



Presented by:  
Stephen Leveroni  
Executive Vice President/ Founding Principal (415) 385-0178  
[steve.leveroni@newfront.com](mailto:steve.leveroni@newfront.com)

Gay Chung  
SVP - Team Leader Commercial Lines (650) 412-7013  
[gay.chung@newfront.com](mailto:gay.chung@newfront.com)

# 2024-2025 Excess Workers' Compensation Renewal Proposal

Prepared for  
City of San Mateo

10/23/2023

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# Common Policy Exclusions

**This is not meant to encompass all exclusions.** The below list is intended to provide an overview of common exclusions. Please refer to your policy for all exclusions, terms and conditions. Some exclusions can be removed, modified or obtained through an additional policy. Please contact our office if you are interested in discussing your options.

<b>Property Exclusions:</b>	<b>General Liability Exclusions:</b>
Earth movement	Aircraft
Electrical Disturbance	Employee Bodily Injury
Explosion of Steam Boilers	Employment Related Practices
Flood, Surface Water, Tidal Waves	Electronic Privacy Violations / Cyber Liability
Mechanical Breakdown	Intentional or Illegal Acts
Mold, Pollution and/or Asbestos	Mold, Pollution and/or Asbestos
Mysterious Disappearance	Nuclear Hazard, War
Nuclear Hazard	Professional Services
Vacancy	Watercraft over 26' in length
War, Military or Government Action	<b>Workers Compensation Exclusions:</b>
Wear & Tear	Aircraft Flight Crews
Virus, bacteria or other microorganisms	Domestic Servants
<b>Automobile Exclusions:</b>	USL&H
Depleted Value	<b>Crime Exclusions:</b>
Employee Bodily Injury	Fraudulent Acts by Insured and/or Partner
Loss of Use	Loss discovered by inventory
Mold, Pollution and/or Asbestos	Voluntary Surrender of Property
Nuclear Hazard, War	<b>Boiler Exclusions:</b>
<b>Umbrella/Excess Exclusions:</b>	Earth Movement
ERISA	Flood, Surface Water, Tidal Waves
Employment Related Practices	Mold, Pollution and/or Asbestos
Mold, Pollution and/or Asbestos	Nuclear Hazard, War
Nuclear Hazard, War	<b>Product Liability Exclusions</b>
Property in your Care, Custody and Control	Asbestos/Pollution
Uninsured motorists	Damage to Your Property
<b>Inland Marine Exclusions:</b>	Data Breach
Earth Movement	Nuclear Hazard, War
Flood, Surface Water, Tidal Waves	Professional Medical Services
Mysterious Disappearance	Recall Of Products
Mold, Pollution and/or Asbestos	<b>Cyber Liability Exclusions</b>
Nuclear Hazard, War	Nuclear Hazard, War
	Property Damage

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# Insurance Market Conditions

Respondents emphasized that challenging market conditions persisted, such as carrier wariness to deploy capacity and increased underwriter scrutiny—in summary, not much change from Q1 2022.

## AVERAGE COMMERCIAL PRICING INCREASES

By Account Size	SMALL	MEDIUM	LARGE	AVERAGE
Second Quarter	6.4%	7.3%	7.5%	7.1%
First Quarter 2022	6.4%	7.3%	6.2%	6.6%
Fourth Quarter 2021	6.3%	10.6%	9.2%	8.7%
Third Quarter 2021	6.2%	10.1%	10.4%	8.9%
Second Quarter 2021	6.2%	9.4%	9.3%	8.3%
High	20.8%	31.7%	33.0%	28.5%
<i>High Date</i>	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
<i>Low Date</i>	1Q08	3Q07	3Q07	

## BY LINE SECOND QUARTER 2022 RATE CHANGES RANGED FROM -1.2% TO +11.3%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Second Quarter 2022	7.2%	-1.2%	8.3%	4.7%	11.3%	6.1%
First Quarter 2022	5.9%	-0.5%	8.6%	3.9%	10.5%	5.7%
Fourth Quarter 2021	8.0%	0.3%	10.5%	6.4%	15.0%	8.1%
Third Quarter 2021	7.4%	-0.3%	10.3%	6.3%	16.9%	8.1%
Second Quarter 2021	6.8%	0.3%	9.9%	6.0%	17.4%	8.1%
<i>High</i>	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

Source: The Council of Insurance Agents & Brokers

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# Recommendations

Below is a list of all recommended coverages. You may not have all coverages recommended, please review and notify your Account Service Rep prior to binding to obtain information or a quote for any coverage.

