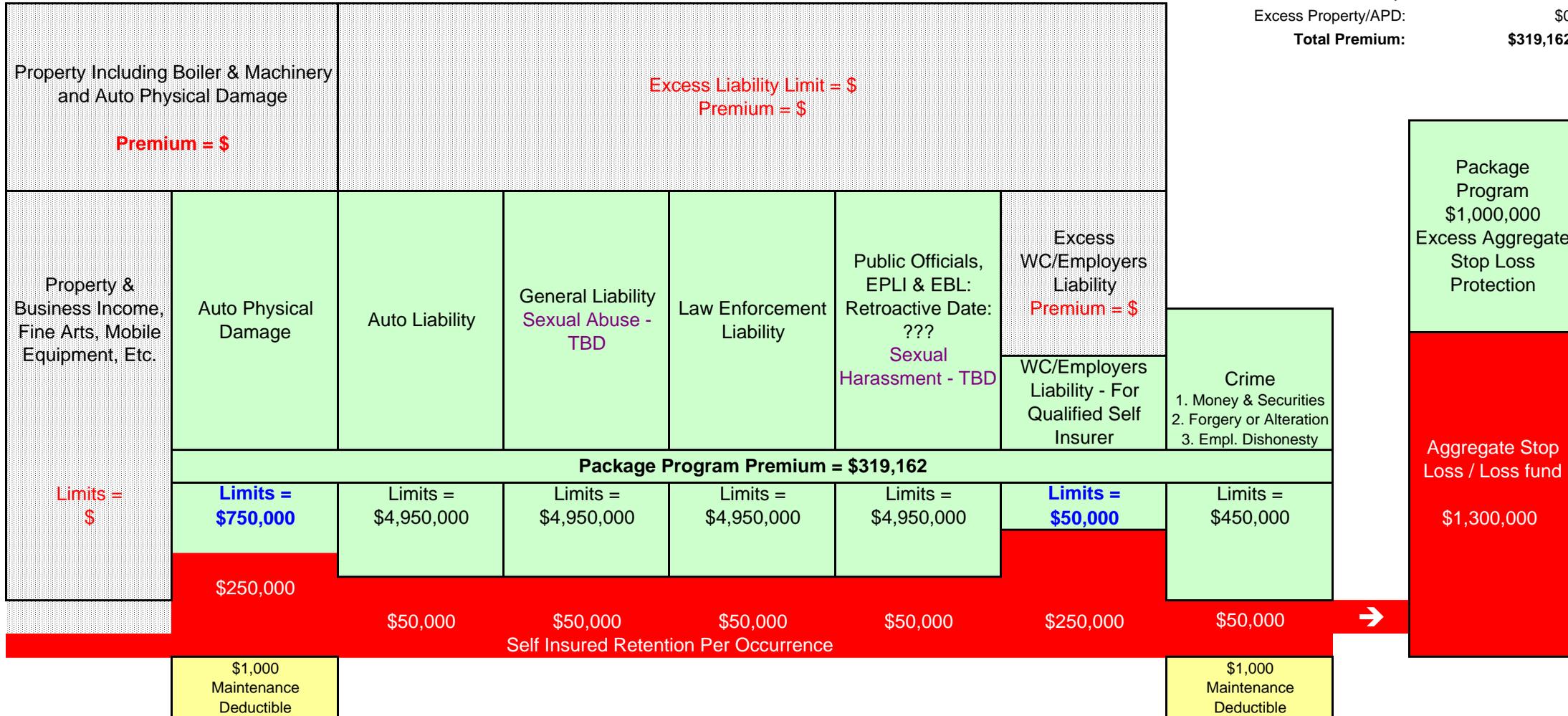
Note: Subject to TRIA Option & MD SL Tax



Option 1: PSI/Brit Re (Lloyd's of London Syndicate)

Premium Breakdown:

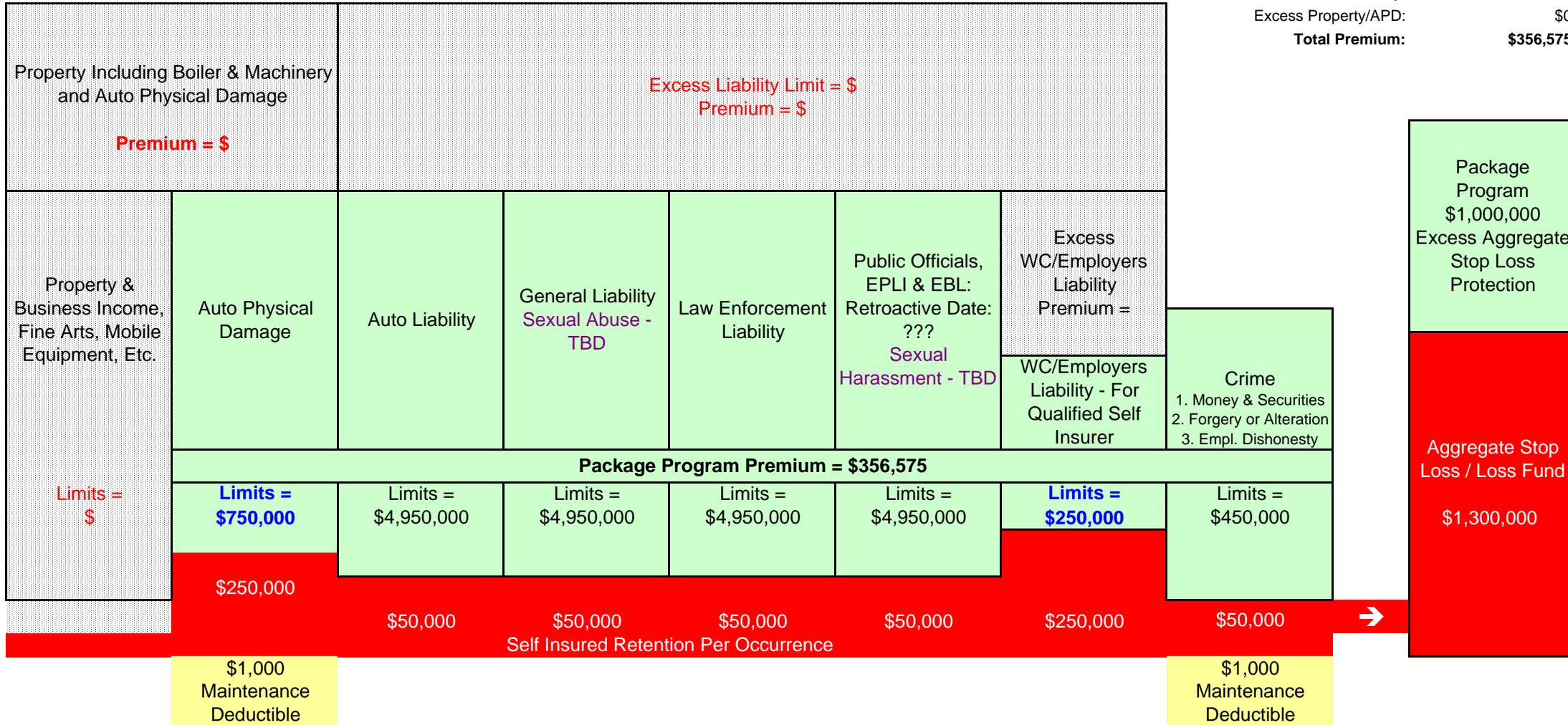
Package Program Premium:	\$319,162
Property & Excess APD:	\$0
Excess WC/Empl Liability:	\$0
Excess Liability:	\$0
Excess Property/APD:	\$0
Total Premium:	\$319,162



