

2. **Review and Recommend Approval of renewal of all District Insurance coverages:** Hospital Professional & General Liability, Auto Liability, Directors & Officers Liability/Employment Practices Liability, Workers Compensation, Property, Fiduciary, and Crime (See Attachments) (Privacy Policy is currently not in place at this time and is not being recommend) (Pages H1-35)

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: June 27, 2018

Title to Appear on Agenda:

Review and Recommend Approval of all District Insurance Coverages

Brief Description:

It is time to renew all of the District's Insurance Coverages (excluding employee health and welfare) effective July 1, 2018.

Background and Details:

The District's Insurance Brokers, Marsh and McLennan Insurance Agency, have worked with the District throughout the bankruptcy to ensure that appropriate insurance coverages have been maintained and coverages kept in place. Over the past few months, they have worked with the Interim Executive Team to obtain renewal quotes for these programs.

M & M has prepared a Summary Schedule of Insurance 07/01/18 – 07/01/19 which provides a summary of all of the Policy Descriptions, Insurance Carrier(s), Dates of Coverage(s), Effective Dates, and the Premium amounts. The Schedule also provides a comparison to previous Premium amounts along with any relevant changes from the current year to the renewal year.

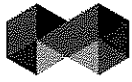
Exhibits:

See Attached Schedule of Coverages

Recommended Action:

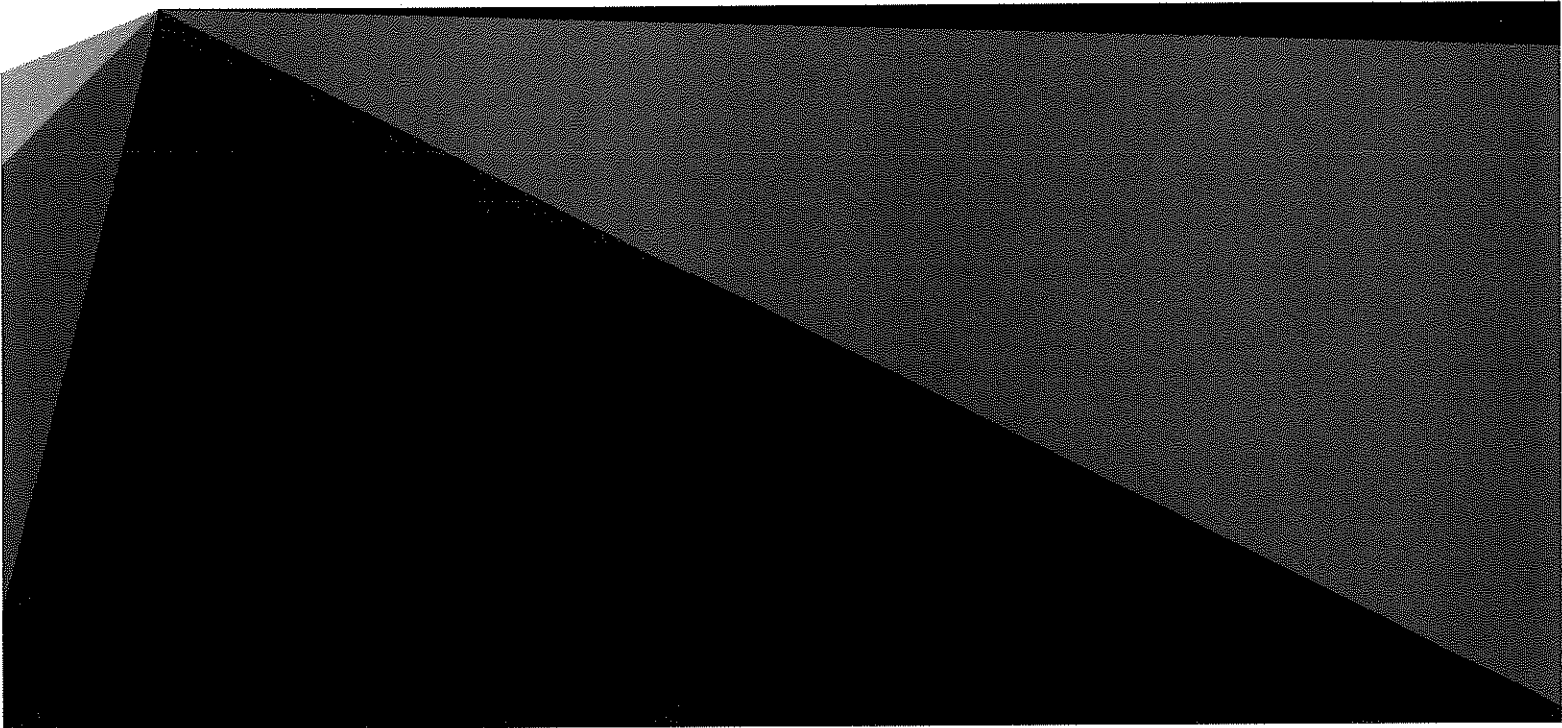
That the Board approve all of the proposed coverages for the 2018-2019 year as outlined.

