

# Insurance Proposal Prepared For

## Hillsborough County Aviation Authority

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Tampa, FL 33622

Presented: January 27, 2017



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# Hillsborough County Aviation Authority

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# Hillsborough County Aviation Authority

## Executive Summary

We are very pleased to present Hillsborough County Aviation Authority (HCAA) with a comprehensive property insurance proposal effective April 1, 2017 – April 1, 2018.

### Program History

The rate in 2014 was \$.0819 which was by far the lowest rate of any municipality or airport on Florida's Gulf Coast. Your 2014 coverage was placed with a panel of six carriers with dedicated limits provided on a shared and layered program. We were able to negotiate a decreased deductible of \$250,000 with a 5% Named Hurricane Deductible.

### Catastrophe Model Update

In 2014 the decision was made to purchase an appraisal to update HCAA's current property values as well as collect critical underwriting data. The additional data collected resulted in an improved windstorm catastrophe model, which allowed underwriters to improve pricing and offer additional wind capacity for your 2015 renewal. This year we had HCAA's data re-ran using RMS v16.0.

Return Period	2014	2015	2017
20 Year Wind PML	\$ 10,078,199	\$ 7,473,369	\$5,945,784
50 Year Wind PML	\$ 61,924,302	\$ 41,915,543	\$33,758,418
100 Year Wind PML	\$ 128,395,701	\$ 86,164,236	\$71,057,959
250 Year Wind PML	\$ 235,250,331	\$ 159,112,797	\$134,144,670

### 2015 Marketing and Results

In 2015 we provided to the markets your improved data which included secondary COPE information and an engineering report which significantly improved modeling results. We approached 23 markets and 6 markets offered quotations in our efforts to deliver the most competitive program available to the Authority. Given this competitive pricing level, many markets were unable to compete with program pricing and in many cases markets indicated premiums 10-50% higher than the 2014 program rates.

Lexington your lead carrier in 2014 was able to offer in 2015 a single carrier program. The single carrier program offered higher limit, several enhanced sublimits and a rate guarantee for 2016 renewal. As a result, Hillsborough County Aviation Authority's 2015 property insurance program was moved from a shared and layered program to a single carrier program. Below you will find the highlights of the 2015 program vs. the 2014 program.

	2014	2015
Limit of Liability – Per Occurrence	\$300,000,000	<b>\$1,000,000,000</b>
Named Storm – Per Occurrence	\$50,000,000	<b>\$75,000,000</b>
Earth Movement – Per Occurrence / Aggregate	\$50,000,000	<b>\$100,000,000</b>
Flood (includes storm surge) – Per Occurrence / Aggregate	\$50,000,000	\$50,000,000
Rate	\$.0819	\$.08717
Rate Guarantee for renewal	No	<b>Yes</b>

# Hillsborough County Aviation Authority

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## Executive Summary (Cont.)

### **2016 Marketing and Results**

In 2016 renewal Lexington requested the Authority to review its currently methodology for business income. As a result the Authority completed a business income worksheet. During our discussions with the Authority on how the business income exposure is calculated the Authority decided to decrease its business income exposure from \$190,810,594 to \$88,640,000. Business Income coverage is provided after you suffer physical damage to your property by a covered peril and the Authority has to shut down all or part of its operations. Business Income coverage replaces the income the Authority would have earned if the loss did not happen. The Authority thinks if they suffered a loss they would not be completely shut down for 12 months therefore; the Authority chose to report six months of income. In 2016 the Authority decided to increase Flood sublimit from \$50 million to \$75 million for an additional \$25,000.

### **Property Insurance Market Conditions**

Capitalization in the property insurance marketplace remains strong and pricing and rates in 2017 remain soft. Carriers continue to earn profits through underwriting, not investments. We are starting to see carriers push back on offering large rate increases. The current average rate change for large coastal schedules in Florida is ranging from flat rate to a 5% rate decrease.

### **Overall Renewal Summary**

#### **Property**

For the 2017 renewal we approached 13 markets. We received lead indications for a quota-share primary of \$75 million between \$2.5 million to \$3 million, which is significantly higher than our full program premium. As a result we did not proceed with a multi-carrier program as we were able to negotiate 5.25% rate decrease with Lexington. Your renewal includes the following enhancements:

- Increased Overhead Expense sublimit from \$1 million to \$2.5 million
- Amended Flood Deductible to All Flood \$250,000 Per Occurrence except for Special Flood Hazard Area the deductible remains at 5% of total insured values per unit of insurance at the time of loss at each location involved in the loss, subject to a minimum of \$250,000 Per Occurrence
- Bridge & Tunnels sublimit from \$10 million to \$20 million to capture the renovation cost for bridge #2
- Renewal premium of \$1,822,336 including fees which includes exposure increase of 1%. This is a \$85,969 premium reduction from 2016.

AIG has provided three options for our renewal, a 1-year, 2-year or 3-year term. Some key notes on these options:

- 1) Premiums on the multi-year term are payable annually as they were in the expiring program.
- 2) A copy of the multi-year policy endorsement is attached
- 3) All programs include a 5.25% rate reduction for the 2017 policy term.
- 4) The 2-year option includes a 5% rate decrease built in for 2018.
- 5) The 3-year option includes a 5% rate decrease in 2018 and a flat rate renewal in 2019.

AIG is also offering to increase the Named Storm and Flood limits from \$75M to \$100M for an additional annual premium of \$225,043. We have also obtained a competing quota-share excess indication for \$210,000. HCAA can increase their limits at any time; however we cannot guarantee what the pricing of this option will be after 4/1/17.

# Hillsborough County Aviation Authority

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## Executive Summary (Cont.)

The program currently provided by AIG is extremely competitive and there are no other markets that are able to get anywhere near their pricing. We strongly recommend considering the 3-Year policy term option to lock in these favorable terms with AIG through 4/1/2020.

### Private Flood Only

The Authority currently has \$9,508,953 in value in Special Flood Hazard Areas. The Stafford Act requires Public Entities to purchase the maximum available under the National Flood Insurance Program which is \$500,000 per building and \$500,000 in contents. Currently the Authority meets this criterion on two buildings. As a result if the Authority suffers Flood damage in a declared disaster by FEMA, FEMA will not reimburse you for your Flood deductible up to the maximum limits available. As a result, this year we approached the Private Flood market for a program to meet this requirement on the other buildings. To date we have received an indication for \$2,000,000 Aggregate limit with a \$100,000 deductible for \$65,000. The premium is based off an exposure of \$5,230,300.

### Terrorism

We approached several markets this year for the terrorism placements as well as various other new programs on the market. We requested options to include Violent Malicious Acts coverage however due to recent events at Ft. Lauderdale Airport we received a declination. We also received declinations for all products from Ironshore as they are no longer interested in writing airports.

The Authority currently purchases two standalone Terrorism programs and below is what they have offered on renewal:

1. \$100 million in Terrorism - 10.48% rate decrease
2. \$2.5 million in Nuclear Chemical Biological and Radiological Terrorism Insurance (NCBR) - 15.41% rate decrease. The Authority can increase their NCBR limit from \$2.5 million to \$5 million for an additional premium of \$10,696.

Both programs have offered a rate agreement for 2018, if the Authority does not suffer any losses in 2017, they will provide 7.5% rate decrease.

The current Terrorism program have also offered enhanced coverage for a loss limit of \$5 million or \$10 million for Business Income and/or Extra Expense if the Authority suffers a loss as a result of a terrorist event that would be covered under your policy within 10 miles or 25 miles at a third party location. However, the policy trigger would be physical damage by a terrorist event. We are recommending you consider a standalone option, Terrorism Plus, which would respond without physical damage within a 25 mile radius. The pricing is below:

Business Income Limit	Extra Expense Sublimit	Deductible	Premium
\$5,000,000	\$1,000,000	\$250,000 deductible except \$50,000 for Extra Expense	\$34,200
\$10,000,000	\$2,000,000	\$250,000 deductible except \$50,000 for Extra Expense	\$51,300

We also obtained an active shooter quotation from Lloyds of London. Based on our review of the coverage if the Airport is purchasing the war endorsement under the Airport Liability program the Liability coverage would not be needed and maybe broader under that policy.

# Hillsborough County Aviation Authority

## Executive Summary (Cont.)

<b>Coverage</b>	
Third Party Liability coverage for bodily injury as a result of an Active Shooter event	\$5M Per Occ./Agg or \$10M Per Occ./Agg
<b>Sublimits</b>	
Crisis Management / Temporary Security Measures	\$250k / \$1M Agg
Property Damage to your buildings	\$500,000
Counselling Services to a third party	\$250k / \$1M Agg
Funeral Expense	\$250k / \$1M Agg
<b>Deductible</b>	\$25,000 Each Occurrence
<b>Premium Indications</b>	
\$5M Per Occ /Agg Limit	\$65,000
\$10M Per Occ / Agg Limit	\$105,000

## Premium Summary

The Authority's total expiring program premium was \$1,970,609 and the renewal is \$1,884,640; an \$85,969 savings which is a 4.36% decrease. We have several options that we recommend you consider which I have summarized below:

Coverage	2016	2017	Variance
Property	\$1,903,721	\$1,822,336	-\$81,385 (4.28%)
Property Standalone Terrorism	\$42,610	\$40,500	-\$2,110 (4.95%)
Property Terrorism - NCBR	\$24,278	\$21,804	-\$2,474 (10.19%)
TOTAL	\$1,970,609	\$1,884,640	-\$85,969 (4.36%)

The Authority's total expiring program premium was \$1,970,609 and the renewal is \$1,884,640; an \$85,969 savings which is a 4.36% decrease. In addition AIG has offered options for both a 2-Year and 3-Year policy term, both with a guaranteed 5% rate decrease in 2018. We have several additional options that we recommend you consider which I have summarized below:

OPTIONS	ADDITIONAL PREMIUM
Increase -Named Storm \$100 million Per Occurrence -Flood to \$100 million Per Occurrence / Aggregate	\$210,000*
Private Flood – Indication \$2 million	\$65,000*
Increase NCBR Sublimit from \$2.5 million to \$5 million	\$10,696
Terrorism Plus \$5 million	\$34,200
Terrorism Plus \$10 million	\$51,300

We hope that HCAA is pleased with the results of this proposal and we greatly appreciate the opportunity to be of service to the airport. We look forward to reviewing this proposal with you in detail and truly appreciate your business

**Michael Gillon**  
Area President

**Erica Connick**  
Area Vice President

**Our Team and Commitment**

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# Hillsborough County Aviation Authority

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## Service Team

**Michael Gillon** 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>Michael Gillon, ARM</b> Area President	407-563-3550 407-370-2320	Michael_Gillon@ajg.com	Producer
<b>Erica Connick, AAI, ARM-P, CSR</b> Area Vice President	407-563-3554	Erica_Connick@ajg.com	Account Executive
<b>Carmen Bishop, AAI</b> Client Service Manager Sr.	407-563-3546	Carmen_Bishop@ajg.com	Client Service Mgr
<b>Michele Montgomery, CPCU-ARM-P, AINS</b> Area Vice President	407-563-3517	Michele_Montgomery@ajg.com	Surplus Lines Broker