Option 2: PSI/Brit Re (Lloyd's of London Syndicate)

Premium Breakdown:

Package Program Premium:	\$356,575
Property & Excess APD:	\$0
Excess WC/Empl Liability:	\$0
Excess Liability:	\$0
Excess Property/APD:	\$0
Total Premium:	\$356,575



Lexington Insurance Company (Chartis)

Public Entity Select - Retained Limits Liability Coverage

Premium Quotation Options

Option 1: \$16M/\$16M limits xs \$100k retained limits at \$320,370 including TRIA (Plus MD Surplus Lines Tax)

Auto Liability	General Liability	Errors & Omissions Liability	Employment Practices Liability:	Employee Benefits Liability
		Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987
Limits = \$16,000,000 CSL	Limits = \$16,000,000 Each \$16,000,000 Aggregate			
\$100,000	\$100,000	\$100,000 Self Insured Retention	\$100,000	\$100,000

Option 2: \$20M/\$20M limits xs \$100k retained limits at \$332,407 including TRIA (Plus MD Surplus Lines Tax)

Auto Liability	General Liability	Public OfficialsErrors & Omissions Liability	Employment Practices Liability	Employee Benefits Liability
		Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987
Limits = \$16,000,000 CSL	Limits = \$20,000,000 Each \$20,000,000 Aggregate			
\$100,000	\$100,000	\$100,000 Self Insured Retention	\$100,000	\$100,000

Option 3: \$16M/\$16M limits xs \$250k retained limits at \$265,370 including TRIA (Plus MD Surplus Lines Tax)

Auto Liability	General Liability	Errors & Omissions Liability	Employment Practices Liability	Employee Benefits Liability
		Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987
Limits = \$16,000,000 CSL	Limits = \$16,000,000 Each \$16,000,000 Aggregate			
\$250,000	\$250,000	\$250,000 Self Insured Retention	\$250,000	\$250,000

Option 4: \$20M/\$20M limits xs \$250k retained limits at \$277,407 including TRIA (Plus MD Surplus Lines Tax)

Auto Liability	General Liability	Errors & Omissions Liability	Employment Practices Liability	Employee Benefits Liability
		Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987	Retroactive Date: 7/1/1987
Limits = \$20,000,000 CSL	Limits = \$20,000,000 Each \$20,000,000 Aggregate			
\$250,000	\$250,000	\$250,000 Self Insured Retention	\$250,000	\$250,000



Gotham Insurance Company – Multi-Line Public Entity Package

Term: July 1, 2011 to July 1, 2012
Annual Premium: \$356,000
TRIA: \$10,680
Sub-total: \$366,680
3% MD Surplus Lines Tax: \$0
Total Due at Inception: \$366,680
Commission: 10%

Coverage Section:	Coverages	Limits of Liability	Self-Insured Retention	Maintenance Deductible
1	Property Excess Limit of Insurance for each Occurrence Subject to the following sublimits/aggregates:	\$1,000,000	\$25,000	\$1,000
	Flood & Surface Water - Occurrence/Aggregate	\$1,000,000	\$25,000	\$1,000
	Earthquake - Occurrence/Aggregate	\$1,000,000	\$25,000	\$1,000
	Wind	\$1,000,000	\$25,000	\$1,000
	Data Processing Systems Equipment - Ground up	\$900,000	\$25,000	\$1,000
	Valuable Papers	\$1,000,000	\$25,000	\$1,000
	Fine Arts - Ground up	\$188,465	\$25,000	\$1,000
	Accounts Receivable	\$1,000,000	\$25,000	\$1,000
	Extra Expense	Not Covered		
	Mobile Equipment	\$1,000,000	\$25,000	\$1,000
	Transit	Not Covered		
	Business Income Including Rental Value	\$1,000,000	\$25,000	\$1,000
	Newly Acquired Property	\$1,000,000	\$25,000	\$1,000
II	Comprehensive General Liability	\$1,000,000	\$50,000	
	Premises Medical Payments - Ground up any one person	\$5,000		
	Ground up any one occurrence	\$100,000		
	Annual Aggregate Limit of Liability for this part	\$3,000,000		
III	Law Enforcement Liability	\$1,000,000	\$50,000	
	Reimbursement of Defense Costs Incurred Prior to Denial or Declination of Coverage			
	Subject to the following sublimit: Reimbursement of Defense Costs Incurred Prior to Denial or Declination of Coverage:			
	Ground up any on Insured	\$25,000		
	Aggregate per occurrence	\$50,000		
	Annual Aggregate	\$100,000		
	Annual aggregate Limit of Liability for this part:	\$3,000,000		
IV	Excess Commercial Automobile Liability	\$1,000,000	\$50,000	