11-4-1



MARSH & MCLENNAN
AGENCY

TULARE LOCAL HEALTHCARE DISTRICT



PROPOSAL FOR INSURANCE SERVICES

EFFECTIVE: JULY 1, 2018 TO JULY 1, 2019

DATE: JUNE 22, 2018

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ADDENDUM:

- A.M. Best Rating Classifications
- Important Claim Information
- Employment Practices Liability – When to Contact Us
- Directors & Officers Liability – When to Contact Us

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Tulare Local Healthcare District

PREMIUM SUMMARY & COMPARISON

COVERAGE	CARRIER	7/1/2017 - 2018 EXPIRING PREMIUM	7/1/2018 - 2019 RENEWAL PREMIUM	% CHANGE	COMMENTS / NOTES
Healthcare Professional & General Liability Tail Premium (7/1/1985 - 7/1/2018)	BETA	\$ -	\$ 682,750	-	*Tail Premium which provides coverage for acts, errors or omissions that occurred from 7/1/1985 to 7/1/2018. *The total cost of the Healthcare PLGL tail was \$1,441,361. BETA applied the 2017 annual premium paid which was \$758,611 toward the cost of tail. The remaining portion of the tail cost was \$682,750.
Healthcare Professional & General Liability Renewal Premium	BETA	\$ 758,611	\$ 127,805	-	*Provides coverage for acts, errors or omissions that occur on or after 7/1/2018 to 7/1/2019. *Subject to an audit on 1/1/2019 or earlier, if the coverage contract is canceled prior to 1/1/2019. If the actual census materially increases or decreases, BETARMA reserves the right to re-rate this account. *Subject to a minimum earned of \$102,244. (80% of renewal premium) *If the coverage contract is canceled prior to 7/1/2019, any unpaid amount for the tail contribution will become due immediately. *Coverage for ER Providers not included in 2019 premium. Dividend will be paid in two installments 10/1/18 and 4/1/19. Member must maintain each coverage with BETA at the time dividend payment is made.
Multi-Line Dividend	BETA	\$ -	\$ (40,313)	-	
Healthcare Professional & General Liability Total Net Premium	BETA	\$ 758,611	\$ 770,242	2%	*Gross Premium \$810,555
Automobile Liability	BETA	\$ 7,470	\$ 8,703	17%	
Directors & Officers Liability with Employment Practices Liability	BETA	\$ 106,367	\$ 145,672	37%	*BETA did not provide Tail Option
Subtotal		\$ 872,448	\$ 924,617	6%	

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Tulare Local Healthcare District

PREMIUM SUMMARY & COMPARISON (CONTINUED)

COVERAGE	CARRIER	7/1/2017 - 2018 EXPIRING PREMIUM	7/1/2018 - 2019 RENEWAL PREMIUM	% CHANGE	COMMENTS / NOTES
Workers' Compensation	BETA	\$ 266,424	\$ 439,328	65%	Expiring policy is short term 1/30/18-7/1/18. Expiring premium shown is annualized.
Multi-Line Dividend	BETA	\$ -	\$ (6,148)		Dividend will be paid in two installments 10/1/18 and 4/1/19. Member must maintain each coverage with BETA at the time dividend payment is made.
Workers' Compensation Net Premium	BETA	\$ 266,424	\$ 433,180	63%	*Gross Premium \$439,328 *Monthly Installments will be based on gross premium
Property	Affiliated FM	\$ 139,087	\$ 152,539	10%	*Continue to work on loss control recommendations *If Tulare decides to install the Seismic Gas Shut-off Valve, carrier will give 50% of that cost back in a premium credit *Premium includes Terrorism \$4,000 & Engineering Fee \$5,500 (2017) \$6,000 (2018)
	Subtotal	\$ 405,511	\$ 585,719	44%	
Grand Total Estimated Annual Premium		\$ 1,277,959	\$ 1,510,336	18%	

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Tulare Local Healthcare District

PAYMENT SCHEDULE

COVERAGE	7/1/2018 – 2019 RENEWAL PREMIUM	COMMENTS / NOTES
Healthcare Professional & General Liability (Tail & Renewal) - Total Gross Premium	\$ 810,555	12 Monthly Installments - \$67,546.26
Automobile Liability	\$ 8,703	Full Pay
Directors & Officers Liability with Employment Practices Liability	\$ 145,672	Full Pay
Workers' Compensation - Gross Premium	\$ 439,328	12 Monthly Installments - \$36,611
Property	\$ 152,539	Premium Financed: Total after financing \$155,579.83 10% Down \$20,653.90 & 9 Installments \$14,991.77

CANCELLATION PROVISION

COVERAGE	CARRIER	CANCELLATION PROVISIONS FOR EARLY CANCELLATION (12/1/18)
Healthcare Professional & General Liability (PLGL) Tail & Renewal	BETA	Recommendation is to keep PLGL and D&O/EPL with BETA until expiration due to the following: *Subject to a minimum earned of \$102,244. (80% of renewal premium) *If the coverage contract is canceled prior to 7/1/2019, any unpaid amount for the tail contribution will become due immediately. *BETA cannot write D&O/EPL or Auto on stand alone basis if PLGL is cancelled
Automobile Liability	BETA	Premium will be pro-rated
Directors & Officers Liability with Employment Practices Liability (D&O/EPL)	BETA	Tulare can tail out policy - Unearned Premium gets applied to tail premium
Workers' Compensation	BETA	BETA has a short-rate cancellation provision but has agreed to pro-rate based on payroll
Property	Affiliated FM	Premium will be pro-rated

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EXPOSURE & CENSUS COMPARISON