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



# Hillsborough County Aviation Authority

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## Named Insured

LINE OF COVERAGE	NAMED INSURED
All Lines of Coverage included in this proposal	<b>Hillsborough County Aviation Authority</b>

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

# Hillsborough County Aviation Authority

## Marketplace 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	PREMIUM
<b>Lexington Insurance Company</b>	Property	Recommended Quote	\$1,802,332.00
<b>AXIS Surplus Insurance Company</b>	Property	Indication (Written)* / \$12.5m p/o \$25m x \$75m for \$200,000 layer price	
<b>Maxum Casualty Insurance Company</b>	Property	Indication (Written)* / \$10m p/o \$25m x \$75m for \$200,000 layer price	
<b>AmRisc, LP</b>	Property	Indication (Written)* / \$2.5m-\$3m for the ground \$300m with \$75m of Flood and \$75m of Named Storm	
<b>Berkshire Hathaway Insurance Group</b>	Property	Indication (Written)* / over \$3m for the ground \$300m with \$75m of Flood and \$75m of Named Storm	
<b>Arch Excess &amp; Surplus Insurance Company</b>	Property	Indication (Verbal)* / \$375,000 layer price for the \$25m x \$75m	
<b>Arrowhead General Insurance</b>	Property	Indication (Verbal)* / Pricing over \$600,000 for the layer for the \$25m x \$75m	
<b>Colony Insurance Company</b>	Property	Indication (Verbal)* / Reviewing \$25m x \$75m	
<b>C. V. Starr &amp; Company (CV Starr)</b>	Property	Indication (Verbal)* / Pricing over \$310,000 layer price for the \$25m x \$75m	
<b>Endurance American Specialty Ins Co</b>	Property	Indication (Written)* / Reviewing \$25m x \$75m	
<b>James River Insurance Company</b>	Property	Indication (Verbal)* / Price over \$300,000 layer price for the \$25m x \$75m	
<b>Markel American Insurance Company</b>	Property	Indication (Verbal)* / \$250,000 layer price for the \$25m x \$75m	
<b>Landmark American Insurance Company</b>	Property	Indication (Written)* / Price over \$330,000 layer price for the \$25m x \$75m and only \$5m of capacity	

# Hillsborough County Aviation Authority

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## Marketplace Review (Cont.)

<b>Underwriters at Lloyd's London</b>	Property - Standalone Terrorism	Recommended Quote	\$40,500.00
<b>Underwriters at Lloyd's London</b>	Property - Terrorism - CBRN	Recommended Quote	\$21,804.00
<b>Underwriters at Lloyd's London</b>	Terrorism Plus	Recommended Quote	\$34,200.00
<b>Ironshore Specialty Insurance Co</b>	Terrorism Plus	Declined to Quote - Other / Limited appetite for airport/aviation accounts at this time	
<b>Underwriters at Lloyd's London</b>	Active Shooter Terrorism	Recommended Quote	\$65,000.00
<b>Underwriters at Lloyd's London</b>	Active Shooter Terrorism	Declined to Quote - Other / VMA underwriters have declined to quote for this risk. Airports have fallen out of their risk appetite.	
<b>Ironshore Specialty Insurance Co</b>	Active Shooter Terrorism	Declined to Quote - Other / Limited appetite for airport/aviation accounts at this time	
<b>Underwriters at Lloyd's London</b>	Private Flood	Declined to Quote - Other / WKF&C - Need Elevation Certificates	
<b>Underwriters at Lloyd's London</b>	Private Flood	Declined to Quote - Other / SWBC - Need Elevation Certificates	
<b>Underwriters at Lloyd's London</b>	Private Flood	Declined to Quote - Other / Floodwatch - Need Elevation Certificates	

\*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.

# Hillsborough County Aviation Authority

## Insurance Company Ratings and Admitted Status

PROPOSED INSURANCE COMPANIES	A.M. BEST'S RATING	ADMITTED / NON-ADMITTED
<b>Lexington Insurance Company</b>	A XV	Non-Admitted
<b>Underwriters at Lloyd's London</b>	A XV	Non-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 <i>(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)</i>			
A++, A+	Superior				
A, A-	Excellent	FSC I	Up to 1,000	FSC IX	250,000 to 500,000
B++, B+	Good	FSC II	1,000 to 2,000	FSC X	500,000 to 750,000
B, B-	Fair	FSC III	2,000 to 5,000	FSC XI	750,000 to 1,000,000
C++, C+	Marginal	FSC IV	5,000 to 10,000	FSC XII	1,000,000 to 1,250,000
C, C-	Weak	FSC V	10,000 to 25,000	FSC XIII	1,250,000 to 1,500,000
D	Poor	FSC VI	25,000 to 50,000	FSC XIV	1,500,000 to 2,000,000
E	Under Regulatory Supervision	FSC VII	50,000 to 100,000	FSC XV	2,000,000 or more
F	In Liquidation	FSC VIII	100,000 to 250,000		
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>.

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# Hillsborough County Aviation 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 <i>Terms of Use</i> at <a href="http://www.ambest.com">www.ambest.com</a> .			
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# Hillsborough County Aviation Authority

## Premium Summary

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

LINE OF COVERAGE		EXPIRING PROGRAM		PROPOSED PROGRAM	
		CARRIER	EXPIRING COST	CARRIER	ESTIMATED COST
<b>Property</b>	Premium	Lexington Insurance Company (American International Group, Inc)	\$1,883,717.00	Lexington Insurance Company (American International Group, Inc)	\$1,802,332.00
	Srchrg & Asmnt		\$4.00		\$4.00
	Total Fees		\$20,000.00		\$20,000.00
	<b>Estimated Cost</b>		<b>\$1,903,721.00</b>		<b>\$1,822,336.00</b>
	Annualized Cost		-		-
	TRIA Premium		-		\$143,449.00
<b>Property - Standalone Terrorism</b>	Premium	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$42,610.00	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$40,500.00
	<b>Estimated Cost</b>		<b>\$42,610.00</b>		<b>\$40,500.00</b>
	Annualized Cost		-		-
	TRIA Premium		-		-
<b>Property - Terrorism - CBRN</b>	Premium	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$24,278.00	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$21,804.00
	<b>Estimated Cost</b>		<b>\$24,278.00</b>		<b>\$21,804.00</b>
	Annualized Cost		-		-
	TRIA Premium		-		-
<b>Total Estimated Program Cost</b>			<b>\$1,970,609.00</b>		<b>\$1,884,640.00</b>

Quote from Underwriters at Lloyd's London (Underwriters at Lloyd's London) is valid until 4/1/2017  
 Quote from Underwriters at Lloyd's London (Underwriters at Lloyd's London) is valid until 4/1/2017  
 Quote from Underwriters at Lloyd's London (Underwriters at Lloyd's London) is valid until 2/20/2017  
 Quote from Lexington Insurance Company (American International Group, Inc) is valid until 4/1/2017

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

**Property**  
**Property - Standalone Terrorism**  
**Property - Terrorism - CBRN**  
**Terrorism Plus**

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.

# Hillsborough County Aviation Authority

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## Payment Plans

CARRIER	LINE OF COVERAGE	PAYMENT SCHEDULE	PAYMENT METHOD
<b>Lexington Insurance Company (American International Group, Inc)</b>	Property	Premium must be remitted within 30 days of effective date	Agency Bill
<b>Underwriters at Lloyd's London (Underwriters at Lloyd's London)</b>	Property - Standalone Terrorism	Premium must be remitted within 30 days of effective date	Agency Bill
<b>Underwriters at Lloyd's London (Underwriters at Lloyd's London)</b>	Property - Terrorism - CBRN	Premium must be remitted within 30 days of effective date	Agency Bill
<b>Underwriters at Lloyd's London (Underwriters at Lloyd's London)</b>	Terrorism Plus	Premium must be remitted within 30 days of effective date	Agency Bill

Your Program



# Hillsborough County Aviation Authority

## Program Details

**Coverage:** Property  
**Carrier:** Lexington Insurance Company  
**Policy Period:** 4/1/2017 to 4/1/2018

### Coverage:

SUBJECT OF INSURANCE	LIMIT TYPE	AMOUNT	BASIS
Limit of Liability - (Specific Policy per Schedule on File with Company)	Limit	\$1,000,000,000	Per Occurrence and In The Primary
Earth Movement	Sublimit	\$100,000,000	Per Occurrence and Annual Aggregate for the peril of
Flood	Sublimit	\$75,000,000	Occurrence and Annual Aggregate for the peril
Named Storm Named Storm (a storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm or Tropical Depression) regardless of the number of Coverages, Locations or Perils involved including but not limited to, all Flood, (however caused) wind, wind gusts, storm surges, tornados, cyclones, hail or rain. In the event covered Loss or Damage by Flood arises out of a Named Storm, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Flood shall be the Sublimits of Liability for Flood. However, if Flood is not covered, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Named Storm shall exclude Loss or Damage by Flood.	Sublimit	\$75,000,000	Per Occurrence

### Deductibles/SIRs:

TYPE	COVERAGE	AMOUNT	ADDITIONAL INFO
Deductible	Each claim for loss or damage under this policy shall be subject to a per occurrence deductible	\$250,000	
Deductible	Earth Movement - (Per Occurrence)	\$250,000	
Deductible	Flood - Per Occurrence	\$250,000	New to Renewal
Deductible	Flood - Special Flood Hazard Area	5% of Total Insurable Values per "unit of insurance" at the time of the loss	at each location involved in the loss or damage, subject to a minimum of \$250,000 any one occurrence
Deductible	Windstorm or Hail - Per Occurrence,	\$250,000	except as follows:

# Hillsborough County Aviation Authority

## Program Details (Cont.)

### Deductibles/SIRs:

TYPE	COVERAGE	AMOUNT	ADDITIONAL INFO
Deductible	-	5% of Total Insurable Values per "unit of insurance" at the time of the loss	at each location involved in the loss or damage arising out of a Named Storm
Deductible	- - any one occurrence	\$250,000	subject to a minimum deductible of
Deductible	Transit	\$100,000	
Deductible	Equipment Breakdown - Per Occurrence.	\$100,000	
Deductible	Equipment Breakdown		
Deductible	- Direct Coverages	\$100,000	
Deductible	- Indirect Coverages	48 Hours	
Deductible	Losses caused by interruption by Service / Off Premises Power Interruption - Waiting period	24 hour	
Deductible	Tolling Operations - (Per Occurrence)	\$100,000	