	Subject to the following sublimits: Automobile Medical Payments:			
	Ground up any one person	\$5,000		
	Ground up any one Occurrence	\$100,000		
	Uninsured Motorist/Underinsured Motorist	\$55,000		
	No-Fault Insurance	Not Covered		
	Garage keepers Legal Liability	\$250,000		
	Automobile Physical Damage	\$1,000,000	\$50,000	
	Comprehensive:			\$1,000
	Collision:			\$1,000
V	Public Officials Employment Practices and Employee Benefits Liability			
	Retroactive Date:	7/1/1987		
	Errors & Omissions - Annual Aggregate:	\$1,000,000	\$50,000	N/A
	Employment Practices Liability - Annual Aggregate:	\$1,000,000	\$50,000	N/A
	EEOC Administrative Hearings - Ground up / Annual Aggregate	\$1,000,000	\$50,000	N/A
	Employee Benefit Liability - Annual Aggregate	\$1,000,000	\$50,000	N/A
	Sexual Harassment Liability - Any One Claim / Annual Aggregate:	\$1,000,000	\$50,000	N/A
	Sexual Abuse Liability - Any One Claim / Annual Aggregate:	\$1,000,000	\$50,000	N/A
	Annual Aggregate Limit of Liability for this part:	\$3,000,000		
VI	Excess Workers' Compensation and Employers Liability - for qualified Self-Insurer:			
	Excess Limit of Insurance for each Occurrence:	\$200,000	\$300,000	N/A
VII	Crime			
	1) Money and Securities:	\$475,000	\$25,000	\$1,000
	2) Forgery or Alteration:	\$475,000	\$25,000	\$1,000
	3) Employee Dishonesty:	\$475,000	\$25,000	\$1,000

Endorsements:

- Clash Protection - In the event of a single covered loss involving more than one Sections of Coverage, the Insured will pay the highest of the applicable Self Insured Retentions. The Company will indemnify the Insured for all other applicable Self Insured Retention obligations on that single covered loss.
- Aggregate Stop Loss Protection - \$1,635,500 Annual Aggregate
- Total Limit of Aggregate Stop Loss Protection Provided by Company - \$1,000,000 Annual Aggregate

Terms and Conditions:

- TPA subject to approval by Underwriter
- Property Sublimits as per application but no higher than the ground up occurrence limit



- Flood Zones A & V Excluded
- Subject to written confirmation from the assured, within 90 days of inception, that values are reviewed annually, reviewed internally and that new properties have their values reviewed in accordance with technical manuals. Failure to comply will result in an average clause being added to the policy.
- Sexual Harassment coverage is subject to receipt of satisfactory Policies and Procedures within 30 days of inception.
- Additional Premium for Terrorism Insurance Act (TRIA) Coverage, as per Policyholder Disclosure Notice of Terrorism Insurance Coverage, is \$10,680 for the period of this insurance.
- Confirmation that all known Employment Practice/Civil Rights/Discrimination incidents/claims/pending litigation have been reported to the current carrier.
- UM/UIM Acceptance Forms prior to binding.
- Subject to endorsement (as attached) limiting coverage for subcontracted work in the event certain conditions of engagement have not been met.
- If Property limit is amended to NIL vs \$25,000, a Return Premium of \$50,000 will apply.
- If Aggregate Stop Loss coverage is deleted, a Return Premium of \$30,000 will apply.
- Provide a current schedule of vehicles including values on an ACV basis.



Specific Excess & Aggregate Excess Workers' Compensation and Employers' Liability Insurance Proposal

Carrier: New York Marine & General Insurance Company
(Midlands Management Corporation/PMA)

AM Best Rating: A - VIII (Excellent)

Term: July 1, 2011 to July 1, 2012

Premium \$181,311

TRIA \$3,025

Deposit Premium: **\$184,336**

\$876,493 Estimated Manual Premium

\$33,231,510 Estimated Payroll

Maryland Covered State

\$500,000 Specific Retention

Statutory Specific Limit

\$1,000,000 Employers Liability

NIL Aggregate Limit

\$0.5456 Excess Rate Per \$100 of Payroll

Schedule of Underlying:

Limit:	\$200,000 xs \$300,000 Self Insured Retention
Carrier:	Gotham Insurance Company (Midlands Management Corporation/PMA)
Term:	July 1, 2011 to July 1, 2012

Subjectivities:

- Final Premium will be at least and not less than the minimum premium stated above.
- Required full implementation of safety/loss control program and retention of TPA, approved by New York Marine and General Insurance Company, throughout the policy period.
- Receipt of completed and signed excess application within 30 days of binding. App. currently on file is not signed.
- Receipt of Excel formatted employee concentration information by location with physical addresses included.
- Receipt of 5 years loss run summaries valued within 90 days of inception date of this policy and without adverse development. Please confirm valuation.
- The Terrorism Charge is calculated separately and not included in the total rate above. It is subject to adjustment at audit.
- Applicable state endorsements plus other coverage additions/exclusions may apply. All other endorsements desired must be requested prior to binding, and are subject to approval.
- Please sign and return the attached Terrorism Disclosure. It must be received within thirty (30) days of binding.
- New York Marine and General Insurance Company has the right, but not the obligation, to audit the TPA listed above.
- Required TPA Questionnaire (and attachments provided) to be completed, and subject to approval.
- Required completed excess application, signed by insured, including Federal ID number.

Risk Control Services: See attached document listing services available.