EXPOSURE COMPARISON

ITEM	7/1/2017 – 2018	7/1/2018 – 2019	% CHANGE
	EXPIRING	RENEWAL	
Number of Autos	6	5	-17%
Payroll	\$ 9,060,000	\$ 14,750,000	63%
Total Property Values	\$ 218,619,238	\$ 218,609,238	0%

*2017-18 Payroll Annualized

CENSUS COMPARISON

EXPOSURES	7/1/2017 – 2018 EXPIRING	7/1/2018 – 2019 RENEWAL	% CHANGE
Facility Exposures			
Acute Care Beds	13,796	8,592	-38%
Perinatal Beds	1,112	500	-55%
Cribs & Bassinets	882	0	-100%
Emergency Visits	6,852	4,200	-39%
Non-urgent ER Visits	30,291	18,500	-39%
Outpatient Visits	57,689	0	-100%
Reference Lab	3,426	2,100	-39%
Home Health	2,409	0	-100%
Surgeries: Outpatient	1,177	720	-39%
Surgeries: Inpatient	365	222	-39%
Vaginal Deliveries	360	150	-58%
C-Sections	180	64	-64%
ER Providers – Visits	37,413	0	-100%
FTE Rated Provider Exposures			
Physician Assistant (Non-ER)	43.8	0	-100%
Nurse Practitioner (Non-ER)	51.48	0	-100%

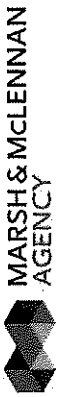


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PROFESSIONAL LIABILITY CLAIMS HISTORY

POLICY YEAR	LOSSES										
	INDEMNITY RESERVE	INDEMNITY PAID	EXPENSE RESERVE	EXPENSE PAID	TOTAL INCURRED	PREMIUM	VALUATION DATE	LOSS RATIO	NO OF LOSSES	OPEN	CARRIER
07/01/2018 - 2019	\$ 15,000		\$ 25,393	\$ 607	\$ 41,000	\$ 758,611	2/28/2018	5%	2	2	Beta Health Care Deductible: \$100,000 IND
07/01/2016 - 2017	\$ 625,000	\$ -	\$ 196,310	\$ 165,089	\$ 986,399	\$ 635,488	2/28/2018	155%	10	8	Beta Health Care Deductible: \$100,000 IND
07/01/2015 - 2016	\$ -	\$ -	\$ 217,022	\$ 1,022,978	\$ 1,240,000	\$ 542,326	2/28/2018	228%	11	3	Beta Health Care Deductible: \$100,000 IND
07/01/2014 - 2015	\$ 500,000	\$ 350,000	\$ 94,921	\$ 358,659	\$ 1,303,580	\$ 528,971	2/28/2018	246%	13	2	Beta Health Care Deductible: \$100,000 IND
07/01/2013 - 2014	\$ -	\$ -	\$ -	\$ 28,190	\$ 28,190	\$ 471,746	2/28/2018	6%	3	0	Beta Health Care Deductible: \$100,000 IND
07/01/2012 - 2013	\$ -	\$ 1,750,000	\$ -	\$ 369,555	\$ 2,119,555	\$ 441,624	2/28/2018	480%	10	0	Beta Health Care Deductible: \$100,000 IND
07/01/2011 - 2012	\$ -	\$ -	\$ -	\$ 1,969	\$ 1,969	\$ 453,113	2/28/2018	0%	3	0	Beta Health Care Deductible: \$100,000 IND
07/01/2010 - 2011	\$ -	\$ -	\$ -	\$ 19,596	\$ 19,596	\$ 657,070	2/28/2018	3%	2	0	Beta Health Care Deductible: \$100,000 IND
07/01/2009 - 2010	\$ -	\$ 185,000	\$ -	\$ 215,913	\$ 400,913	\$ 524,367	2/28/2018	76%	10	0	Beta Health Care Deductible: \$100,000 IND
07/01/2008 - 2009	\$ -	\$ 4,134,583	\$ -	\$ 289,494	\$ 4,424,077	\$ 455,519	2/28/2018	971%	13	0	Beta Health Care Deductible: \$100,000 IND
07/01/2007 - 2008	\$ -	\$ 89,070	\$ -	\$ 28,417	\$ 117,487	\$ 533,755	2/28/2018	22%	12	0	Beta Health Care Deductible: \$100,000 IND
10 Year Total	\$ 1,125,000	\$ 6,508,653	\$ 508,253	\$ 2,499,861	\$ 10,641,767	\$ 5,243,979			87	13	
5 Year Average	\$ 225,000	\$ 420,000	\$ 101,651	\$ 388,894	\$ 1,135,545	\$ 524,031		217%	9	3	
10 Year Average	\$ 112,500	\$ 650,865	\$ 50,825	\$ 249,986	\$ 1,064,177	\$ 524,398		203%	9	1	

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Tulare Local Healthcare District