### Additional Coverage:

DESCRIPTION	LIMIT TYPE	AMOUNT	BASIS
Debris Removal	Limit	\$50,000,000 / 25% of loss, whichever is less	Per Occurrence
Accounts Receivable	Limit	\$25,000,000	Per Occurrence
Civil or Military Authority (Subject to 5 Statute Miles)	Limit	30 Days / \$25,000,000	Per Occurrence
Contingent Time Element	Limit	\$10,000,000	Per Occurrence
Demolition and Increased Cost of Construction: Demolition Coverage A	Limit	Included	Per Occurrence
Demolition and Increased Cost of Construction: Demolition Coverage B	Limit	Included	Per Occurrence
Demolition and Increased Cost of Construction: Demolition Coverage C	Limit	Included	Per Occurrence
Electronic Data and Media	Limit	\$25,000,000	Per Occurrence
Errors and Omissions	Limit	\$10,000,000	Per Occurrence
Extended Period of Indemnity	Limit	365 Days	
Extra Expense	Limit	\$75,000,000	Per Occurrence
Fine Arts (subject to \$10,000 max per item)	Limit	\$1,000,000	Per Occurrence
Fire Brigade Charges	Limit	\$1,000,000	Per Occurrence
Ingress / Egress (Subject to 5 Statute Miles)	Limit	30 Days / \$25,000,000	Per Occurrence
Leasehold Interest	Limit	\$10,000,000	Per Occurrence

# Hillsborough County Aviation Authority

## Program Details (Cont.)

### Additional Coverage:

DESCRIPTION	LIMIT TYPE	AMOUNT	BASIS
Limited Pollution Coverage	Limit	\$1,000,000	Per Occurrence and Annual Aggregate
Miscellaneous Unnamed Locations	Limit	\$10,000,000	Per Occurrence
Mold / Fungus Resultant Damage (coverage for ensuing mold / fungus as a result of a covered peril)	Limit	\$1,000,000	Per Occurrence and Annual Aggregate
Newly Acquired Property for a period of 90 days, if not reported to the Company in that 90 day period then coverage ceases	Limit	\$25,000,000	Per Occurrence
Professional Fees	Limit	\$1,000,000	Per Occurrence
Soft Costs	Limit	\$10,000,000	Per Occurrence
Service Interruption. A qualifying period of 24 hours applies to this coverage.	Limit	\$25,000,000	Per Occurrence
Transit	Limit	\$1,000,000	Per Occurrence
Valuable Papers and Records	Limit	\$25,000,000	Per Occurrence
Cyber Perils	Limit	\$1,000,000	Per Occurrence
bridges and tunnels	Limit	\$20,000,000 / Increased from \$10M on Expiring	Per Occurrence
Outdoor Trees, Plants and Shrubs	Limit	\$1,000,000	Per Occurrence
Outdoor Property	Limit	\$35,000,000	Per Occurrence
Expediting Expenses	Limit	\$10,000,000	Per Occurrence
Money and Securities	Limit	\$100,000	Per Occurrence and Annual Aggregate
Fungus, Mold(s), Mildew, Spores or Yeast	Limit	\$1,000,000	Per Occurrence
Attraction Properties	Limit	30 Days / \$1,000,000	Per Occurrence
Deferred Payments	Limit	\$10,000,000	Per Occurrence
Machinery and Equipment Startup Option	Limit	\$1,000,000	Per Occurrence
Fairs or Exhibitions	Limit	\$1,000,000	Per Occurrence
Temporary Removal of Property	Limit	\$1,000,000	Per Occurrence
Spoilage	Limit	\$10,000,000	Per Occurrence
Overhead Expenses	Limit	\$2,500,000 / Increased from \$1M on Expiring	Per Occurrence

### Valuations:

DESCRIPTION	LIMITATIONS
Replacement Cost	Applies
Business Income	Agreed Amount

# Hillsborough County Aviation Authority

## Program Details (Cont.)

### Perils Covered:

TYPE	DESCRIPTION
Special Form Perils	All Risks of Direct Physical Loss or Damage including Flood, Earth Movement and Equipment Breakdown/Boiler & Machinery and as further described in the approved Policy Form
Special Form Perils	Peril of Named Storm: A storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm or Tropical Depression) regardless of the number of Coverages, Locations or Perils involved including but not limited to, all Flood, (however caused) wind, wind gusts, storm surges, tornados, cyclones, hail or rain. In the event covered Loss or Damage by Flood arises out of a Named Storm, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Flood shall be the Sub limits of Liability for Flood. However, if Flood is not covered, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Named Storm shall exclude Loss or Damage by Flood.

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

DESCRIPTION
Lexington Insurance Company Manuscript Domestic Property Policy Form (PR 8371)
Economic Sanctions Endorsement PR4225 (07/13)
Service of Suit PR4418 (09/15)
Upgrade to Green Commercial Endorsement PR8346 (02/08)
General Amendatory Endorsement PR8346 02/08
Form Endorsement
Deductible Endorsement; Addressing Tolling Operations
Terrorism Premium Charge Endorsement With Exclusion For Biological And/Or Chemical Terrorism - PR8543 (06/15); New form and only applies if Terrorism coverage is elected/purchased

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

DESCRIPTION
Government Action Exclusion
Nuclear Hazard, Power Failure
Terrorism Exclusion Endorsement
War and Terrorism Exclusion Endorsement (applies to locations outside the United States of America, its territories and possessions) NMA2918 (08/01)

### Binding Requirements:

DESCRIPTION
Subject to Signed Terrorism Election/Rejection Form

# Hillsborough County Aviation Authority

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## Program Details (Cont.)

### Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Description of Property: Real and Personal Property; Machinery and Equipment; Furniture & Fixtures; Improvements and Betterment's; Inventory; Stock; EDP Hardware, Media and Data; Business Income – Gross Earning / Extra Expense and as further described in the policy form
Territory: Coverage under this Policy applies to Occurrences within the United States, its territories and possessions, Puerto Rico, and Canada, including their respective coastal waters
To Indemnify Against Loss By: All Risks of Direct Physical Loss or Damage including Flood, Earth Movement and Equipment Breakdown/Boiler & Machinery and as further described in the approved policy form
Total Insured Values: \$\$2,147,345,863 - Per Schedule on File with Company
If two or more deductible amounts provided in this policy apply to a single occurrence, the total to be deducted shall not exceed the largest deductible applicable unless otherwise stated in the policy. However, if: <ol style="list-style-type: none"> <li>1. The Time Element deductible and another deductible apply to a single Occurrence, then the Company shall apply both deductibles to the Occurrence; and</li> <li>2. Covered Loss or Damage by Flood arises out of a Named Storm, then the Company shall apply the Flood deductible or the Named Storm deductible, whichever is greater.</li> </ol>
Any new locations in AK, CA, FL, HI and TX will be underwritten and rated in accordance with our guidelines at the time we are requested to add them.
90 Days Notice of Cancellation / 10 Days Non-Payment of Premium
The deductible(s) shall only apply to those Units of Insurance involved in loss, damage or destruction and for which a claim is being made. For the purpose of these deductibles, the following shall be considered a separate unit of insurance: <ol style="list-style-type: none"> <li>(1) Each building or structure</li> <li>(2) The contents of each separate building or structure</li> <li>(3) Property in the open</li> <li>(4) Time Element arising from each affected building or structure</li> </ol>
24 hour waiting period plus appropriate deductible as respects losses caused by interruption by Service / Off Premises Power Interruption.

# Hillsborough County Aviation Authority

## Program Details (Cont.)

### Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
<p>Definitions:</p> <p><b>Earth Movement:</b> The term Earth Movement shall mean any natural or man-made earth movement, earthquakes, seaquakes, shocks, tremors, seismic events, landslides, submarine landslides, avalanches, subsidence, sinkhole collapse, mud flow, rock fall, volcano, lava flow or any other similar earth movement, sinking, rising or shifting.</p> <p>Flood, as defined in this policy, that would not have occurred but for an Earth Movement as described herein, shall be deemed to be proximately caused solely by Earth Movement regardless of any other cause or event that contributes concurrently or in any sequence to such Flood, and consequently shall be considered Earth Movement.</p> <p><b>Flood:</b> The term Flood shall mean a temporary condition of partial or complete inundation of normally dry land from: 1. The overflow of inland or tidal waters outside the normal watercourse or natural boundaries; 2. The overflow, release, rising, back-up, runoff or surge of surface water; or 3. The unusual or rapid accumulation or runoff of surface water from any source. A Tsunami shall not be considered Flood as defined above.</p> <p><b>Named Storm:</b> A storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm or Tropical Depression) regardless of the number of Coverages, Locations or Perils involved including but not limited to, all Flood, (however caused) wind, wind gusts, storm surges, tornados, cyclones, hail or rain. In the event covered Loss or Damage by Flood arises out of a Named Storm, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Flood shall be the Sublimits of Liability for Flood. However, if Flood is not covered, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Named Storm shall exclude Loss or Damage by Flood. If Flood is covered, the maximum amount the Company will pay per Occurrence for all such Loss or Damage by Named Storm shall exclude Loss or Damage by Flood.</p>
<p><b>MULTI-YEAR POLICY ENDORSEMENT <u>APPLIES ONLY IF MULTI YEAR POLICY TERM IS ELECTED</u></b></p> <p><b>MULTI-YEAR CONDITIONS:</b> This Policy has been issued for the term shown in Item 3. • Policy Period of the DECLARATIONS with the total premium for entire term shown in Item 5., Premium of the DECLARATIONS payable in annual installments at the inception date and each subsequent anniversary date. You are required to submit an updated Statement of Locations and Values at least thirty (30) days prior to each annual anniversary date and the premium will be adjusted by applying the last agreed upon rate to such updated Statement.</p> <p>Instead of submitting an updated Statement of Locations and Values, you may elect to apply a current valuation index established by a recognized statistical or regulatory body that has been preagreed with us in writing at the inception date of this Policy. In such case, the premium will be adjusted by applying the last agreed upon rate to: { 1 J the real and personal property values shown on the latest Statement which have been adjusted in accordance with the most recent index, and (2) business interruption values shown on the latest Statement which have been adjusted by the average change in values over the prior two-year period or another methodology that has been preagreed with us in writing at the inception date of this Policy.</p>

# Hillsborough County Aviation Authority

## Program Details (Cont.)

We reserve the right to increase such rate if one or more of the following apply:

1. The incurred loss ratio is greater than %;
2. There is a material change in any reinsurance support; or
3. There is any material change in the risk and/or the quantum of natural catastrophe (wind or hail, flood, named storm or earth movement) exposures insured from inception.

The Annual Aggregates shown on the Declarations shall be reinstated on each annual anniversary date, but only with respect to an occurrence which first commences on or after 12:01 a.m. on the annual anniversary date.

The following definitions apply to this provision:

1. Incurred loss ratio means the sum of all incurred losses divided by all gross premiums paid for the period from the inception date of this Policy to the applicable annual anniversary date.
2. Incurred losses means the sum of paid losses plus reserved losses from the inception date of this Policy to the applicable annual anniversary date. We shall set such reserves at our sole discretion.