## Property:

- Tenant Improvements
- Blanket Coverage
- Agreed Amount
- Building Ordinance or Law
- Back Up Sewers or Drain
- Accounts Receivable
- Valuable Papers
- Property of Others
- Pollution Cleanup
- Equipment Breakdown

## Business Auto:

- Owned Auto Liability
- Hired Non-Owned Liability
- Hired Auto Physical Damage
- Uninsured/Underinsured Motorist
- Drive Other Car Coverage
- Rental Reimbursement
- Towing
- Garage Liability
- Garage Keepers Legal Liability

## Crime:

- Employee Dishonesty
- Money & Securities
- Forgery or Alteration
- Computer Fraud Coverage
- ERISA
- Social Engineering Fraud

## Indirect Loss:

- Business Interruption
- Credit Insurance
- Loss of Rental Income & Extra Expense
- Contingent Business Income
- Off Premises Power/Utility Interruption
- Extended Period of Indemnity

## Surety Bonds:

- Performance Bonds

## Liability:

- Employee Benefits Liability
- Umbrella/Excess Liability
- Per Location or Per Project Aggregate
- Liquor Legal Liability
- Pollution Legal Liability
- Special Event(s)
- Foreign Liability & Auto Liability
- Product Recall Liability
- Construction Liability
- Non-owned Watercraft up to XX
- Product / Completed Operations Liability
- Personal Advertising Liability
- Medical Payments
- Active Shooter / Workplace Violence
- Intellectual Property Liability
- Student Accident
- Volunteer Accident
- Aircraft
- Aviation Liability

## Inland/Ocean Marine:

- Owned Equipment
- Rented/Leased Equipment
- Employee Tool Floater
- Installation Floater
- Builders Risk/Course of Construction
- Property In Transit
- Motor Truck Cargo
- Computer Hardware/Software
- Fine Arts Floater
- Exhibition Floater
- Signs
- Ocean Cargo

## Professional / Management Liability:

- Professional Liability/Errors & Omissions
- Directors & Officers Liability
- Employment Practices Liability
- Wage and Hour Defense Only

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- Maintenance Bonds
- License & Permit Bonds
- Court Bonds
- Notary Bonds
- Utility Bonds

#### **Workers' Compensation:**

- Occupational Accident Program
- Foreign Workers' Comp including Endemic Disease & Repatriation Expense
- Voluntary Workers' Comp
- Stop Gap
- Defense Base Act

- Fiduciary Liability
- Kidnap & Ransom/ Extortion
- Employed Lawyers Liability
- Cyber Liability/Network Security/Data Breach

#### **Catastrophe:**

- Flood
  - Building
  - Business Income
  - Contents
  - Tenant Improvements
- Wind
- Earthquake
- Earthquake Sprinkler Leakage
- Terrorism

#### **Foreign Local Placements:**

- Compulsory or compliance policies

# Executive Summary

## Exposure Analysis

	Expiring	Renewal	% Change
Headcount	922	925	0.33%
Payroll	\$62,880,6256	\$66,325,063	5.48%

## Rate Analysis

	Expiring	Renewal	% Change
Workers Compensation (Rate per \$100 in Payroll)	0.360	0.371	3.00%

## Premium Analysis

Coverage	Expiring	Renewal	% Change
Workers' Compensation	\$226,244	\$245,802	8.64%
Grand Total:			

# Marketing Results

A thorough marketing effort of your policies has been conducted; results can be found below:

Line of Coverage	Carrier	AM Best Rating	Result
Excess Workers' Compensation	Safety National	A++, XV	Incumbent quoted
	Arch	A+, XV	could not beat SN rate

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# Coverage Comparison

## NEWFRONT

Client Name: City of San Mateo  
Policy Year: 2024-2025

EXCESS WORKERS COMPENSATION	Expiring		
	Exposure	Rate	Premium
Maximum Limit, Per Occurrence	\$25,000,000 (L)		\$226,244
Employers's Liability Limit	\$2,000,000 (L)		
Corridor Deductible ("Presumption"): Annual Aggregate	\$500,000 (D)		
Blanket Waiver of Subrogation	Included		
Experience Modification Factor		1.000	
Self-Insured Retention, Per Occurrence	\$1,000,000 (D)		
STATES: CA			
TOTAL EXCESS WORKERS COMPENSATION:	\$62,880,626 (P)	0.3598	\$226,244

PROPOSED PROGRAM		
Safety National Casualty Corporation		
1/1/2024 - 1/1/2025		
Renewal		
Exposure	Rate	Premium
\$25,000,000 (L)		\$245,802
\$2,000,000 (L)		
\$500,000 (D)		
Included		
	1.000	
\$1,000,000 (D)		
\$66,325,063 (P)	0.3706	\$245,802

Expiring
\$226,244

Proposed Program
\$245,802

# Named Insured and Location Schedule

The first named insured will be the prime contact for all transactions to your policy. If you need to specify another First Named Insured, please alert a member of your Newfront team.

## Named Insured Schedule

City of San Mateo
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## Mailing Address

Address	City	State	Zip Code
330 W 20th Avenue	San Mateo	CA	94403

## Location Schedule

Loc #	Address	City	State	Zip Code
City Hall	330 W. 20th Avenue	San Mateo	CA	94403
Police Station	200 Franklin Parkway	San Mateo	CA	94403
PW Corp Yard	1949 Pacific Blvd	San Mateo	CA	94403
Park Corp Yard	2001 Pacific Blvd	San Mateo	CA	94403
Central Park Center	50 E 5th Avenue	San Mateo	CA	94401
Beresford Park Center	2720 Alameda de Las Pulgas	San Mateo	CA	94403
MLK Park Center	725 Mt. Diablo	San Mateo	CA	94401
Shoreview Park Center	950 Ocean View	San Mateo	CA	94401
Lakeshore Park Center	1550 Marina Court	San Mateo	CA	94403
Joinville Pool center	2111 Kehoe Street	San Mateo	CA	94403
Senior Center	4645 Alameda de Las Pulgas	San Mateo	CA	94403
Muni Golf Course	1700 Coyote Point	San Mateo	CA	94401
Main Library	55 W. Third Avenue	San Mateo	CA	94401
Hillsdale Branch Library	205 West Hillsdale Blvd	San Mateo	CA	94403
Marina Branch Library	1530 Susan Court	San Mateo	CA	94403
Water Quality Treatment Plant	2050 Detrpot Drive	San Mateo	CA	94404
PW Engineering (renting space)	1900 O'Farrell Street	San Mateo	CA	94403

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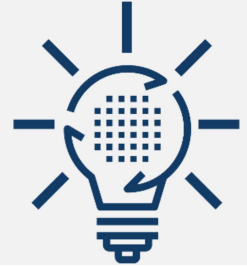
Only the locations shown above are included in this proposal.