D&O / EPL CLAIMS HISTORY

POLICY YEAR	LOSSES										
	INDEMNITY RESERVE	INDEMNITY PAID	EXPENSE RESERVE	EXPENSE PAID	TOTAL INCURRED	PREMIUM	LOSS RATIO	VALUATION DATE	NO. OF LOSSES	OPEN	CARRIER
07/01/2017 - 2018	\$ -			\$ 2,400	\$ 2,400	\$ 106,367	2%	3/31/2018	1	0	Beta Health Care
07/01/2016 - 2017	\$ -		\$ 39,837	\$ 160,163	\$ 200,000	\$ 101,883	196%	3/31/2018	3	3	Beta Health Care
07/01/2015 - 2016	\$ -	\$ 50,000	\$ -	\$ 135,662	\$ 185,662	\$ 97,985	189%	3/31/2018	1	0	Beta Health Care
07/01/2014 - 2015	\$ -	\$ 50,000	\$ -	\$ 52,191	\$ 102,191	\$ 93,319	110%	3/31/2018	2	0	Beta Health Care
07/01/2013 - 2014	\$ -	\$ -	\$ -	\$ 19,285	\$ 19,285	\$ 93,614	21%	3/31/2018	1	0	Beta Health Care
07/01/2012 - 2013	\$ -	\$ 124,750	\$ -	\$ 40,768	\$ 165,518	\$ 70,920	233%	3/31/2018	3	0	Beta Health Care
5 Year Total	\$ -	\$ 224,750	\$ 39,837	\$ 408,069	\$ 672,656	\$ 457,721			10	3	
5 Year Average	\$ -	\$ 44,950	\$ 7,967	\$ 81,614	\$ 134,531	\$ 91,544	147%		2	1	

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NAMED INSURED

- Tulare Local Healthcare District
- Tulare Family X-Ray
- Tulare Physical Therapy
- Tulare District Health Care System Foundation
- Tulare District Health Care System Lab Drawing Station
- Tulare Surgical Services
- Tulare Hospital Foundation
- Tulare Hospital Auxiliary
- DBA Tulare Regional Medical Center

MAILING ADDRESS

869 N. Cherry St.
Tulare, CA 93274

This is our understanding of your entire list of named insureds. This list may or may not appear on every policy. Each policy should be reviewed to confirm the appropriate list of named insureds.

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**MARSH & MCLENNAN
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HOSPITAL PROFESSIONAL & GENERAL LIABILITY

CARRIER

BETA Risk Management Authority
A.M. Best Rating: A, VIII

POLICY NUMBER

TBD

POLICY PERIOD

12:01 a.m., July 1, 2018 to July 1, 2019

POLICY FORM

- Claims Made & Reported (Healthcare Entity Professional Liability)
- Retroactive Date: 07/01/2018 – Professional Liability Only
- Occurrence (Bodily Injury and Property Damage, Personal Injury & Advertising Injury, Employee Benefit Liability)
- All Defense Expenses are Paid Outside of the Per Occurrence Limits
- All Sub-Limits are subject to the per occurrence and aggregate limits

COVERAGES

- Healthcare Entity Professional Liability
- General Liability
- Personal Injury & Advertising Injury Liability
- Employee Benefit Administration Liability

LIMITS OF INSURANCE

Per Occurrence	\$ 10,000,000
Aggregate	\$ 20,000,000

DEDUCTIBLE

Indemnity Only	\$ 100,000
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HOSPITAL PROFESSIONAL & GENERAL LIABILITY (CONTINUED)

RISK MANAGEMENT RESOURCE FUND 2018 / 2019 \$ 8,016

AUDIT

BHG has discontinued the end of the year HCL contribution audit. The member will still be required to report to BHG new exposure increases during the course of the year. New exposures include an addition of a new location, new service or a new physician, surgeon, dentist, physician assistant, nurse anesthetist, nurse practitioner or nurse midwife that is to be covered under the HCL Coverage Contract. HCL contribution audits may still be requested; however, any refunds will be subject to the underwriting department's approval.

CONDITIONS & SUBJECTIVITIES

- Excluded - Elective Vaginal Births After C-Section (VBAC)
- Defense costs incurred before notice of a claim to insurer, without the insurers' written approval or by unapproved counsel may not be paid.
- Mail notices to: BETA Healthcare Group
1443 Danville Blvd.
Alamo, CA 94507

CLAIMS MADE NOTIFICATION (HEALTHCARE ENTITY PROFESSIONAL LIABILITY)

Claims under this policy must be submitted by you to the Insurer during the policy period, or within a specific number of days as stated in the policy, after the expiration of the policy, for coverage to apply.

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AUTOMOBILE LIABILITY

CARRIER

BETA Risk Management Authority
A.M. Best Rating: A, VIII

POLICY NUMBER

TBD

POLICY PERIOD

12:01 a.m., July 1, 2018 to July 1, 2019

POLICY TYPE

- Occurrence

COVERAGE

- Automobile Liability & Physical Damage, Coverage Includes:
 - Bodily Injury & Property Damage Liability
 - Uninsured / Underinsured Motorist Coverage
 - Hired / Non-owned Auto Liability
 - Medical Payment – \$5,000 per Accident

Note: Rental reimbursement not available with BETA

LIMITS OF INSURANCE

Per Accident – Combined Single Limit	\$	5,000,000
Bodily Injury & Property Damage		
Hired / Non-owned Auto Liability		
\$1,000,000 Sublimit Uninsured / Underinsured Motorist Liability		

PHYSICAL DAMAGE DEDUCTIBLES

Comprehensive	\$	250
Collision	\$	500

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AUTOMOBILE LIABILITY (CONTINUED)