<b>Premium</b>	<b>\$1,802,332.00</b>
<b>Surcharges &amp; Assessments</b>	
EMPA	\$4.00
<b>Total Surcharges &amp; Assessments</b>	<b>\$4.00</b>
<b>Fees</b>	
Engineering Fee	\$20,000.00
<b>Total Fees</b>	<b>\$20,000.00</b>
<b>ESTIMATED PROGRAM COST</b>	<b>\$1,822,336.00</b>
Minimum Earned Premium -	<b>25.00 %</b>
TRIA/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable)	<b>\$143,449.00</b>

### Optional Coverages:

OPTION	COVERAGE
2	\$75M NWS; 2YR Policy <b>Term Pricing \$3,514,547</b> (not including TRIA, Surcharges, Assessments or Fees) Annual premium payments after adjusting for updated SOV
3	\$75M NWS; 3YR Policy <b>Term Pricing \$5,226,762</b> (not including TRIA, Surcharges, Assessments or Fees) Annual premium payments after adjusting for updated SOV
4	\$100M NWS: 1YR Policy <b>Term Pricing \$2,027,375</b> (not including TRIA, Surcharges, Assessments or Fees) Annual premium payments after adjusting for updated SOV
5	\$100M NWS: 2YR Policy <b>Term Pricing \$3,953,382</b> (not including TRIA, Surcharges, Assessments or Fees) Annual premium payments after adjusting for updated SOV
6	\$100M NWS: 3YR Policy <b>Term Pricing \$5,879,388</b> (not including TRIA, Surcharges, Assessments or Fees) Annual premium payments after adjusting for updated SOV

# Hillsborough County Aviation Authority

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## Program Details (Cont.)

### Property Statement of Values

<b>Building &amp; Contents</b>	<b>\$2,058,377,818.00</b>
Business Interruption	\$ 88,968,045.00
<b>TOTAL INSURED VALUE</b>	<b>\$2,147,345,863.00</b>

Client Signature

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

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

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



# Hillsborough County Aviation Authority

## Program Details

**Coverage:** Property - Standalone Terrorism

**Carrier:** Underwriters at Lloyd's London

**Policy Period:** 4/1/2017 to 4/1/2018

### Coverage:

SUBJECT OF INSURANCE	LIMIT TYPE	AMOUNT
Per Occurrence and In The Aggregate Plus One Automatic Reinstatement	Limit	\$100,000,000

### Deductibles/SIRs:

TYPE	COVERAGE	AMOUNT
Deductible	Sabotage & Terrorism - Per Occurrence	\$250,000

### Additional Coverage:

DESCRIPTION	AMOUNT	BASIS
Building Ordinance or Law	Included (A) Except \$25,000,000 (B,C,D)	New to Renewal
Sublimits:		
Miscellaneous unnamed Locations	\$10,000,000	
Errors & Omissions	\$10,000,000	
Service Interruption	\$10,000,000	
New Buildings and additions under construction	\$100,000,000 / Increased from \$5M on Expiring	(Construction values up to \$125,000,000)
Transportation	\$2,500,000	
Dams, dikes and levees	\$2,500,000	
Accounts Receivable	\$2,500,000	
Valuable Papers	\$1,000,000	
Fine Art	\$1,000,000	
Professional Fees	\$1,000,000	
Sub limits for Time Element, part of not in addition to:		
Service Interruption	\$10,000,000	
Expediting costs and extra expense combined	\$5,000,000	
Leasehold Interest	\$5,000,000	
Rental Income	\$5,000,000	
Commissions, profits and royalties	\$5,000,000	
Contingent Time Element Named Suppliers/Customers	\$5,000,000	

# Hillsborough County Aviation Authority

## Program Details (Cont.)

### Additional Coverage:

DESCRIPTION	AMOUNT	BASIS
Civil or Military Authority	\$5,000,000 / Increased from \$1M on Expiring	or up to 30 Days (5mile Distance Limitation) - Subject non stacking
Ingress/Egress	\$5,000,000 / Increased from \$1M on Expiring	or up to 30 Days (5mile Distance Limitation) - Subject non stacking
Indemnity Period in respect of Business Interruption		24 Hours

### Valuations:

DESCRIPTION	LIMITATIONS
Replacement Cost	Applies

### Perils Covered:

TYPE	DESCRIPTION
N/A	Sabotage & Terrorism

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

DESCRIPTION
Wording: LMA3030 (Amended) as attached SECTION IV plus Supplemental Clauses as attached Section V.
Automatic Acquisition Coverage as per Supplemental Clause No. 2
Application of Sublimits Endorsement - LMA5130
Fraudulent Conduct And Misrepresentation Clause - LMA5120 19 November 2008
Service Of Suit Clause (U.S.A.)- LMA5020 14/09/2005
Lloyd's Authorized Document of Insurance - S12129
Rights Of Third Parties Exclusion
Conditions - LMA3030 01/09/2006
Business Interruption Extension 14/12/05 LMA5039
Section III - Security Details - LMA3333 21st June 2007

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

DESCRIPTION
Sanction Limitation And Exclusion Clause - LMA3100 15 September 2010
Loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorized instructions or code or the use of any electromagnetic weapon. This exclusion shall not operate to exclude losses (which would otherwise be covered under this Policy) arising from the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

# Hillsborough County Aviation Authority

## Program Details (Cont.)

**Exclusions include, but are not limited to:**

DESCRIPTION
Loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labor unrest, riots or civil commotion.
Loss or damage caused by measures taken to prevent, suppress or control actual or potential terrorism or sabotage unless agreed by Underwriters in writing prior to such measures being taken.
Loss or increased cost as a result of threat or hoax.
Loss or damage caused by or arising out of burglary, house- breaking, looting, theft or larceny.
Property Excluded: Any building or structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days, unless the property is intended to be unoccupied in its normal operations. Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared hereon and solely whilst located at the property insured herein at the time of its damage.

**Binding Requirements:**

DESCRIPTION
Subject to - No Cover Given / Full T&Cs to be agreed by underwriters prior inception

**Other Significant Terms and Conditions/Restrictions:**

DESCRIPTION
Total Insured Value: \$2,257,900,244 as per Schedule of Values on file with Insurer
Option 1+2) refer to quote for if a terrorist event occurs within 25 mile or 10 mile radius of the insured location and the insured loses revenue or has to increase costs due to the event resulting in extra expense, the policy will pay for the Business Income loss or the Extra Expense
Territory: This policy covers various locations throughout United States territories and possessions and Canada Excluding US Virgin Islands
Policy currently provides \$5M limit for Contingent Time Element Named Suppliers/Customers. In order for the carrier quote, they will need a full list of all your suppliers and customers and subject to no airlines being named suppliers/costumers.
For the purpose of this Insurance, an act of sabotage means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
For the purpose of this Insurance, an Act of Terrorism means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
Interest: Real And Personal Property And Time Element Coverages As Described In Section IV - The Wording And Section V - Supplemental Clauses
The term "Occurrence" shall mean any one loss and/or series of losses arising out of and directly occasioned by one Act or series of Acts of Terrorism or Sabotage for the same purpose or cause. The duration and extent of any one "Occurrence" shall be limited to all losses sustained by the Insured at the property insured herein during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this Policy unless the Insured shall first sustain direct physical damage by an Act of Terrorism or an Act of Sabotage prior to expiration and within said period of 72 consecutive hours nor shall any period of 72 consecutive hours commence prior to the attachment of this Policy

# Hillsborough County Aviation Authority

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## Program Details (Cont.)

### Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Choice Of Law & Jurisdiction: Wording as attached SECTION IV - Choice of Law: - It is understood and agreed by both the Insured and the Insurer(s) that any dispute concerning the interpretation of this Policy shall be governed by the Laws of the State of Florida, subject to the provisions of the Service of Suit Clause contained within the policy wording. - Choice of Jurisdiction: United States of America per Service of Suit Clause contained within the Policy wording.

<b>Premium</b>	<b>\$40,500.00</b>
<b>ESTIMATED PROGRAM COST</b>	<b>\$40,500.00</b>

### Optional Coverages:

OPTION	COVERAGE	LIMIT	PREMIUM
2	Two year policy with annual instalments and 7.5% rate reduction in year two if the loss ratio is Zero.	--	
3	Terrorist events 10 mile distance radius for BI/EE	\$5,000,000	\$20,000.00
4	Terrorist events 25 mile distance radius for BI/EE	\$5,000,000	\$30,000.00
5	Terrorist events 10 mile distance radius for BI/EE	\$10,000,000	\$40,000.00
6	Terrorist events 25 mile distance radius for BI/EE	\$10,000,000	\$60,000.00

# Hillsborough County Aviation Authority

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## Program Details (Cont.)

### Stand-Alone Terrorism Statement of Values

<b>Building &amp; Contents</b>	<b>\$2,168,932,199.00</b>
Business Interruption	\$ 88,968,045.00
<b>TOTAL INSURED VALUE</b>	<b>\$2,257,900,244.00</b>

Client Signature

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

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

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

# Hillsborough County Aviation Authority

## Program Details

**Coverage:** Property - Terrorism - CBRN  
**Carrier:** Underwriters at Lloyd's London  
**Policy Period:** 4/1/2017 to 4/1/2018

### Coverage:

SUBJECT OF INSURANCE	LIMIT TYPE	AMOUNT
Limit - (per occurrence and in the annual aggregate)	Limit	\$2,500,000

### Deductibles/SIRs:

TYPE	COVERAGE	AMOUNT
Deductible	Deductible - per occurrence	\$100,000

### Valuations:

DESCRIPTION	LIMITATIONS
Replacement Cost	Applies
Business Income	Agreed Value

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

DESCRIPTION
Premium Payment Clause LSW3000 11/01; 60 Days
Service of Suit Clause (U.S.A.) NMA 1998 24/4/86
Business Interruption Extension LMA5150 02/06/10
Market Reform Contract LMA333 21 June 2007
Reinsurers Liability Clause - LMA333

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

DESCRIPTION
Earth Movement Exclusion
Flood Exclusion
Government Action Exclusion
Nuclear Hazard, Power Failure
Date Related Losses
Loss or damage caused by criminals, vandals or other persons acting maliciously or by way of protest or strikes, labor unrest, riots or civil commotion
Loss or increased cost as a result of threat or hoax
Property Exclusion; Any land conveyance, including vehicles, locomotive or rolling stock, unless such land conveyance is declared hereon and solely whilst located at the Insured Property herein at the time of its damage.