# Additional Items

## Coverage: Option/Higher Self-Insured Retention Limits

- See Executive Summary and Workers' Compensation Summary Pages

**You have a unique risk profile. We look at your risk management needs along with industry benchmarks, so that you have a smart program that aligns with your goals and reflects your company culture.**



# Subjectivities

## Coverage

- Proposal Acceptance Page

**At Newfront, we see things differently than other consulting companies do. We look at protection as a tool to progress, not simply as a barrier to risk. We offer the freedom to create a healthy business and support your brand for a brighter tomorrow.**



# Proposal Acceptance

This proposal contains proprietary confidential information. Reproduction or disclosure of this material to any third party is prohibited without the written consent of Newfront Insurance Holdings, Inc

The intent of this proposal is to provide an overview of our suggested insurance program. Policy terms and conditions and/or exclusions outlined in this summary do not represent the full extent of such terms and conditions and/or exclusions. Refer to your policy for all such terms and conditions, limitations, exclusions, sub-limits and definitions. In the event this summary and the policy language differ, the policy language will prevail. Higher policy limits may be available upon request.

This proposal was created based on our understanding of the information provided by you. The information provided should be carefully reviewed for accuracy. If any of the information you provided is no longer accurate, the policy terms and conditions may be subject to change. Changes in your business may also affect your insurance program; please advise Newfront as soon as possible if your business operations have now changed or change at any point during the policy term.

I have read and understand the terms and conditions of this proposal.

After careful review, we accept your proposal dated 10/23/2023

- 1.
- 2.
- 3.
- 4.

Named Insured: \_\_\_\_\_ Title: \_\_\_\_\_

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

# When to Contact Us

Should any material changes in operations present themselves, please notify Newfront immediately. A “material circumstance” is one that might influence the carrier in their evaluation of the risk. Insurance carriers evaluate and accept risks based on the information provided. Any misrepresentation of these details may lead to complications in claims situations. If you have any questions or concerns about what might be material, please contact Newfront for guidance.

## **Such changes may include, but are not limited to:**

- Personnel changes affecting responsibility for insurance decisions
- Employees traveling overseas
- Employees working on military bases
- Mergers & Acquisitions
- Legal change in corporate structure
- Purchase, construction or occupancy of a new premises
- Altering, vacating or temporary unoccupancy of an existing premises
- Material increase or decrease in property values
- Addition of owned, leased or borrowed automobiles
- Material change in business operations
- Alteration, addition or disconnection of any alarm system
- Usage of non-owned watercraft or aircraft
- Employment of personnel in states where you were not previously doing business
- Appointment of a new officer (CEO, CFO, COO)
- Change in ownership either with the board of directors or stock ownership
- Fluctuation of ERISA plan assets
- Addition/Deletion of new drivers

# Account Services Team Directory

	Stephen Leveroni
<b>Executive Vice President/ Founding Principal</b>	(415) 385-0178
	steve.leveroni@newfront.com
	Gay Chung
<b>SVP - Team Leader Commercial Lines</b>	(650) 412-7013
	gay.chung@newfront.com
	Chastity Wilson
<b>Account Manager</b>	(650) 215-5348
	chastity.wilson@newfront.com
<b>Certificate Team</b>	Techcertrequest@newfront.com
<b>Claims Team</b>	Claims@newfront.com
<b>Office Address</b>	777 Mariners Island Boulevard, Suite 250 San Mateo, CA 94404 Main phone: (650) 488-8565 Main fax: (650) 523-4609



# As you Renew: Consider Future M&A Impact on your Insurance Portfolio

## Best Practices for M&A

- Reach out if you are acquiring (or selling/spinning off) an entity. Let us review the coverage at both the target company and your current coverage.
- Don't assume that your current coverage is adequate to also cover the newly acquired target.
- Don't assume that your current coverage will automatically incorporate the newly acquired target.
- Consider Rep and Warranty Insurance.
- Remember that your policies might respond differently in an asset deal vs a stock deal.
- Remember that some coverages in place at the target company you are acquiring will terminate upon a change of control. Talk to us about how to continue that coverage through a tail policy.
- Understand your purchase agreement insurance requirements both pre-closing and post closing.
- Remember we have an M&A team comprised of former M&A lawyers – particular expertise in Rep and Warranty coverage