VEHICLE SCHEDULE

NO.	YEAR	DESCRIPTION (MAKE AND MODEL)	VEHICLE ID NO.
1.	2008	Ford E350	1FDWF36558EC01240
2.	2008	Ford E150	1FTNE14W28DA55520
3.	1999	GMC	1GDJ7H1C9XJ501024
4.	2016	Toyota Prius	JTDKARFU5G3012822
5.	2016	Toyota Prius	JTDKBRFU7G3527866

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**DIRECTORS & OFFICERS LIABILITY / EMPLOYMENT PRACTICES
LIABILITY**

CARRIER

BETA Risk Management Authority
A.M. Best Rating: A, VIII

POLICY NUMBER

TBD

POLICY PERIOD

12:01 a.m. July 1, 2018 to July 1, 2019

POLICY FORM

- Claims Made and Reported
 - All claims must be reported as soon as practicable after such claim is first made, but in no event shall such notice be given later than 30 days after either the expiration date or any earlier cancellation date of the policy. Timely reporting is required to avoid a claim denial for late notice.
 - Circumstances that may lead to a claim may be reported under this policy period and must be reported prior to policy expiration.
- Defense Costs within Policy Limit
- Duty to Defend
- Retroactive Date: 07/01/1985

LIMITS OF INSURANCE

Each Claim & Aggregate – D&O / EPL	\$	5,000,000
Anti-trust sublimit	\$	1,000,000

RETENTIONS (PER LOSS)

Directors & Officers for Non-Indemnified Claims	\$	0
Corporate Reimbursement for Indemnified Claims	\$	10,000
Corporate Reimbursement Entity-related Claims	\$	10,000
Employment Practices Claims	\$	100,000



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**DIRECTORS & OFFICERS LIABILITY / EMPLOYMENT PRACTICES
LIABILITY (CONTINUED)**

COVERAGE EXTENSIONS

- Employment Practices Liability

EXCLUSIONS

- Per Policy Form; Including But Not Limited To:
 - Prior Knowledge
 - Prior Notice
 - Pending & Prior Litigation, Proceedings Demands
 - Dishonest / Fraudulent Acts
 - Illegal Personal Profit
 - Breach of Contract
 - ERISA
 - Bodily Injury / Property Damage
 - Pollution
 - Malpractice
 - Professional Errors & Omissions
 - Sexual Misconduct & Child Abuse

EPL-RELATED EXCLUSIONS

- Per Policy Form; Including But Not Limited To:
 - Violations of COBRA / OSHA / WARN / NLRA / FLSA
 - Wage & Hour Violations



**DIRECTORS & OFFICERS LIABILITY / EMPLOYMENT PRACTICES
LIABILITY (CONTINUED)**

TERMS & CONDITIONS

- HCCA named as Additional Member
- Insurer has right to appoint counsel
- Mergers / Acquisitions must be reported
- Defense costs incurred before notice of a claim to insurer, without the insurers written approval or by unapproved counsel may not be paid
- Mail notices to: BETA Healthcare Group
1443 Danville Blvd.
Alamo, CA 94507

Mail a copy to: Marsh & McLennan Insurance Agency LLC
ATTN: Claims Department
9171 Towne Centre Dr., Ste. 500
San Diego, CA 92122

CLAIMS MADE NOTIFICATION

Claims under this policy must be submitted by you to the Insurer during the policy period, or within a specific number of days as stated in the policy, after the expiration of the policy, for coverage to apply.

WORKERS' COMPENSATION & EMPLOYER'S LIABILITY

CARRIER

BETA
A.M. Best Rating: A, VIII

POLICY NUMBER

TBD

POLICY PERIOD

12:01 a.m., July 1, 2018 to July 1, 2019

COVERAGE & LIMITS OF INSURANCE

Coverage A – Workers' Compensation – Statutory (CA)

Coverage B – Employer's Liability

Bodily Injury by Accident – Each Accident	\$	2,000,000
Bodily Injury by Disease – Policy Limit	\$	2,000,000
Bodily Injury by Disease – Each Employee	\$	2,000,000

RATES

- Per \$100 Payroll; Standard Rates Filed with Each State

EXPERIENCE MODIFICATIONS

California 100%

COVERAGE EXTENSIONS & CONDITIONS

- Premium is Auditable Based on Payroll
- Blanket Waivers of Subrogation may only be included with the policy when required by contract.

CARE FUND - \$2,200



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WORKERS' COMPENSATION & EMPLOYER'S LIABILITY (CONTINUED)

DIVIDENDS

Annual WC Dividend: \$0

Thank you for your continued commitment to the BETARMA program. One of the many benefits of membership is the distribution of surplus in the form of dividends. The July 1, 2018 renewal marks another year that BETA RMA has returned dividends to its membership. The above referenced dividend amount is based on each workers' compensation (WC) member's contribution to the financial performance of BETARMA's workers' compensation line of coverage dating back to when the member first joined the program. Years of membership and claims results relative to paid contributions determine the percentage allocation that each member receives from the annual dividend pool. If a member does not receive a dividend as noted by "\$0" above, that means the member's loss ratio (incurred claims costs/contributions) is too high to qualify for this year's dividend or the member is new to BETARMA and is not eligible to receive a dividend this year.