# Hillsborough County Aviation Authority

## Program Details (Cont.)

### Binding Requirements:

DESCRIPTION
Subject to - No Cover Given / Full T&Cs to be agreed by underwriters prior inception

### Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Total Insured Value: \$2,257,900,244 as per Schedule of Values on file with Insurer
Territory: United States of America.
Choice Of Law & Jurisdiction: - Law: It is understood and agreed by both the Insured and the Insurer(s) that any dispute concerning the interpretation of this Policy shall be governed by the Laws of the State of Florida, subject to the provisions of the Service of Suit Clause contained within the policy wording. - Jurisdiction: United States of America per Service of Suit Clause contained within the policy wording.
Interest: Loss of Access, Demolition, Decontamination, Removal of Debris as a result of an act or series of acts of Nuclear, Chemical, Biological or Radiological Terrorism (an "Act of Terrorism") as defined in the attached policy.
Catlin NCBR Terrorism wording (5 mile radius from perimeter fence) as attached
NCBR Terrorism Property Insurance Form SJC2013NCBR
Act of NCBR Terrorism means: an act which involves the direct use of a nuclear weapon or a device or apparatus intended to disperse or release any biological, chemical, bio-chemical or radioactive material, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public or a section of the public in fear for such purposes. Act of NCBR Terrorism excludes deliberate acts of de facto or de jure civil or military authority or government in the place where the insured property is situated.
Original Geographic Area – within 5 mile from perimeter of fence

<b>Premium</b>	<b>\$21,804.00</b>
<b>ESTIMATED PROGRAM COST</b>	<b>\$21,804.00</b>

### Optional Coverages:

OPTION	COVERAGE	PREMIUM
2	Two year policy with annual instalments and 7.5% rate reduction in year two if the loss ratio is Zero.	
3	Terrorism - CBRN \$5M Limit (per occurrence and in the annual aggregate)	\$32,500.00

# Hillsborough County Aviation Authority

## Program Details

**Coverage:** Terrorism Plus  
**Carrier:** Underwriters at Lloyd's London  
**Policy Period:** 4/1/2017 to 4/1/2018

### Coverage:

DESCRIPTION	LIMIT TYPE	AMOUNT
Per Occurrence	Limit	\$5,000,000
Annual Aggregate	Limit	\$5,000,000

### Deductibles/SIRs:

TYPE	COVERAGE	AMOUNT
Deductible	Fall In Annual Revenue	\$250,000
Deductible	Extra Expense - Each And Every Occurrence	\$50,000

### Additional Coverage:

DESCRIPTION	LIMIT TYPE	AMOUNT
Section 2: Terrorism Plus - Extra Expense Sub-limited	Sublimit	20% of section limit

### Perils Covered:

TYPE	DESCRIPTION
N/A	Covering loss of revenue/extra expense resulting from an act of terrorism anywhere within 25 mile radius of Tampa International Airport

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

DESCRIPTION
LSW 3000 60 days

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

DESCRIPTION
Excluding all transmission and distribution lines or pipelines
Sanction Limitation and Exclusion Clause - LMA 3100
Excluding coverage for Nuclear/Chemical/Biological/Radiological/Cyber events
Excluding coverage for Hoax(es) or Threat(s)
Excluding coverage for Pollution
Excluding coverage for Mold, Mildew, Fungus, Spores or Microorganisms of any type
Excluding Liability (actual or alleged)



# Hillsborough County Aviation Authority

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## Program Details (Cont.)

Exclusions include, but are not limited to:

DESCRIPTION
Excluding War
Excluding loss or damage to property
Excluding Cyber attacks

Binding Requirements:

DESCRIPTION
Subject to no losses/threats/attempts/hoaxes over the last 5 years

Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Rating Basis Annual BI: USD 177,279,000
Situation - US – Tampa, FL
72 hours loss occurrence clause
Subject to Local Law and Arbitration
Subject to no material change in risk
25 mile radius around the Tampa international airport, covering loss of revenue/extra expense resulting from an act of terrorism anywhere within that radius.
The Insured shall, upon knowledge of any Loss Occurrence likely to give rise to a Claim hereunder, give immediate written advice thereof to the Underwriters through the person or firm named for that purpose in the RISK DETAILS section of this policy.

<b>Premium</b>	<b>\$34,200.00</b>
<b>ESTIMATED PROGRAM COST</b>	<b>\$34,200.00</b>

Optional Coverages:

OPTION	COVERAGE	PREMIUM
2	Terrorism Plus \$10M Limit	\$51,300.00

Subject to Audit: Not Auditable

# Hillsborough County Aviation 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: \_\_\_\_\_

**Proposal Disclosures**

# Hillsborough County Aviation 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.
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.

# Hillsborough County Aviation Authority

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## Proposal Disclosures (Cont.)

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.

**Client Signature Requirements**

# Hillsborough County Aviation Authority

## Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 1/27/2017, 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: Opt# 1 - \$75M NWS; 1 YR <b>Annual Policy Term \$1,802,332</b> (not including TRIA)			Lexington Insurance Company (American International Group, Inc)
<input type="checkbox"/> Accept <input type="checkbox"/> Reject: Opt# 2 - \$75M NWS; 2YR Policy <b>Term Pricing \$3,514,547</b> (not including TRIA) Annual premium payments after adjusting for updated SOV			
<input type="checkbox"/> Accept <input type="checkbox"/> Reject: Opt#3 - \$75M NWS; 3YR Policy <b>Term Pricing \$5,226,762</b> (not including TRIA) Annual premium payments after adjusting for updated SOV			
<input type="checkbox"/> Accept <input type="checkbox"/> Reject: Opt# 4 - \$100M NWS: 1YR Policy <b>Term Pricing \$2,027,375</b> (not including TRIA) Annual premium payments after adjusting for updated SOV			
<input type="checkbox"/> Accept <input type="checkbox"/> Reject: Opt# 5 - \$100M NWS: 2YR Policy <b>Term Pricing \$3,953,382</b> (not including TRIA) Annual premium payments after adjusting for updated SOV			
<input type="checkbox"/> Accept <input type="checkbox"/> Reject: Opt#6 - \$100M NWS: 3YR Policy <b>Term Pricing \$5,879,388</b> (not including TRIA) Annual premium payments after adjusting for updated SOV			
<input type="checkbox"/> Accept <input type="checkbox"/> Reject: TRIA Coverage			
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Property - Standalone Terrorism	Underwriters at Lloyd's London (Underwriters at Lloyd's London)
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Opt# 2 - Two year policy with annual instalments and 7.5% rate reduction in year two if the loss ratio is Zero.	
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Opt# 3 - Terrorist events 10 mile distance radius for BI/EE	
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Opt# 4 - Terrorist events 25 mile distance radius for BI/EE	
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Opt# 5 - Terrorist events 10 mile distance radius for BI/EE	
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	Opt# 6 - Terrorist events 25 mile distance radius for BI/EE	
<input type="checkbox"/> Accept <input type="checkbox"/> Reject	<input type="checkbox"/> Accept <input type="checkbox"/> Reject	TRIA Coverage	

# Hillsborough County Aviation Authority

## Client Authorization to Bind Coverage (Cont.)

		LINE OF COVERAGE	CARRIER
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Property - Terrorism - CBRN	Underwriters at Lloyd's London (Underwriters at Lloyd's London)
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Opt# 2 - Two year policy with annual instalments and 7.5% rate reduction in year two if the loss ratio is Zero.	
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Opt# 3 - Terrorism - CBRN \$5M Limit	
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	TRIA Coverage	
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Terrorism Plus	Underwriters at Lloyd's London (Underwriters at Lloyd's London)
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Opt# 2 - Terrorism Plus \$10M Limit	
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	TRIA Coverage	

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:

\_\_\_\_\_

\_\_\_\_\_

### Producer/ Insured Coverage Amendments and Notes:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Client Initials



# Hillsborough County Aviation Authority

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## Client Authorization to Bind Coverage

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 Title

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

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

# SURPLUS LINES DISCLOSURE and ACKNOWLEDGEMENT

At my direction, **Arthur J. Gallagher Risk Management Services, Inc.** has placed my coverage in the surplus lines market. As required by Florida Statute 626.916, I have agreed to this placement. I understand that superior coverage may be available in the admitted market and at a lesser cost and that persons insured by surplus lines carriers are not protected by the Florida Insurance Guaranty Association with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

I further understand the policy forms, conditions, premiums, and deductibles used by surplus lines insurers may be different from those found in policies used in the admitted market. I have been advised to carefully read the entire policy.

There is no liability on the part of, and I have no cause of action against, my agent for placing coverage in the surplus lines market.

Hillsborough County Aviation Authority

Named Insured

\_\_\_\_\_  
Signature of Insured's Authorized Representative

\_\_\_\_\_  
Date

Lexington Insurance Company, Underwriters at Lloyd's London

Name of Excess and Surplus Lines Carrier

Property and Terrorism (Standalone, CBRN, Terrorism Plus and Active Shooter)

Type of Insurance

4/1/2017

Effective Date of Coverage

# Hillsborough County Aviation Authority

## Bindable Quotations & Compensation Disclosure Schedule

Client Name: Hillsborough County Aviation Authority

COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM <sup>1</sup>	COMM.% OR FEE <sup>2</sup>	WHOLESALE, MGA OR INTERMEDIARY		
				NAME <sup>3</sup>	COMM.% OR FEE <sup>4</sup>	AJG OWNED? YES/NO
Property	Lexington Insurance Company (American International Group, Inc)	\$1,802,332.00	0 %	Risk Specialists Companies Insurance Agency, Inc. d/b/a RSCIA in NH, UT & VT	0 %	No
Property	AXIS Surplus Insurance Company (AXIS Capital Holdings Limited)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Maxum Casualty Insurance Company (Maxum Specialty Insurance Group)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	AmRisc, LP (AmRisc, LP)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Berkshire Hathaway Insurance Group	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Arch Excess & Surplus Insurance Company (Arch Insurance Group)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Arrowhead General Insurance	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Colony Insurance Company (Argo Group)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	C. V. Starr & Company (CV Starr) (C. V. Starr & Company (CV Starr))	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Endurance American Specialty Ins Co (Endurance Specialty Insurance Ltd.)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	James River Insurance Company (James River Group Holdings, Ltd)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property	Markel American Insurance	--*	--	Risk Placement Services / RPS Atlanta	--	Yes

# Hillsborough County Aviation Authority

## Bindable Quotations & Compensation Disclosure Schedule (Cont.)

COVERAGE(S)	CARRIER NAME(S)	EST. ANNUAL PREMIUM <sup>1</sup>	COMM.% OR FEE <sup>2</sup>	WHOLESALE, MGA OR INTERMEDIARY		AJG OWNED? YES/NO
				NAME <sup>3</sup>	COMM.% OR FEE <sup>4</sup>	
	Company (Markel Corporation Group)			- USE RPS814		
Property	Landmark American Insurance Company (Allegheny Corporation)	--*	--	Risk Placement Services / RPS Atlanta - USE RPS814	--	Yes
Property - Standalone Terrorism	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$40,500.00	0 %	Arthur J Gallagher (UK) Limited	11.7647 %	Yes
Property - Terrorism - CBRN	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$21,804.00	0 %	Arthur J Gallagher (UK) Limited	11.1111 %	Yes
Terrorism Plus	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$34,200.00	10 %	Arthur J Gallagher - Baton Rouge #338 New Paradigm Underwriters, LLC RFIB Group Ltd	5 % 5 % 5 %	Yes No No
Active Shooter Terrorism	Underwriters at Lloyd's London (Underwriters at Lloyd's London)	\$65,000.00	15 %	Arthur J Gallagher (UK) Limited	10 %	Yes

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.

1 If the premium is shown as an indication: 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.

\* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.

2 The commission rate is a percentage of annual premium excluding taxes & fees.

\* Gallagher is receiving \_\_\_\_\_% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.

3 We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

4 \* 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.