Excess Property Insurance

Carrier: Great American Insurance Company of New York

Policy Period: 7/1/2011 to 7/1/2012

Line of Business: All Risk Property

Policy Premium: \$70,638 Annual
\$ 706 Premium for Terrorism (TRIA)
\$71,344 Total

Commission: 20%

**Coverage Terms
and Conditions:**

Coverage is provided for covered property at the following location: As per schedule on file, with this company as of 5/25/11 with TIV of \$95,183,972.64

Limit of Insurance:

\$94,183,972 per occurrence excess of \$1,000,000.

\$9,000,000 per occurrence and annual aggregate excess of \$1,000,000 for both flood and earthquake. Flood excludes all locations in the 100 and 500 year flood plain.

Forms &

Endorsements:

Follow form (Excess Property Insurance Declaration – CP 7318) over the primary carrier with an A.M. Best rating of A- or better

- Excludes Pollution – Form CP 7320;
- Excludes Contamination – Form CP 7309
- Excludes Asbestos – Form CP 7310
- Excludes Mold – Form CP 0171
- Excludes Nuclear, Biological or Chemical – Form IL 7236
- Excludes Equipment Breakdown – Form CP 7306
- State Mandatory Forms

Subjectivities:

1. Signed TRIA Disclosure
2. Subject to verification of how autos and mobile equipment are stored
3. Subject to verification of flood zones



Commercial Excess Liability Coverage

Carrier: Scottsdale Insurance Company - Non-Admitted (CivicRisk)
A.M. Best Rating:
Term: July 1, 2011 to July 1, 2012
Annual Premium: \$71,280
TRIA: \$3,564
Sub-Total: \$74,844
Surplus Lines Tax: \$2,245 3% Surplus Lines Tax - MD
Total Due at Inception: \$77,089

Limits of Liability:

A. \$ 10,000,000 Each Occurrence
B. \$ 10,000,000 Aggregate

Schedule of Underlying Insurance:

Term:	7/1/11 - 7/1/12		
Carrier:	Gotham Insurance Company		
Coverage:	Multiline Public Entity Package		
	Part 1:	Limits of Liability	
	A. - Coverage Section:		
	II. Comprehensive General Liability	\$1,000,000	Each Occurrence
		Excess of:	
		\$50,000 SIR	
		\$3,000,000	Annual Aggregate
	III. Law Enforcement Liability	\$1,000,000	Each Occurrence
		Excess of:	
		\$50,000 SIR	
		\$3,000,000	Annual Aggregate
	IV. Commercial Automobile Liability	\$1,000,000	Each Occurrence
		Excess of:	
		\$50,000 SIR	
	V. Public Officials, Employment Practices and Employee Benefit Liability	\$1,000,000	Each Claim
		Excess of:	
		\$50,000 SIR	
		\$2,000,000	Annual Aggregate
	VI. B. Excess Employers Liability	\$200,000	Each Occurrence
		Excess of:	
		\$300,000 SIR	
	Excess Employers Liability – NY Marine	\$1,000,000	Excess of \$500,000 SIR

Endorsements:

- Commercial Excess Liability Coverage Form
- Supplementary Schedule of Controlling Underlying Insurance
- Underlying Sublimit Coverage Exclusion
- Contractual Liability Exclusion
- Dams or Reservoirs Exclusion
- Earth or Land Movement Exclusion
- Engineers, Architects or Surveyors Professional Liability Exclusion
- Exclusion - Failure to Supply
- Exclusion - FLSA, NLRA, WARN, COBRA, and OSHA
- Exclusion - Operation of an Hospital or Other Health Care Facilities
- Exclusion - PD Premised that are Leased, Rented or Occupied
- State Mandatory Endorsements

Subjectivities:

1. Receipt of a copy of the Sexual Harassment Policies and Procedures that are provided to Gotham.
2. Underlying terms and conditions are per the Gotham Quote Option No. 1



Chubb - Commercial Property Including Boiler & Machinery

Carrier: Great Northern Insurance Company (Chubb)
 Policy Period: July 1, 2011 to July 1, 2012
 Annual Premium: \$84,072, Includes \$2,486 TRIA
 Commission: 15%

Limit of Coverage	Description
\$80,974,852	Buildings including Boiler & Machinery
\$ 6,056,942	Personal Property
\$87,031,942	Total Value As per Scheduled Values on File with the Carrier
\$1,146,120.18	Per Occurrence on Mobile Equipment (See Attached Schedule)
\$188,465	Per Occurrence on Fine Arts (See Attached Schedule)
\$500,000	Blanket Limit of Insurance – Automatic Blanket Limit Applies to: Accounts Receivable, Electronic Data Processing Property, Fine Arts, Leasehold Interest, Non-Owned Detached Trailers, Outdoor Trees, shrubs, Plants or Lawns, Pair and Set, Personal Property of Employees, Public Safety Service Charges, Research and Development Property and Valuable Papers. Note. The Blanket Limit of Insurance applies over all of the coverages shown above and may be apportioned at the time of loss. This Blanket Limit of Insurance applies separately at each covered premises shown in the Declarations and is subject to the Property Deductible Specified in the Declarations.