## Interplay with Rep and Warranty Insurance

- Rep and Warranty Insurance is used by corporations engaged in M&A. It is mostly used by the Buyer.
- Rep and Warranty Insurance replaces Escrow Accounts to cover M&A risk.
- Instead of a Buyer making a claim against an Escrow Account, Buyer makes a claim against the Rep and Warranty Insurance Policy.
- Rep and Warranty underwriters want to understand insurance coverage in place at the newly acquired company pre-transaction and the plan for coverage after the deal closes. Newfront can help you with this.
- Our Rep and Warranty lead was an M&A lawyer and Rep and Warranty Underwriter who will assist you through the underwriting process and work with your legal team towards closing.
- Newfront will perform diligence on the insurance portfolio of the M&A target you are acquiring.

# Understanding AM Best Ratings

Secure Best's Ratings		Vulnerable Best's Ratings	
A++, A+	SUPERIOR	B, B-	FAIR
A, A-	EXCELLENT	C++, C+	MARGINAL
B++, B+	VERY GOOD	C, C-	WEAK
		D	POOR
		E	UNDER REGULATORY SUPERVISION
		F	IN LIQUIDATION
		S	RATING SUSPENDED
Financial Size Category			
Based on capital, surplus and conditional review			
<i>Funds in Millions of Dollars</i>			
XV – GREATER THAN 2,000		X – 500 – 750	
XIV – 1,500 – 2,000		IX – 250 – 500	
XIII – 1,250 – 1,500		VIII – 100 – 250	
XII – 1,000 – 1,250		VII – 50 – 100	
XI – 750 – 1,000			
		Rating Modifiers	
		u-	UNDER REVIEW
		s-	SYNDICATE
		pd-	PUBLIC DATA

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# Errors & Omissions Polling Questionnaire

Date:

Dear All,

Our Errors & Omissions policy is issued on a **claims-made and reported** form, which requires us to report all claims and circumstances that could lead to a claim to the insurance company **prior to the policy expiration**. Our E&O policy expires on 11/1/2022. Please advise me immediately if you are aware of any claims or circumstances that could fall under the general descriptions below.

**Errors & Omissions and Professional Services:** damages arising from any negligent act, error, or omission of our products or professional services.

**Media Liability:** damages arising from defamation, libel, slander, or other tort related to disparagement to the reputation of any person or organization; infringement of copyright, trademark or service mark; negligence regarding the content of media communication.

**Network Security:** damages arising from our computer systems security that results in the failure to prevent transmission of malicious code to third party systems; failure to prevent unauthorized access that results in the destruction or corruption of data, theft of data, or denial of service attacks; failure to allow access to an authorized user.

**Privacy Liability:** damages for violation of a privacy law; disclosure or theft of non-public personal identifiable information that is in our care, custody or control; privacy notification costs including costs to hire a computer security expert, legal fees to comply with breach notice laws, credit monitoring; regulatory defense and penalties.

**I appreciate your immediate reply as this is a time-sensitive exercise.**

Thank you,

# Disclosure Pursuant to Terrorism Risk Insurance Act

## Terrorism Coverage and Premium

In accordance with the federal Terrorism Risk Insurance Act (as amended “TRIA”), we are required to make coverage available under your policy for “certified acts of terrorism.” The actual coverage provided by your policy(ies) will be limited by the terms, conditions, exclusions, limits, and other provisions of your policy(ies), as well as any applicable rules of law.

The portion of your premium attributable to this terrorism coverage is shown in the premium section(s) of this quote proposal or binder.

## Definition of Certified Act of Terrorism

A “certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of TRIA, to be an act of terrorism under TRIA. The criteria contained in TRIA for a “certified act of terrorism” include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting 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

## Disclosure of Federal Share of Terrorism Losses under TRIA

The United States Department of the Treasury will reimburse insurers for 85% of insured losses that exceed the applicable insurer deductible. Effective January 1, 2016, this percentage will be reduced to 84%, effective January 1, 2017 to 83%, effective January 1, 2018 to 82%, effective January 1, 2019 to 81%, and effective January 1, 2020 to 80%.