WC Portion of Multi-line Dividend: \$6,148

The new multi-line dividend will be paid during the 2018/2019 contract year to members that purchase both the Healthcare Entity Comprehensive Liability (HCL) and Workers' Compensation (WC) coverage contracts from BETA RMA. This dividend is in addition to the Annual Dividend described above. The multi-line dividend is not based on member performance; rather, it will be allocated based on the percentage of each member's written primary HCL and WC contributions compared to the total written primary HCL and WC contributions of all eligible multi-line members in the 2017/2018 contract year. The total multi-line dividend is stated above along with the portion of the dividend that applies to the WC line of coverage only. The HCL portion of the multi-line dividend will be provided on the HCL renewal quote. New members joining during the 2017/2018 contract year will receive a prorated dividend allocation.

Dividend Installments:

The 2018 dividends listed above will be paid in two installments on October 1, 2018 and on April 1, 2019. For the Annual Dividend, each installment is contingent upon the named member renewing the workers' compensation coverage with BETARMA on July 1, 2018 and maintaining the coverage contract at the time a dividend payment is made. For the Multi-line Dividend, each installment is contingent upon the named member renewing the HCL and WC coverage contracts with BETARMA on July 1, 2018 and maintaining each coverage contract at the time a dividend payment is made.

EXCLUSIONS

- Per Policy Form
- Volunteers

SUBJECTIVITY

- Receipt of July Remittance Payment



WORKERS' COMPENSATION STANDARD PREMIUM DETERMINATION

BETA

CODE	CLASSIFICATION	PAYROLL	RATE	PREMIUM
9043	Acute Care Hospitals – All Employees	\$ 14,750,000	\$ 3.15	\$ 464,625
Estimated Manual Premium				\$ 464,625
CA Experience Mod			1.00	\$ 464,625
Modified Contribution			.9456	\$ (25,297)
CA Fees & Assessments				Included
Estimated Annual Premium & Fees				\$ 439,328

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PROPERTY INSURANCE

CARRIER

Affiliated FM Insurance Company
 A.M. Best Rating: A+, XV

POLICY NUMBER

TBD

POLICY PERIOD

12:01 a.m., July 1, 2018 to July 1, 2019

LIMITS OF INSURANCE & PROPERTY COVERED

Per Occurrence Limit	\$ 218,609,238
Blanket Real Property	Included
Blanket Personal Property	Included
Blanket Business Income / Extra Expense	Included
Blanket Computer Equipment, Data & Media & Extra Expense	Included

SUBLIMITS

Earthquake Sprinkler Leakage – Annual Aggregate	Included
Flood – Annual Aggregate	\$ 85,000,000
Business Interruption Extra Expense	\$ 2,500,000
Course of Construction at 869 N. Cherry St., Tulare, CA 93274	\$ 122,300,000

DEDUCTIBLE

Each Loss Except	\$ 10,000
Business Interruption	\$ 10,000
Flood	\$ 100,000

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PROPERTY INSURANCE (CONTINUED)

COVERAGE TERMS & CONDITIONS

- Special Form Coverage
- Agreed Amount
- Replacement Cost Coverage

COVERAGE EXTENSIONS – SUBLIMITS

Expediting Expenses	\$ 250,000
Land and Water Cleanup Expense	\$ 50,000
Newly Acquired Property	\$ 2,500,000
Unnamed Property	\$ 2,500,000
Fine Arts	\$ 250,000
Valuable Papers	\$ 500,000
Data Programs or Software	\$ 500,000
Property in Transit	\$ 1,000,000
Off-premises Service Interruption – Direct Damage	\$ 1,000,000
Arson or Theft Reward	\$ 100,000
Money & Securities	\$ 100,000
Patients Personal Property – Not to Exceed \$10,000 per Patient	\$ 100,000
Mobile Medical & Mobile Diagnostic Equipment	\$ 500,000
Ingress / Egress – Business Interruption	\$ 500,000
Spoilage	\$ 100,000

EXCLUSIONS

- Per Policy Form; Including But Not Limited To:
 - Date Recognition
 - Nuclear Reaction
 - War
 - Earth Movement

SUBJECTIVITIES

- Continue to work on control recommendations
- If Tulare decides to install the Seismic Gas Shut-off Valve, carrier will give 50% of that cost back in a premium credit.

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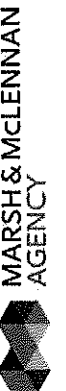
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Tulare Local Healthcare District