Sublimits:

Current Limits	Description
\$5,000,000	Flood – Policy Annual Aggregate Limit (Inundation, Back-Up and Mud Flow Included)
\$5,000,000	Flood – Premises Annual Aggregate Limit
\$5,000,000	Flood – Per Occurrence Limit
\$5,000,000	Earthquake – Policy Annual Aggregate-
\$5,000,000	Earthquake – Premises Annual Aggregate Limit
\$5,000,000	Earthquake – Per Occurrence Limit
\$500,000	Interruption of Utility Services

Deductible:

\$1,000	Deductible – applies to all coverages except Business Income and Extra Expense, and all premises, unless specific deductible is shown following a coverage.
\$25,000	Deductible - Buildings Per Occurrence
\$50,000, except \$500,000	Flood Deductible – Property Damage Per Premises / Per Occurrence Dollar Deductible, Except, Flood Deductible - Premises 24 and 56
24 Hours, except 72 Hours	Flood Deductible – Waiting Period Per Premises / Per Occurrence (Normal Business Hours), Except, Flood Deductible – Premises 24 and 56
\$50,000	Earthquake Deductible – Property Damage Per Premises / Per Occurrence Dollar
24 Hours	Earthquake Deductible – Waiting Period Per Premises / Per Occurrence (Normal Business Hours)

Exclusions, Endorsements and other Forms:

- Additional Peril-Earthquake / EQSL
- Cap on Cert. Terrorism Losses (All Premises)
- Additional Peril – Flood Limit / Deductible or Waiting Period
- Ordinance or Law & Existing Green Standard LPB
- State Mandatory

Travelers – Public Entity Multi-Line Package Program Including Guaranteed Cost Workers’ Compensation

Premium Summary by line of coverage

\$ 38,040	Property
Included	Flood
Included	Earthquake
Included	Equipment Breakdown
\$ 2,406	Crime
\$ 3,396	Inland Marine
\$ 204,126	General Liability
\$ 475	Employee Benefit Plans Liability
\$ 53,900	Law Enforcement Liability
\$ 31,244	Public Entity Management Liability
\$ 28,837	Public Entity Employment-Related Practices Liability
\$ 104,156	Auto Liability
\$ 37,829	Auto Physical Damage
\$ 105,184	Umbrella
\$ 1,195,584	Worker’s Compensation
\$ 5,157	CyberFirst Liability - Premium Indication Only
\$ 1,810,334	Total Premium
\$ -	Taxes, Surcharges and Fees

Please refer to Travelers actual proposal for the limits, terms, conditions and exclusions.

III. Detail of Payment Terms

Premium due upon receipt of the invoice.

Workers' Compensation Programs – Deposit Premium

- Monthly Installment Plan: 25% Down, plus 8 Equal Monthly Payments
- Collateral – Please refer to the respective Workers' Compensation Insurance Proposals from Liberty Mutual and Chartis.

Public Entity Multi-Line Package and XS Workers' Compensation

- Lump Sum

Commercial Property Policy – Chubb

Lump Sum



IV. Aon Service Team

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V. ARS Disclosures and Commitments to Our Clients

As your broker of record, Aon Risk Services (ARS) commits to the timely and thorough disclosure of placement strategies, marketing options and broking results. The services we provide will be subject to these Disclosures and Commitments to Our Clients which, unless you and we agree in writing otherwise, are applicable to our services to you.

Our Services

We deliver our services based on the information you give us or which is given to us expressly on your behalf. In preparation for placing or renewing your insurance coverage, we will consult with you regarding insurance market conditions, the insurers we suggest be approached, our recommended program options to pursue, and our marketing strategy on your behalf. By the conclusion of the marketing process, we will provide you with written information regarding the coverage details, policy terms and conditions provided by the markets.

We will assist you in gathering and preparing the underwriting information and completing insurance applications. We rely on you for the accuracy and completeness of any information you or anyone else provides to us on your behalf. We will also rely on you to provide us promptly with the information needed to deliver the services and to update any information provided where there has been a material change to that information that may affect the scope of delivery of the services, such as the nature of the risk, the insured entities, property values and descriptions of persons to be covered. Applications requiring signature will be signed by you.

We will obtain your instructions to us to bind specific programs based on the program proposal we provide. We expect you to carefully review all documents we give you, including binders, policies and endorsements, and to advise us immediately if you detect any mistakes or believe the contents do not address your needs or instructions.

ARS will administer your relationship with insurance companies including, where applicable, issues such as billings in connection with selected programs, data reporting, and compliance with negotiated requirements.

We will provide services unless and until either of us notifies the other that ARS is no longer acting as your broker of record. Subject to applicable state law and contractual arrangements with insurers, any commissions to which we were entitled are fully earned.

Use of Intermediaries

ARS encourages its retail brokers to approach markets directly (without an intermediary) wherever possible. However, ARS will consider and may recommend the use of intermediaries, including but not limited to co-brokers, sub-brokers, managing general agents/managing general underwriters, wholesale brokers, or reinsurance brokers (collectively, "intermediary") where we believe it is in the client's best interest.

Whenever we recommend or it becomes necessary to utilize the services of, or you require that we access, an intermediary to assist in accessing, negotiating, placing, or procuring insurance or reinsurance for your insurance programs, we prefer, where possible, using the services of an ARS-affiliated intermediary. ARS will not be responsible for a non-ARS affiliated intermediary's actual or alleged acts, errors, or omissions or those of its officers, directors or employees arising out of such assistance.

Insurance Proposals and Summaries

ARS's insurance documents containing proposals to bind coverage and summaries of coverages placed are furnished to clients as a matter of information for our clients' convenience. These documents summarize proposed and placed policies and are not intended to reflect all the terms and conditions of, nor exclusions within, such proposed or placed policies. Moreover, the information contained in these documents reflects proposed or placed coverage as of the effective dates of the proposed policies or the date of the summaries and does not include subsequent changes. These documents are not themselves insurance policies and do not amend, alter or extend the coverages afforded by the proposed or placed policies. The insurance afforded by the proposed or placed policies is subject to all the terms, exclusions and conditions contained in such policies as they are issued by the insurers.

Insurer Insolvency

ARS does not guarantee the solvency of any insurer with which we place business, whether or not a placement is with an admitted insurer or whether an insurer is approved by Aon Market Security. In addition to the published information that ARS may convey to our clients, ARS encourages our clients to review all publicly available information since only the client can make the ultimate decision to accept or reject a particular insurer.

Pricing

ARS does not and cannot guarantee the availability or price of insurance for your risks and will not be responsible for fluctuation in the premiums charged by insurers. We will rely on you to review and approve calculation or estimation of premium and ARS is not responsible for any loss occasioned as a result of our calculation or estimation of premium and statutory charges that may apply to your insurance.