Appendix

# Hillsborough County Aviation 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.

- **Property - Lexington Insurance Company**
  - Phone#: AIG CallOne 800-931-9546
  - Fax#:855-805-4125
  - E-mail: [newloss-usproerty&energy@aig.com](mailto:newloss-usproerty&energy@aig.com)
  - Internet: [Lexingtonclaims.com](http://Lexingtonclaims.com) and complete a Quick Claim form
  - Mail: P.O. Box 2310, Alpharetta, GA 30023
  - Please call 877-873-9972 for a claim that has been previously submitted and you do not have your examiner's contact.
  
- **Property- Lloyds of London Stand Alone Terrorism and NCBR Terrorism**
  - Arthur J. Gallagher Risk Management Services, Inc. - Orlando Florida Office
  - Attn: Erica Connick
  - Phone#: 407-370-2320 / 800-524-0191
  - Fax#: 407-370-3057
  
- **Active Shooter Terrorism**
  - Underwriters at Lloyd's London
  - The Named Insured, shall as soon as reasonably practicable, notify Underwriters of every Claim:-
    - Yera Patel (New York)  
Beazley Claims  
Direct Dial: +1 (917) 344 3356  
and / or
    - William Clarke (New York)  
Beazley Claims  
Direct Dial: +1 (646) 943 5919
    - Beazley Furlonge Limited  
Plantation Place South 60  
Great Tower Street  
London  
EC3R 5AD  
United Kingdom  
Email [claims@beazley.com](mailto:claims@beazley.com)
  
- **Terrorism Plus**
  - Underwriters at Lloyd's London
  - Phone: 1-855-497-0578
  - Email: [SEClaims@ajg.com](mailto:SEClaims@ajg.com)

**Attachments**

**ENDORSEMENT #**

**This endorsement, effective 12:01 A.M.,**

**Forms a part of Policy No.:**

**Issued to:**

**By:**

**MULTI-YEAR POLICY ENDORSEMENT  
(RATE GUARANTEE)**

This endorsement modifies insurance provided by this Policy:

The following provision is added to the **GENERAL CONDITIONS** Section:

**MULTI-YEAR CONDITIONS:**

This Policy has been issued for the term shown in Item 3., **Policy Period** of the **DECLARATIONS** with the total premium for entire term shown in Item 5., **Premium** of the **DECLARATIONS** payable in annual installments at the inception date and each subsequent anniversary date. You are required to submit an updated Statement of Locations and Values at least thirty (30) days prior to each annual anniversary date and the premium will be adjusted by applying the last agreed upon rate to such updated Statement.

Instead of submitting an updated Statement of Locations and Values, you may elect to apply a current valuation index established by a recognized statistical or regulatory body that has been pre-agreed with us in writing at the inception date of this Policy. In such case, the premium will be adjusted by applying the last agreed upon rate to: (1) the real and personal property values shown on the latest Statement which have been adjusted in accordance with the most recent index, and (2) business interruption values shown on the latest Statement which have been adjusted by the average change in values over the prior two-year period or another methodology that has been pre-agreed with us in writing at the inception date of this Policy.

We reserve the right to increase such rate if one or more of the following apply:

1. The **incurred loss ratio** is greater than %;
2. There is a material change in any reinsurance support; or
3. There is any material change in the risk and/or the quantum of natural catastrophe (wind or hail, **flood, named storm** or **earth movement**) exposures insured from inception.

The Annual Aggregates shown on the Declarations shall be reinstated on each annual anniversary date, but only with respect to an **occurrence** which first commences on or after 12:01 a.m. on the annual anniversary date.

The following definitions apply to this provision:

1. **Incurred loss ratio** means the sum of all **incurred losses** divided by all gross premiums paid for the period from the inception date of this Policy to the applicable annual anniversary date.
2. **Incurred losses** means the sum of paid losses plus reserved losses from the inception date of this Policy to the applicable annual anniversary date. We shall set such reserves at our sole discretion.

All other terms and conditions of the Policy remain the same.

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Authorized Representative



**POLICYHOLDER DISCLOSURE  
 NOTICE OF TERRORISM INSURANCE COVERAGE  
 (APPLICABLE TO CERTIFIED AND NON-CERTIFIED ACTS)**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in Section 102(1) of the Act*: The term “act of terrorism” means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**Acceptance or Rejection of Terrorism Insurance Coverage**

	I hereby elect to purchase terrorism coverage for a prospective premium of \$143,449.
	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism. I further understand that the Insurer does not offer stand-alone terrorism coverage for non-certified acts of terrorism and that by declining to purchase coverage for certified acts of terrorism, I am also declining to purchase coverage for non-certified acts of terrorism. This will be reflected in the policy by a Terrorism Exclusion.

\_\_\_\_\_  
 Policyholder/Applicant’s Signature

\_\_\_\_\_  
 Policyholder/Applicant’s Printed Name

\_\_\_\_\_  
 Date

Subject:

FW:

**1. BUILDING ORDINANCE OR LAW**

In the event of loss or damage under this policy that causes the enforcement of any law, ordinance, governmental directive or standard regulating the construction, repair, use or occupancy of property, this Company shall be liable for:

- A. Undamaged Portion:  
The proportion that the value of the undamaged part of the property bore to the value of the entire facility prior to loss;
- B. Demolition:  
The cost of demolishing the undamaged facility including the cost of clearing the site;
- C. Increased Cost of Construction:  
Increased cost of repair or reconstruction of the damaged and undamaged property on the same or another site, limited to the cost that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction of the damaged property on the same site. However, this Company shall not be liable for any increased cost of construction loss unless the damaged facility is actually rebuilt or replaced;
- D. Increased Period of Restoration:  
Any increase in the business interruption, extra expense, rental value or royalties loss arising out of the additional time required to comply with said law or ordinance.

*Handwritten signatures and dates:*  
11/17  
12/17  
13/01/17

**ENDORSEMENT NO. 12**

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

Coverage for acts of terrorism is already included in the policy (including any quotation for insurance) to which this notice applies. You should know that, under the policy, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020; of covered terrorism losses exceeding the statutorily established deductible paid by the insurer providing the coverage. However, your policy may contain other exclusions which might affect your coverage, such as exclusion for nuclear events. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for certified acts of terrorism as defined in the Terrorism Risk Insurance Act of 2002, as amended, is: \$ \_\_\_\_\_

I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT OF 2002, AS AMENDED, ANY LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE WILL BE PARTIALLY REIMBURSED BY THE UNITED STATES, SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE MY COVERAGE, AND I HAVE BEEN NOTIFIED OF THE AMOUNT OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.

\_\_\_\_\_  
Policyholder/Applicant 's Signature

\_\_\_\_\_  
Syndicate on behalf of certain  
underwriters at Lloyd's

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

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Date

12 January 2015  
LMA9105  
Form approved by Lloyd's Market Association

application  
form

- Please provide all requested information, **attaching answers on a separate sheet if necessary.**
- The proposer and underwriters are free to choose the law applying to this insurance contract.
- Unless specifically agreed to the contrary, this insurance shall be subject to New York law.
- Any enquiry or complaint should be addressed in the first instance to your broker.
- Please return signed form to your broker by email.

## Institution profile

1. Institution, group, organization or company name to be insured under this policy:

2. Contact name: Email address:

Telephone number: Website:

Full address:

3. Description of business:

## Risk details

4. Provide full schedule of all locations detailing:

- Address and zip code of each location
- Number of employees at each location
- Approximate square ft of each location

Address/Zip code	Number of employees	Square feet of location
1.		
2.		
3.		
4.		
5.		

## Risk preparedness

5. Do you have an onsite security team? Yes      No

Describe your security program:

6. What is the distance to the nearest police station or fire department:

- |  |                                    |
|--|------------------------------------|
| <p>7. Do you have an emergency plan that sets out response protocols, including evacuation, lockdown, accountability and reunification?<br/>If yes, please provide further details:</p>                | <p>Yes      No</p>                 |
| <p>8. Do you have an active shooter security plan in place?<br/>Are there any physical measures, or otherwise, in place to deter an attack or assault?<br/>If yes, please provide further details:</p> | <p>Yes      No<br/>Yes      No</p> |
| <p>9. Do you have a security/crisis management plan in place and are drills or exercises conducted?<br/>If yes, please provide details on what type and how regularly:</p>                             | <p>Yes      No</p>                 |
| <p>10. Has your security/crisis management plans been designed/reviewed by an independent risk analysis company?<br/>If yes, please provide further details:</p>                                       | <p>Yes      No</p>                 |
| <p>11. Do you have security screening measures in place for employees?<br/>If yes, please provide details:</p>   | <p>Yes      No</p>                 |
| <p>12. Do you monitor email and social media?<br/>If yes, please provide details:</p>  | <p>Yes      No</p>                 |
| <p>13. What is the current budget for emergency preparedness (security personnel, equipment, emergency supplies, training/drills, notification/communication, and planning)?</p>                       |                                    |

14. Please provide designated point of contact for Event Responder contact/correspondence.

Name:  
Position/Title:  
Telephone number:  
Email:

## Claims history

15. Have you suffered any violent acts, threats, attacks or incidents at any of your locations during the last five years? Yes No

If you answered yes, please provide details (include brief description, date, location and amount).

Continue on separate sheet if necessary.

## Policy details

16. Do you currently have, or have you at any time had, a general liability policy? Yes No  
17. Have you ever been declined or accepted under special terms for general liability insurance, or has any insurer ever cancelled or declined to renew your policy? Yes No  
18. Active shooter coverage required?

	Proposed effective date	Limit of liability (USD)	Excess (USD)
<b>Option 1</b>			
<b>Option 2</b>			
<b>Option 3</b>			



## Your information

Any personal information you have provided will be dealt with by us in compliance with the provisions of relevant US privacy laws and EU Data Protection Directive (also known as Directive 95/46/EC). We have implemented technology and policies to safeguard your privacy from unauthorised access and improper use and will continue to update these measures as new technology becomes available. For the purpose of providing this insurance and handling of any claims which may arise under it, underwriters may need to transfer certain information which you have provided to other parties in other countries (including to other Beazley companies) on the basis that anyone to whom we pass it protects it in the same way we would and in accordance with applicable laws. By signing this proposal you agree that such transfer(s) may be made. If you have any questions about privacy or this privacy statement or would like to make a complaint in relation to our collecting, processing or storing of your personal information please contact us at [usainfo@beazley.com](mailto:usainfo@beazley.com).

## Declaration

You must read this before signing below.

To the best of my knowledge and belief the information provided in connection with this proposal, whether in my own hand or not, is true and I have not withheld any material facts. I understand that non-disclosure or misrepresentation of a material fact will entitle underwriters to void the insurance.

(N.B. A material fact is one likely to influence acceptance or assessment of this proposal by underwriters. If you are in any doubt as to what constitutes a material fact you should consult your broker).

I understand that the signing of this proposal does not bind me to complete or underwriters to accept this insurance but agree that, should a contract of insurance be concluded, this proposal and the statements made therein shall form the basis and be incorporated into the contract.

Signature:

Position:

Date:     /     /

You should keep a record (including copies of any letters) of all information supplied for the purpose of entering into this insurance. A copy of your completed proposal will be available (on request) provided the insurance is effected.