STATEMENT OF VALUES

NO.	BLDG.	ADDRESS	DESCRIPTION	BUILDING TYPE	STORIES	YEAR BUILT	SQ. FT.	SPRINK	ALARM	BUILDING	BUSINESS PERSONAL PROPERTY	COMPUTER HARDWARE & SOFTWARE	BUSINESS INCOME / EXTRA EXPENSE	TOTAL INSURED VALUE
1	1	869 Cherry Street Tulare, CA 93274	Hospital	Reinforced Concrete	3	1951	124,369	N	Y	\$ 32,815,604	\$ 17,459,533	Included	\$ 14,277,701	\$ 64,552,838
		869 Cherry Street Tulare, CA 93274	Course of Construction New Tower 1	Metal Framing / Concrete	4		115,000	Y	Y	\$ 122,300,000				\$ 122,300,000
1	2	869 Cherry Street Tulare, CA 93274	Laundry / Pump House	Reinforced Concrete	1	1951	3,240	N	Y	\$ -	\$ -	Included	Included	\$ -
1	3	869 Cherry Street Tulare, CA 93274	Allied Services Building	Steel Frame	2	1987	21,040	N	Y	\$ 2,766,255		Included	Included	\$ 2,766,255
2	1	793 & 795 Cherry St Tulare, CA 93274	IT Department	Frame	1	1954	3,465	N	Y	\$ 365,929		Included	Included	\$ 365,929
3	1	935 - 945 Gem St Tulare, CA 93274	Medical Office Building	Frame	1	1978	6,000	N	Y	\$ 1,113,681		Included	Included	\$ 1,113,681
4	1	890 Cherry Street Tulare, CA 93274	Pathology Lab	Concrete Tilt Up	1	1968	2,280	N	Y	\$ 338,891		Included	Included	\$ 338,891
5	1	906 Cherry Street Tulare, CA 93274	Foundation	Concrete Tilt Up	1	1979	1,044	N	Y	\$ 126,885		Included	\$ 23,798	\$ 150,683
6	1	922 Cherry Street Tulare, CA 93274	Home Care/ Marketing/ Medical Staff office	Frame	1	1967	5,000	N	Y	\$ 585,962		Included	Included	\$ 585,962
7	1	799 Cherry Street Tulare, CA 93274	Construction Office	Joisted Masonry	1	1954	1,200	N	Y	\$ 264,112		Included	Included	\$ 264,112
8	1	591 Merritt Tulare, CA 93274	Medical Office Building / IT Department	Joisted Masonry	1	1958	1,250	N	Y	\$ 103,400		Included	Included	\$ 103,400
9	1	979 Gem Street Tulare, CA 93274	Medical Office Building	Joisted Masonry	1	1958	1,687	N	Y	\$ 103,400		Included	Included	\$ 103,400
10	1	880 E. Merritt Avenue Tulare, CA 93274	Medical Office Building	Joisted Masonry	1		4,000	N	Y	\$ -	\$ 404,614	Included	Included	\$ 404,614

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Tulare Local Healthcare District

STATEMENT OF VALUES (CONTINUED)

NO.	BLDG.	ADDRESS	DESCRIPTION	BUILDING TYPE	STORIES	YEAR BUILT	SQ. FT.	SPRINK.	ALARM	BUILDING	BUSINESS PERSONAL PROPERTY	COMPUTER HARDWARE & SOFTWARE	BUSINESS INCOME / EXTRA EXPENSE	TOTAL INSURED VALUE
11	1	1050 Cherry Street Tulare, CA 93274	Medical Office Building	Steel Frame	1		6,977	Y	Y	\$ 124,700	\$ -	Included	Included	\$ 124,700
12	1	1425 E. Prosperity St Tulare, CA 93274	Evolutions Medical Fitness / Rehab Center	Steel Frame	2	2005	55,970	Y	Y	\$ 10,821,000	\$ 1,144,916	Included	Included	\$ 11,965,916
13	1	874 Cherry Street Tulare, CA 93274	Medical Office Building	Concrete Tilt Up	1	1963	1,281	N	Y	\$ 185,857	\$ -	Included	Included	\$ 185,857
14	1	446 Prosperity Ave Tulare, CA 93274	Storage Facility Location					Y	Y	\$ -	\$ 12,000,000	Included	Included	\$ 12,000,000
15	1	1062 S. K Street Tulare, CA 93274	Hillman Healthcare Center	Steel and Concrete/Brick	1	1926	12,520		Y	\$ -	\$ 202,000	\$ -	\$ -	\$ 202,000
16	1	845 S. Sequoia Ave Lindsay, CA 93274	Lindsay Healthcare Center	Steel and Concrete	1		5,000	N	Y	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
17	1	16796 Avenue 188 Woodville, CA 93257	Woodville Healthcare Clinic	Modular	1		1,580	N	Y	\$ -	\$ -	\$ -	\$ -	\$ -
18	1	325 West Street Tulare, CA 93274	West Street Healthcare Center	Modular	1	2013	2,160	N	Y	\$ 200,000	\$ 175,000	Included	Included	\$ 375,000
19	1	398 South Street Earlhart, CA 93218	Earlhart School Based - Community Healthcare Center	Modular	1	2015	2,015	N	Y	\$ 436,000	\$ 200,000	Included	Included	\$ 636,000
Total										\$ 172,671,676	\$ 31,635,063	\$ -	\$ 14,301,499	\$ 218,609,238

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OTHER COVERAGES FOR DISCUSSION

This information has been prepared using an insurance coverage checklist. These items represent some of the possible gaps or deficiencies in the coverage currently provided.

We recommend careful review of this list. We will be pleased to provide a detailed analysis of items of interest.

PROPERTY:

Business Income / Extra Expense – Determine adequate limits of each by use of a Business Income worksheet.

Earthquake / Flood / Wind – Perils typically excluded from Property policy.

MISCELLANEOUS LIABILITY:

Watercraft / Aircraft – Owned watercraft and aircraft typically excluded from the General Liability policy.

Pollution Legal Liability – Damage and costs of pollution cleanup are typically excluded or covered on a very limited basis on the General Liability policy.

Storage Tanks (above and under ground) – Separate policy is required for this coverage for Pollution Legal Liability and Cleanup.

Privacy Liability Network Security – First and Third party coverage for theft of personal information and/or security breaches.

AUTOMOBILE:

Drive Other Car Coverage – Extends coverage to specifically named drivers who rely solely on the Business Auto policy for coverage when they are driving vehicles not scheduled in the policy.