Claims Handling

Unless we have a specific written agreement with you to the contrary, it is your responsibility to take such steps as are necessary to notify directly those insurers whose policies may apply to any circumstances, occurrences, claims, suits, demands and losses in accordance with the terms and conditions of the policies we place for you. ARS assumes no duty or responsibility with respect to such notifications or monitoring the insured's obligation to place insurers on notice unless pursuant to a separate written agreement. You may send copies of such notices to designated members of ARS staff as may assist ARS in carrying out services relating to claim advocacy and claim consulting which ARS may provide if we agree with you in writing to do so. ARS does not provide legal advice or trial or deposition testimony.

Contract and Lease Review and General Advice

Suggested additional or alternative wordings in any contract or lease that ARS may recommend at your request should be ratified by your legal advisor before being adopted. ARS can not provide legal advice as to whether a client's insurance program covers any legal obligations contained in the client's contracts or leases. All descriptions of the insurance coverages are subject to the terms, conditions, exclusions and other provisions of the policies or any applicable regulations, rating rules or plans.

Any advice, report or information that ARS provides as part of its services is given solely for your benefit and cannot be given to or relied upon by any third party, including beneficiaries, without ARS's prior written consent.

Insurance Producer's Role and Compensation

The role of the insurance producer such as ARS in any particular transaction involves review with insurance purchasers about the benefits and terms and conditions of insurance contracts and selling insurance. Compensation is paid to the producer based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, as well as the arrangement between the producer and the purchaser, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects.

Unless applicable state law and regulation or contractual agreement between ARS and insurers states otherwise, any commission that ARS is entitled to receive for any placements is fully earned at inception of the insurance programs described in our insurance proposals and ARS is entitled to retain such commissions in the event of a midterm cancellation of coverage or a reduction in coverage resulting in a premium adjustment.

To the extent that any portion of ARS's compensation as reflected on its invoices becomes adjusted or credited to our client, it is the client's responsibility to disclose the actual net cost to the client of the brokerage and insurance costs incurred to third party(ies) having an interest in such amounts.

In placing, renewing, consulting on or servicing your insurance coverages, ARS and its affiliates ("Aon") may participate in contingent commission arrangements with insurance companies that provide for additional compensation, if, for example, certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Aon with the insurance company or the overall performance of the policies placed with that insurance company rather than on an individual policy basis. As a result, Aon may be considered to have an incentive to place your insurance coverages with a particular insurance company.

You may obtain information about compensation expected to be received by Aon based in whole or in part on the sale of insurance to you, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the you by Aon by contacting your Account Executive or emailing: aon.broking.us@aon.com.

Surplus Lines

ARS may determine based on our broking efforts that insurance may not be available in the admitted marketplace for the terms and conditions specified. In that event, our insurance proposal may be for an insurer not itself licensed to transact insurance in the states of exposure and such coverage may be placed, issued and delivered as surplus lines coverage pursuant to the various state insurance laws governing the placement of insurance with non-admitted insurers. Persons and entities insured by surplus lines insurers cannot avail themselves of the protection and recovery afforded by the state insurance guaranty funds in the event the surplus lines insurer should become insolvent. The states do not audit the finances or review the solvency of surplus lines insurers.

In some instances, insurance placements made by ARS on behalf of our clients may require the payment of state surplus lines or other premium taxes and/or fees in addition to the premium itself. ARS makes every effort to identify any such tax and/or fee in advance, but in all instances the payment of these taxes and/or fees will remain the ultimate responsibility of the client.

Collection and Use of Client Information

ARS gathers data containing information about our customers and their insurance placements, as well as information about the insurance companies that provide coverage to our customers or compete for our customers' insurance placements. In addition to the information provided by our customers, ARS may collect information from commercially available sources. Such information may include name, address, email address and demographic data.

This information may be shared among ARS affiliated businesses, as well as with third-party service providers acting on our behalf. In addition to being used to provide services to ARS customers, the information may be used for business administration, business reporting, statistical analysis, marketing of ARS products or services and providing consulting or other services to insurance companies for which ARS or its affiliates may receive remuneration. ARS takes appropriate measures to protect the privacy and confidentiality of our ARS customers as well as to comply with applicable laws and regulations. ARS may use or disclose information about our customers if we are required to do so by law, ARS policy, pursuant to legal process or in response to a request from law enforcement authorities or other government officials.

Due to the global nature of services provided by ARS, the personal information you provide may be transmitted, used, stored and otherwise processed outside of the country where you submitted that information. If you have questions about ARS data processing, please contact your ARS account executive.

Use of Logos

Unless you instruct us otherwise, ARS will use your logo, pictures, and other publicly available information about you to effectively market your programs or for use in lists of Aon clients. For marketing effectiveness, we may disclose to insurers loss control reports about your operations prepared by ARS or an affiliate.

Confidentiality of Aon Work Product

The services we provide are solely for our clients' benefit and exclusive use. Accordingly, ARS expects that clients will protect data, recommendations, submissions, proposals, reports, and other ARS work product from distribution to parties other than your legal, accounting and non-insurance financial advisors without our mutual agreement and nothing in the services we provide shall be construed as conferring any rights upon or duties toward any other person or entity.

Mutual Limited Waiver of Liability

Neither ARS nor you, nor either of our parent(s), affiliates, subsidiaries, and their respective directors, officers, employees and agents ("Group") will be liable to the other Group for any indirect, incidental, special, consequential, exemplary, punitive or reliance damages (including, without limitation, lost or anticipated revenues, lost business opportunities or lost sales or profits, whether or not either Group has been advised of the likelihood of such damages) arising out of services provided by ARS or any of its Group.

Waiver of Jury Trial

You and we, on behalf of our Groups, waive our rights to a trial by jury in any lawsuit or other legal proceeding against the other Group arising out of any of our services provided to you. You and we also will not name as a defendant any individual employee, officer or director of the other Group in any lawsuit or legal proceeding.