You must inform your broker of any change in circumstances which will materially affect this insurance. If you are in any doubt you should consult your broker.







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# Hillsborough County Aviation Authority

## 2017 HURRICANE

### CATASTROPHE ANALYSIS EXECUTIVE SUMMARY

Requested by Risk Placement Services  
January, 2017



Risk Placement Services, Inc.

ANALYTICS



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*RPS Analytics does not endorse one model over another, nor is it the intent of this summary to compare the results or methodologies of the models to each other. RPS Analytics strongly recommends the use of multiple models, which provides clients a range of results from different scientific approaches.*



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## Executive Summary

This document reports the results of RPS Analytics catastrophe analyses of Hillsborough County Aviation Authority 2017 hurricane portfolio commissioned by Risk Placement Services (RPS). This report includes Hillsborough County Aviation Authority's property exposure summary detailing its locations exposed to the peril of hurricane events.

RPS Analytics reviewed and reformatted the exposure data as necessary and used them as input to AIR Worldwide Touchstone v3.1 model and Risk Management Solutions (RMS) RiskBrowser v16.0<sup>tm</sup> model. These models are systems of computer programs that incorporate the fundamental physical characteristics of hurricanes and earthquakes, expressed mathematically.

Through our hazard analysis we will identify exposure values and geocoding resolution. Secondary characteristics, where provided will also be applied in the modeling.

With a series of deterministic and probabilistic analyses performed, we will be able to identify the 20 to 1,000 year expected losses. The portfolio was run on an Occurrence Exceeding Probability (OEP). The loss estimates produced will help Hillsborough County Aviation Authority to:

- Develop risk management guidelines that account for hurricane risk.
- Manage and control exposure to hurricane losses.

## Portfolio Assumptions & Insured Value Summary

For each line of business, the following assumptions will be made:

- All locations are insured to value (i.e. total limit = total value).
- Number of stories, year built and square footage where provided were applied in the models.
- Secondary characteristics where provided were applied in the models.
- Deductibles provided for this portfolio were: 3% & 5% per location subject to a \$250,000 minimum deductible.
- All values listed in this portfolio are in whole dollars unless otherwise noted.
- All hurricane analyses include storm surge and demand surge.

➤ Values Summary

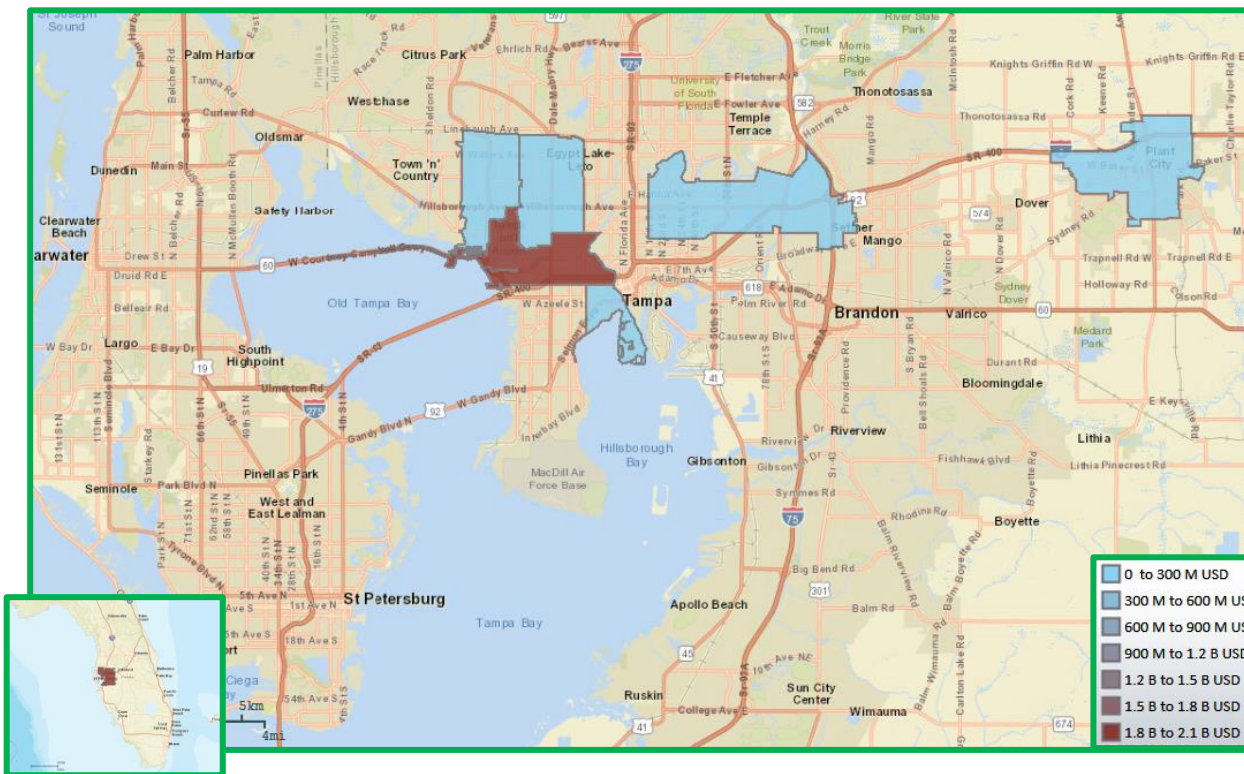
Building	Content	Business Interruption	Total
\$1,524,734,218	\$522,654,400	\$88,968,045	<b>\$2,136,356,663</b>
71.37%	24.46%	4.16%	<b>100.00%</b>

➤ The order of geo-coding scheme is coordinate, building, parcel, street, block, postal code, and city. The more exact address Hillsborough County Aviation Authority provided us, the more accurate loss we can provide through each analysis. The chart below shows that 79.30% of locations geocoded to street.

Geocode Resolution	No of Risks	Total Values	% Total
Street	61	\$1,694,095,161	79.30%
Block	5	\$231,555,700	10.84%
Parcel	33	\$164,957,197	7.72%
ZIP Code	26	\$45,748,605	2.14%
<b>Total</b>	<b>125</b>	<b>\$2,136,356,663</b>	<b>100.00%</b>

➤ 100.00% of exposed values modeled are in the State of Florida.

State	No of Risks	Total Values	% Total
FL	125	\$2,136,356,663	100.00%
<b>Total</b>	<b>125</b>	<b>\$2,136,356,663</b>	<b>100.00%</b>





## Analysis Summary

### Hurricane (Incl Storm Surge)

Hillsborough County Aviation Authority has approximately \$2.1 Billion in values exposed to hurricane related events in the State of Florida. **Figure 1-1** illustrates the probability of ground up losses exceeding various amounts due to one event in a given year, as described by the Occurrence Exceedance Probability (OEP). The 250yr event loss probability is commonly used by the insurance marketplace as a gauge for insurance pricing.

Critical Prob.	Return Period	AIR			RMS		
		Ground Up	Gross Loss - 3%	Gross Loss-5%	Ground Up	Gross Loss - 3%	Gross Loss-5%
0.10%	1,000	\$588,661,671	\$534,030,865	\$500,102,400	\$249,518,024	\$229,410,160	\$219,784,234
0.20%	500	\$286,201,712	\$240,221,089	\$211,684,119	\$188,980,137	\$170,913,230	\$161,471,534
<b>0.40%</b>	<b>250</b>	<b>\$205,223,899</b>	<b>\$165,792,208</b>	<b>\$151,032,161</b>	<b>\$134,144,670</b>	<b>\$117,961,150</b>	<b>\$109,423,632</b>
1.00%	100	\$95,996,009	\$73,750,791	\$63,747,418	\$71,057,959	\$56,869,314	\$49,149,650
2.00%	50	\$40,218,064	\$24,210,800	\$21,405,295	\$33,758,418	\$21,412,409	\$14,757,867
5.00%	20	\$9,869,757	\$7,604,128	\$7,301,721	\$5,945,784	\$0	\$0
<b>AAL</b>		<b>\$4,109,995</b>	<b>\$3,261,082</b>	<b>\$2,970,216</b>	<b>\$2,586,535</b>	<b>\$1,870,805</b>	<b>\$1,614,059</b>

Figure 1-1

### AIR:

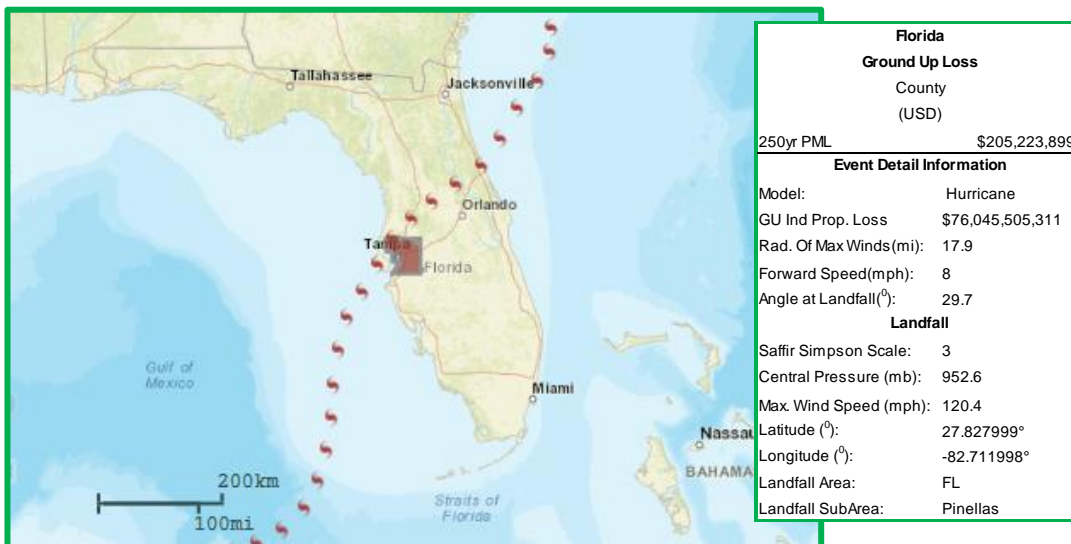
➤ According to AIR Touchstone, there is a 0.4% annual probability (a.k.a. the 250 year event) that a single hurricane (OEP) event will cause losses that will exceed \$205 million.

### RMS:

➤ According to RMS RiskBrowser, there is a 0.4% annual probability (a.k.a. the 250 year event) that a single hurricane (OEP) event will cause losses that will exceed \$134 million.

### 250Yr Event Loss

The AIR 250yr ground-up stochastic event producing the loss of \$205 million is a hurricane making landfall in Pinellas, Florida at an intensity of 3 on the Saffir Simpson Scale.



**Hurricane (Excl Storm Surge)**

Hillsborough County Aviation Authority has approximately \$2.1 Billion in values exposed to hurricane related events in the State of Florida. **Figure 1-2** illustrates the probability of ground up losses exceeding various amounts due to one event in a given year, as described by the Occurrence Exceedance Probability (OEP). The 250yr event loss probability is commonly used by the insurance marketplace as a gauge for insurance pricing.