However, if aggregate industry insured losses under TRIA exceed \$100 Billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States government has not charged any premium for their participation in covering terrorism losses.

## Cap on Insurer Liability for Terrorism Losses

If aggregate industry insured losses attributable to “certified acts of terrorism” under TRIA exceed \$100 Billion in a calendar year, and we have met, or will meet, our insurer deductible under TRIA, we shall not be liable for the payment of any portion of the amount of such losses that exceed \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible.

In accordance with the Treasury’s procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

# Disclaimer

This proposal serves only as an outline. It does not include every term, coverage, exclusion, limitation and condition reflected in the actual insurance contract. Please refer to the policy for these details.

This proposal does not amend or alter any insurance contract. Detailed questions regarding policy information should be directed to your Newfront Insurance Holdings, Inc service team.

## **Confidential**

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## **Certificates**

Often times, we are asked to provide certificates of insurance to lenders, landlords, vendors, contractors, etc. Many of these requests modify coverage or coverage provisions. The Department of Insurance may not have approved the insurance company to make these modifications.

## **Contracts**

In the course of business, you may sign leases, contracts, agreements, etc. that may transfer serious financial obligations to you. We recommend you have an attorney and/or CPA review the contracts and advise you if any changes are necessary to properly protect you from these exposures.

## **Compensation**

Contingent, supplemental, or bonus commissions

As is customary in the insurance industry, some of the insurers that we represent may pay us additional incentive commission, sometimes referred to as contingent, supplemental or bonus commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with a given insurer for a designated period of time. This additional commission is generally not client specific and does not impair our objectivity nor impact our commitment to you. Such additional commissions would be in addition to any other compensation we may receive.

## **Miscellaneous sources of compensation**

In addition to the foregoing, we may also receive income from the following sources:

- Interest earned on premiums received from you and forwarded to your insurers through our bank account.
- Payments from insurers to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses.

At your request, we will provide you with a detailed statement regarding our compensation on your account and how the compensation is calculated.

## **Exposures**

This overview is based upon exposures currently made known to us by you and believed to be an accurate representation of your operations. Values used were those presented to us and should be carefully reviewed. All changes to exposures must be reported by you so coverage may be modified as appropriate. Additional coverages may be available.

## **Executive Liability**

Liability arising out of executive decisions are generally excluded from a standard liability policy. If you are interested in obtaining this coverage please contact our office.

## **Higher Limits**

Higher limits may be available through the existing policy or umbrella coverage. Should you wish to purchase higher limits please contact our office.

## **Named Insureds**

Certain responsibilities/duties fall upon the first Named Insured:

- Pay all premiums, including audit premiums. Receive all return or refunded premiums
- Cancel the policy and/or receive notices pertaining to cancellation or non-renewal from the Insurer
- Request changes in the terms of the policy
- Record keeping of information for premium computation
- Request information regarding claims or occurrences from the Insurer

Note: Partnerships and joint ventures are not automatically included unless listed.

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### **Minimum Earned Premium**

A minimum earned premium is the least you will have to pay once a policy goes into effect.

### **Professional Liability**

Liability arising out of professional services are generally excluded from a standard liability policy. If you are interested in obtaining this coverage please contact our office.

# Company Highlights

Newfront is a full-service brokerage and consulting firm, crafting innovative solutions to help address risk for clients of varying growth, sizes, stages, and industries across the globe.

<b>16</b> Number of Specialized Industries	<b>\$2.4B</b> Premium Volume	<b>700+</b> Employees	<b>77</b> Net Promoter Score
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## Practices

Employee Benefits

Executive Risk Solutions

HR Services

M&A Advisory

Private Client Services Property &  
Casualty

Retirement Services

Wholesale Benefits

## Global Reach

Local knowledge and experience



in **500** offices

in over **100** countries

on **6** continents



**Founding Member of BrokerTech Ventures**, the convener of broker-centric innovation.

## Accolades

Insurance is a trillion-dollar market that is  
fundamental to society, yet to be

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