Client Responsibilities

We will deliver the services based upon the information that you and your representatives provide and the demands and needs of which you expressly advise us. You are responsible for the accuracy and completeness of any information provided. We require prompt delivery of the information needed for us to deliver services as well as your prompt updates to any information where there has been a material change which may affect the scope or delivery of our services to you, such as a change in the nature of the risk, insured entities, property values and persons or entities to be covered.

We expect you to inform us promptly in the event that your operations change substantially by merger, acquisition, expansion or other material change in the scope and nature of your exposures, losses and/or of your overall insurance program, or if there is a substantial midterm change to programs or limits. Having reviewed carefully all the documents we give you (including binders, policies and endorsements), we require you to advise us immediately of any mistakes of fact or contents in the documents that do not address your needs.

Your Limitation of Our Liability

Our liability to you, in total, for the duration of our business relationship for any and all damages, costs, and expenses (including but not limited to attorneys' fees), whether based on contract, tort (including negligence), or otherwise, in connection with or related to our services (including a failure to provide a service) that we provide shall be limited to an aggregate amount. Further specifics on the liability limitation will be provided directly to you.

This liability limitation applies to you, our client, and extends to our client's parent(s), affiliates, subsidiaries, and their respective directors, officers, employees and agents (each a "Client Group Member" of the "Client Group") wherever located that seek to assert claims against ARS, and its parent(s), affiliates, subsidiaries and their respective directors, officers, employees and agents (each an "Aon Group Member" of the "Aon Group"). Nothing in this liability limitation section implies that any Aon Group Member owes or accepts any duty or responsibility to any Client Group Member.

If you or any of your Group Members asserts any claims or makes any demands against us or any Aon Group Member for a total amount in excess of this liability limitation, then you agree to indemnify ARS for any and all liabilities, costs, damages and expenses, including attorneys' fees, incurred by ARS or any Aon Group Member that exceeds this liability limitation.



Appendix

- Quote Disclosure Report
- Limitation of Liability
- Copies of insurer quotes including commission



Quote Disclosure Report

City of Rockville, MD

Quote Disclosure Report

Program	Line Of Business	Carrier	Carrier Response	Carrier Declaration Reason	Premium ²	Quoted ARS Commission	Nationally Agreed Commission Rate ³	Intermediary, if applicable	Intermediary Commission	ARS Fee ⁴	Total ARS Income ^{1,5,7}	Total Cost to Client (Premium +Fee) ⁶
Policy Term: July 01, 2011 to July 01, 2012												
Commercial Package	Commercial Package Policy	ACE American Insurance Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial Package	Commercial Package Policy	Genesis Insurance Co	Indication Only	N/A	\$400,000.00	N/A	N/A	N/A	N/A	N/A	N/A	\$400,000.00
Commercial Package	Commercial Package Policy	Gotham Insurance Co	N/A	N/A	N/A	N/A	N/A	Midlands Management Corporation	N/A	N/A	N/A	N/A
Commercial Package	Commercial Package Policy	Munich Reinsurance America, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial Package	Commercial Package Policy	OneBeacon Insurance Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial Package Incl. WC	Commercial Package Policy	Travelers Commercial Casualty Co	Quoted	N/A	\$1,810,334.00	10.0000%	12.50%	N/A	N/A	N/A	\$226,291.75	\$1,810,334.00
Commercial Package Option 1	Commercial Package Policy	BRIT RE - GBR	Quoted	N/A	\$319,162.00	N/A	N/A	Risk Placement Services, Inc.	N/A	N/A	N/A	\$319,162.00
Commercial Package Option 1	Commercial Package Policy	Chartis Casualty Company	Quoted	N/A	\$320,370.00	N/A	N/A	N/A	N/A	N/A	N/A	\$320,370.00
Commercial Package Option 2	Commercial Package Policy	BRIT RE - GBR	Quoted	N/A	\$356,575.00	N/A	N/A	N/A	N/A	N/A	N/A	\$356,575.00
Commercial Package Option 2	Commercial Package Policy	Chartis Casualty Company	Quoted	N/A	\$332,407.00	N/A	N/A	N/A	N/A	N/A	N/A	\$332,407.00
Commercial Package Option 3	Commercial Package Policy	Chartis Casualty Company	Quoted	N/A	\$265,370.00	N/A	N/A	N/A	N/A	N/A	N/A	\$265,370.00
Commercial Package Option 4	Commercial Package Policy	Chartis Casualty Company	Quoted	N/A	\$277,407.00	N/A	N/A	N/A	N/A	N/A	N/A	\$277,407.00
Excess Liability	Excess Liability Coverage	Scottsdale Ins Company	Quoted	N/A	\$74,844.00	10.0000%	10.00%	CivicRisk	N/A	N/A	\$7,484.40	\$74,844.00
Excess Property	Excess Property Coverage	Great American Insurance Co.	Quoted	N/A	\$70,638.00	N/A	N/A	AmWINS Insurance Brokerage of CA	N/A	N/A	N/A	\$70,638.00
Excess Workers Compensation	Excess Workers Compensation	New York Marine & Gen Ins Co	Quoted	N/A	\$184,336.00	N/A	N/A	N/A	N/A	N/A	N/A	\$184,336.00
Property	Commercial Property Coverage	Affiliated FM Insurance Co.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property	Commercial Property Coverage	Chartis Casualty Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property	Commercial Property Coverage	Firemans Fund Ins Co	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property	Commercial Property Coverage	Great Northern Insurance Co.	Quoted	N/A	\$84,072.00	N/A	N/A	N/A	N/A	N/A	N/A	\$84,072.00
Property	Commercial Property Coverage	Hartford Casualty Insurance Co	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workers Comp	Workers Compensation - Casualty	ACE American Insurance Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workers Comp	Workers Compensation - Casualty	Fireman'S Fund Ins Co Of Ga	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workers Comp	Workers Compensation - Casualty	Hartford Casualty Insurance Co	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Workers Comp	Workers Compensation - Casualty	Sentry Casualty Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Workers Comp Option 1	Workers Compensation - Casualty	Chartis Casualty Company	Quoted	N/A	\$362,091.00	08.2852%	08.29%	N/A	N/A	N/A	\$29,999.96	\$362,091.00
Workers Comp Option 1	Workers Compensation - Casualty	Liberty Mutual Insurance Co.	Quoted	N/A	\$353,900.00	08.4826%	08.48%	N/A	N/A	N/A	\$30,019.92	\$353,900.00
Workers Comp Option 2	Workers Compensation - Casualty	Chartis Casualty Company	Quoted	N/A	\$364,091.00	08.2397%	08.24%	N/A	N/A	N/A	\$30,000.00	\$364,091.00
Workers Comp Option 2	Workers Compensation - Casualty	Liberty Mutual Insurance Co.	Quoted	N/A	\$358,900.00	08.3644%	08.36%	N/A	N/A	N/A	\$30,019.83	\$358,900.00
Workers Comp Option 3	Workers Compensation - Casualty	Chartis Casualty Company	Quoted	N/A	\$392,091.00	07.6513%	07.65%	N/A	N/A	N/A	\$30,000.05	\$392,091.00
Workers Comp Option 4	Workers Compensation - Casualty	Chartis Casualty Company	Quoted	N/A	\$386,541.00	07.7611%	07.76%	N/A	N/A	N/A	\$29,999.83	\$386,541.00
Workers Comp Option 5	Workers Compensation - Casualty	Chartis Casualty Company	Quoted	N/A	\$375,729.00	07.9845%	07.98%	N/A	N/A	N/A	\$30,000.08	\$375,729.00