Critical Prob.	Return Period	AIR			RMS		
		Ground Up	Gross Loss - 3%	Gross Loss-5%	Ground Up	Gross Loss - 3%	Gross Loss-5%
0.10%	1,000	\$317,831,407	\$263,356,166	\$229,397,673	\$235,339,813	\$217,844,645	\$209,308,905
0.20%	500	\$202,992,473	\$154,614,170	\$127,288,061	\$173,760,367	\$158,386,460	\$150,170,458
<b>0.40%</b>	<b>250</b>	<b>\$106,308,022</b>	<b>\$67,959,075</b>	<b>\$51,346,887</b>	<b>\$118,623,647</b>	<b>\$104,497,624</b>	<b>\$96,469,243</b>
1.00%	100	\$50,877,631	\$27,482,319	\$22,353,987	\$57,323,484	\$44,481,755	\$37,161,847
2.00%	50	\$25,452,818	\$14,861,950	\$13,457,161	\$23,646,590	\$11,837,744	\$5,219,047
5.00%	20	\$7,816,788	\$5,815,438	\$5,618,455	\$2,881,107	\$0	\$0
<b>AAL</b>		<b>\$2,601,164</b>	<b>\$1,833,400</b>	<b>\$1,610,455</b>	<b>\$2,065,190</b>	<b>\$1,510,580</b>	<b>\$1,314,184</b>

Figure 1-2

**AIR:**

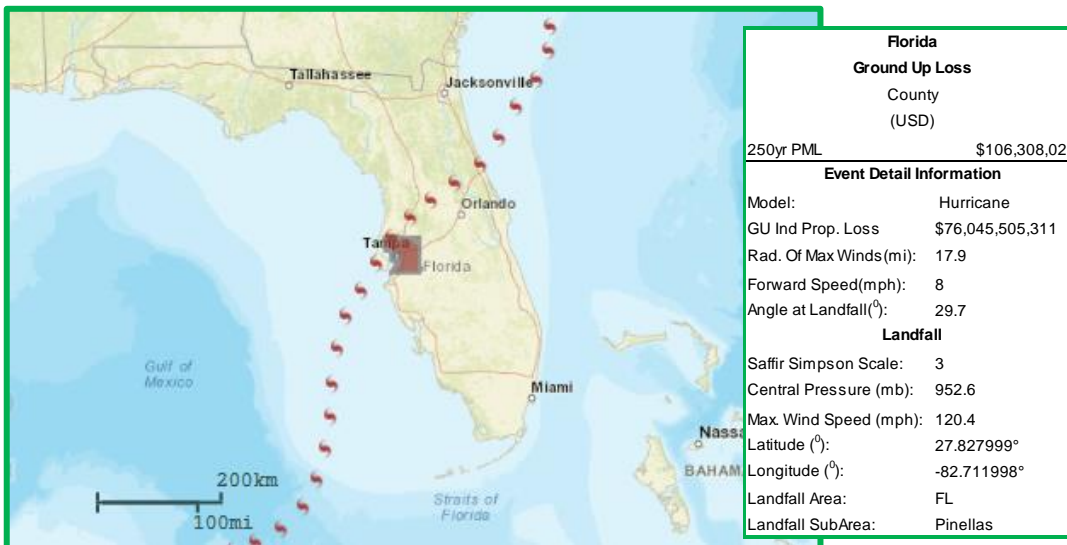
➤ According to AIR Touchstone, there is a 0.4% annual probability (a.k.a. the 250 year event) that a single hurricane (OEP) event will cause losses that will exceed \$106 million.

**RMS:**

➤ According to RMS RiskBrowser, there is a 0.4% annual probability (a.k.a. the 250 year event) that a single hurricane (OEP) event will cause losses that will exceed \$118 million.

**250Yr Event Loss**

The AIR 250yr ground-up stochastic event producing the loss of \$106 million is a hurricane making landfall in Pinellas, Florida at an intensity of 3 on the Saffir Simpson Scale.





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## Glossary of Terms

**Average Annual Loss (AAL):** the annualized estimate of loss to a representative unit of exposure from a broad range of modeled catastrophe events;

**Centroid:** A point latitude and longitude which is meant to represent the center of a defined geographical area.

**Demand Surge:** 'Post loss inflation' of building materials/labor, typically applied only to the building damage, and not to the business interruption/contents loss components;

**Geocoding:** the process of associating an address, such as a street or postal address, with an estimate of the latitude and longitude coordinates that represent the location on the ground

**Ground Up Loss:** the amount of loss sustained before deductions, underlying coverages and reinsurance are applied.

**Gross Loss:** the insurer's or cedant's loss after deductibles, attachment point(s), and limits are applied, but before any reinsurance.

**Modified Mercalli Intensity (MMI Scale):** subjective scale used to describe the observed local shaking intensity and related effects of an earthquake. The scale ranges from 1 (barely felt) to 12 (total destruction), with slight damage beginning at 6. In general, the MMI will decrease with distance from the fault, except in regions with poor soils. Intensity is different from magnitude, which is a measure of earthquake dimension, rather than effects. The MMI scale differs from the Richter scale in that it is used to measure the intensity of an earthquake in a particular area.

**Occurrence Exceedance Probability (OEP):** the probability that the most costly event in any one year will exceed a certain threshold. These are the figures relevant for Catastrophe excess of loss reinsurance;

**Probable Maximum Loss (PML):** estimate of the maximum loss on a particular risk as a result of a single event, assessed with due care and taking into account all risk elements;

**Return Period:** the expected length of time between recurrences of two events with similar characteristics. The return period can also refer to specific level of loss;

**Richter scale:** the original magnitude scale developed by Charles Richter in 1935. Usually referred to as local magnitude, this scale is still often used by scientists for measuring earthquake intensity. The Richter magnitudes are based on a logarithmic scale (base 10).

**Saffir-Simpson Scale:** Scale commonly used to measure windstorm intensity. Uses a range of 1 to 5, with 5 being the most intense storms. Named after Herbert Saffir and Robert Simpson.

**Storm Surge:** the effect of flood caused by storm. Modeling a portfolio with storm surge will generate larger losses for a given return period than modeling that same portfolio without storm surge.



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**APPENDIX 1**

**Occurrence Exceeding Probability (OEP™) Analysis Descriptions**

**For Information Purposes Only**

RPS Analytics conducted a series of deterministic and probabilistic analyses, utilizing catastrophe models, to assess the catastrophe risk to which a portfolio is exposed. These analyses included an Occurrence Exceeding Probability (OEP™) analysis and an Average Annual Loss analysis. Each of these analyses is briefly described below.

**Occurrence Exceeding Probability (OEP™) Analysis**

The OEP™ analysis represents a comprehensive analysis of possible catastrophic events. A series of events encompassing the complete range of probable United States events is simulated. The resulting event losses and standard deviations are used to create a severity distribution for the size of loss given that an event has occurred. Uncertainty in the loss amount caused by an event, known as secondary uncertainty, is reflected in these calculations. Similarly, the event rates are used to create a frequency distribution for the number of occurrences in a given year. A simulation approach is then used, sampling from the frequency and severity distributions, to arrive at 10,000 simulated years of losses with at least one occurrence per year.

In order to create an OEP™, the maximum loss for each simulated year is selected and the probability of each simulated year is calculated as one divided by the total number of simulated years. For example, during the sampling process, if 20,000 iterations were needed in order to get 10,000 iterations with at least one occurrence, then the probability for each simulated year would be 1/20,000 or 0.005%. These simulated years are then sorted by maximum loss, from largest to smallest loss, for each financial perspective separately. A cumulative probability, which represents the probability of incurring a loss of the specified amount or greater (i.e., an occurrence exceeding probability), is then calculated for each loss level by aggregating the individual simulated year probabilities, beginning with the probability associated with the largest loss.

A sample of the results of an OEP™ analysis is provided in the table below. The Estimated Maximum Loss and Cumulative Annual Probability column represent the two elements used to create an OEP™ curve.

Simulated Year	Probability of Occurrence	Estimated Maximum Loss	Cumulative Annual Probability of Exceedance	Loss Return Period
2	0.005%	\$200M	0.005%	20,000 years
3	0.005%	\$150M	0.010%	10,000 years
1	0.005%	\$90M	0.015%	6,667 years

The table above indicates that there is a 0.015% annual probability of losing \$90 million or more as a result of a single event. In other words, a loss of \$90 million or greater would be expected to occur on average every 6,667 years (the loss return period for a \$90 million loss is 6,667 years). Since the OEP™ analysis considers all storms and their probabilities; it is the cornerstone analysis for understanding the probability of various levels of overall portfolio loss. Using this analysis, the probability of a specific dollar level of loss or the level of loss associated with a specific probability can be established.

**Annual Estimated Loss Analysis**

The Average Annual Loss analysis calculates a single loss number for the portfolio that reflects the average amount of loss that can be expected on an annual basis based on all possible events that could impact the portfolio. Average Annual Loss is calculated by weighting all potential losses by their associated annual probabilities. This analysis presents the reader with insight into the expected annual losses to the portfolio. It is also useful for determining the relative risk of various components of the portfolio. Within this report, the relative risk of individual postal codes and counties is examined.

**Secondary Uncertainty**

Note that the inclusion of secondary uncertainty (i.e., the uncertainty around the mean loss at a particular loss perspective) in RMS’s model, analysis can sometimes result in gross loss exceeding ground-up losses and net losses exceeding pre-cat net losses.

**RPS Analytics Primary and Secondary Model**

Currently, RPS Analytics will produce OEP Curves using two catastrophe models. RPS Analytics performed careful research before licensing two catastrophe models that, in our opinion, represent the best technology available. The varying results between models should further illustrate that these tools should be understood to only create benchmarks for your considerations.





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## Disclaimer

AIR Worldwide Touchstone (AIR) v3.1 and Risk Management Solutions (RMS) RiskBrowser v16.0 are licensed technologies used in combination in providing this information are based on the scientific data, mathematical and empirical models, and encoded experience of earthquake engineers, wind engineers, structural engineers, geologists, seismologists, meteorologists, and geotechnical specialists. As with any models of complex physical systems, particularly those with low frequencies of occurrence and potentially high severity outcomes, the actual losses from catastrophic events may differ from the results of simulation analyses. Furthermore, the accuracy of predictions depends largely on the accuracy and quality of the data input by the user.

The loss estimates and their associated probabilities are estimates of the magnitude of losses that may occur in the event of such natural hazards; they are not factual and do not predict future events. Actual loss experience can differ materially. They depend on data and inputs supplied by the client over which RPS Analytics exercises no control. The assumptions that RPS Analytics used in creating them may not constitute the exclusive set of reasonable assumptions and methodologies. The use of alternative assumptions and methodologies could yield materially different results.

RPS Analytics does not recommend making catastrophic risk management decisions based solely on the information contained in this report. Rather, this report should be viewed as a supplement to other information, including your company's specific business practice and financial situation.

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