Presentation Date: 6/13/2011

Currency: USD

Disclosures

1. Aon Risk Services is an insurance producer licensed in your state. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction involves one or more of these activities. Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In placing, renewing, consulting on or servicing your insurance coverages, Aon Risk Services and its affiliates ("Aon") may participate in contingent commission arrangements with insurance companies that provide for additional contingent compensation, if, for example, certain underwriting, profitability, volume or retention goals are achieved.

Such goals are typically based on the total amount of certain insurance coverages placed by Aon with the insurance company or the overall performance of the policies placed with that insurance company, not on an individual policy basis. As a result, Aon may be considered to have an incentive to place your insurance coverages with a particular insurance company. The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by contacting your Account Executive or emailing Aon Email Box.

2. ARS receives premiums Clients pay for remittance to carriers, as well as refunds insurance companies pay for remittance to Clients, and deposits these payments into fiduciary accounts in accordance with applicable insurance laws until they are due to be remitted. ARS will retain the interest or investment income earned while such funds are on deposit pursuant to those laws and carrier agreements.

3. Notwithstanding whether any commission amounts are shown in the Quoted ARS Commission column, ARS has nationally-agreed commission rates with some carriers for certain lines of business and/or for outsourced administrative services performed on the carrier's behalf. Where there is a Nationally Agreed Commission Rate shown, ARS expects to earn this commission rate on the premium amount quoted herein. Collecting this commission will not change in any way the Premium quoted above.

4. When a carrier does not pay ARS an amount sufficient to cover the brokerage and administrative services performed by ARS on the carrier's behalf for the benefit of our clients, ARS may charge such fees to the client as ARS deems necessary and where permitted by applicable law.

5. Total ARS Income equals the sum of the commission ARS will receive from the Carrier, including quoted or nationally agreed commissions (as applicable), and the ARS fee, if any. Commission is calculated by multiplying the Premium amount by applicable commission rates.

6. The Total Cost to Client is Premium (inclusive of all ARS commission) plus ARS Fee (if applicable). Total Cost to Client does not include applicable surplus lines taxes and fees and it does not include applicable state fees, surcharges, or taxes assessed on the policy.

7. ARS performs various administrative functions related to the procurement of coverage, including, but not limited to, electronic policy filing and storage, expiration tracking, client data management, and administration. Where legally permitted to do so, ARS-US charges for its own account and collects from its clients, a \$300 policy administrative charge per policy placed. In some countries where legally permitted to do so, ARS charges for its own account and collects administrative fees from its clients. Administrative fees are in addition to and not in lieu of any other service fees agreed to and paid to us by our clients and/or any commissions paid to us by insurers, and these administrative fees appear separately on the invoices we issue.

Limitation of Liability

Our liability to you, in total, for the duration of our business relationship for any and all damages, costs, and expenses (including but not limited to attorneys' fees), whether based on contract, tort (including negligence), or otherwise, in connection with or related to the Services (including a failure to provide a service) or any other services that we provide shall be limited to an aggregate amount of U.S. \$2,500,000, ("Liability Limitation"), to the fullest extent permitted by law.

This Liability Limitation applies to you, our client, and extends to our client's parent(s), affiliates, subsidiaries, and their respective directors, officers, employees and agents (each a "Client Group Member" of the "Client Group") wherever located that seek to assert claims against ARS, and its parent(s), affiliates, subsidiaries and their respective directors, officers, employees and agents (each an "Aon Group Member" of the "Aon Group"). Nothing in this Liability Limitation section implies that any Aon Group Member owes or accepts any duty or responsibility to any Client Group Member.

If you or any of your Group Members asserts any claims or makes any demands against us or any Aon Group Member for a total amount in excess of this Liability Limitation, then you agree to indemnify ARS for any and all liabilities, costs, damages and expenses, including attorneys' fees, incurred by ARS or any Aon Group Member that exceeds this Liability Limitation.

It is intended that these provisions be interpreted and enforceable to the fullest extent permitted by applicable law. Should a court of law or any other competent authority find any term herein to be illegal, invalid or unenforceable, in whole or in part, the legality, validity and enforceability of the remainder of these Limitation of Liability provisions will not be affected or impaired.