Loss of Use – Coverage pays for Rental company's loss of use of a vehicle rented by you if damaged.

EXECUTIVE RISK:

Kidnap / Ransom – Coverage provided in the event of kidnapping, extortion and various threats against the company and its employees.

CRIME:

Third Party Coverage – Coverage for theft from a Client / Third Party by your Employee.

EXCESS LIABILITY:

Explore additional limits



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COMPENSATION DISCLOSURE

Marsh & McLennan Agency LLC dba Marsh & McLennan Insurance Agency LLC ("MMA") prides itself on being an industry leader including in the area of transparency and compensation disclosure. We believe you should understand how we are paid and also understand the services we are providing for the compensation we receive. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance services provider, MMA facilitates the placement of insurance coverage on behalf of our clients. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client. Retail commission rates can vary from transaction to transaction.
- **Client Fees** – Some clients may negotiate a fee for MMA's services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA's engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client's placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to brokers who meet set goals for all or some of the policies the brokers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on a broker's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker for certain transactions. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation** – From time to time MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, from time to time, insurers may sponsor certain MMA training programs and/or events.

We will be pleased to provide you additional information about our compensation and information about alternative quotes upon your request. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at http://res.cloudinary.com/mma/image/upload/v1473800190/MMA_Compensation_Guide_for_Clients_rev_9.6.16_wghfvj.pdf

MMA's aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000), and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

We appreciate your business and look forward to your instructions regarding the placement of your coverage on the terms outlined in this proposal.



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ADDENDUM

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**MARSH & MCLENNAN
AGENCY**

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A.M. BEST RATING CLASSIFICATIONS

SECURE RATINGS:

A++..... Superior
 A+..... Superior
 A..... Excellent
 A-..... Excellent
 B++..... Very Good
 B+..... Very Good
 B..... Fair
 B-..... Fair
 C++..... Marginal
 C+..... Marginal
 C..... Weak
 C-..... Weak
 D..... Poor
 E..... Under Regulatory Supervision
 F..... In Liquidation
 S..... Rating Suspended

FPR 9..... Very Strong
 FPR 8 and 7..... Strong
 FPR 6 and 5..... Good
 FPR 4..... Fair
 FPR 3..... Marginal
 FPR 2..... Weak
 FPR 1..... Poor
 NR..... Not Rated
 NR-1..... Insufficient Data
 NR-2..... Insufficient Size and/or
 Operating Experience
 NR-3..... Rating Procedure Inapplicable
 NR-4..... Company Request
 NR-5..... Not Formally Followed

AFFILIATION CODES:

G..... Group
 P..... Pooled
 R..... Reinstated

RATING MODIFIERS:

U..... Under Review
 Q..... Qualified

In addition, the A.M. Best Company classifies insurers on the basis of financial size categories ranging from I (smallest) to XV (largest). In \$Millions of Reported Policyholders Surplus and Conditional Reserve Funds

Class I..... Up to 1
 Class II..... 1 to 2
 Class III..... 2 to 5
 Class IV..... 5 to 10
 Class V..... 10 to 25
 Class VI..... 25 to 50
 Class VII..... 50 to 100
 Class VIII..... 100 to 250

Class IX..... 250 to 500
 Class X..... 500 to 750
 Class XI..... 750 to 1,000
 Class XII..... 1,000 to 1,250
 Class XIII..... 1,250 to 1,500
 Class XIV..... 1,500 to 2,000
 Class XV..... 2,000 or greater



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IMPORTANT CLAIM INFORMATION

DOES THE EVENT OR ACTIVITY QUALIFY AS A CIRCUMSTANCE OR CLAIM?

- Demand for monetary damages;
- Filing with the DFEH, EEOC or any similar agency;
- Threat of legal action;
- Actual filed lawsuit; and/or
- Any other incident that you feel may eventually give rise to the above.

WHAT SHOULD I DO NEXT?

- Notify us by sending all documentation materials. If in doubt, please call:

Yvette Beaubien, Esq.
Director of Property & Casualty Claims
Marsh & McLennan Insurance Agency LLC
9171 Towne Centre Dr., Ste. 500
San Diego, CA 92122
P.O. Box 85638
San Diego, CA 92186-5638
Phone: (858) 875-3055
Fax: (858) 768-5221

THEN WHAT HAPPENS...

- In most cases, prior to incurring legal fees, the Carrier must consent to defense counsel unless specifically provided for by the pre-approved Defense Counsel Endorsement.
- We will provide notification of the Claim to the Carrier(s).
- As required by law, the Carrier will provide written acknowledgement of the claim, along with consent to defense counsel within 15 to 20 days from receipt of notification.
- The Carrier Representative / Adjuster will often contact you, the Insured, to inquire about the circumstances surrounding the claim and possibly request additional information and/or materials.
- Approximately 45 days from receipt of notification, the Carrier will issue a preliminary coverage analysis. As part of their standard procedure, they will address defense costs, specific claim details and often reserve certain rights to policy exclusions pending further investigation or claim action.
- We will monitor legal invoices sent to the Carrier for fees incurred in the defense of your claim so that we can track the erosion of your deductible / retention to ensure that reimbursement of legal fees is expedited. In the event of more complex claims, the Carrier will advance defense costs on a quarterly basis.

EMPLOYMENT PRACTICES LIABILITY – WHEN TO CONTACT US

During the year questions may arise with regard to your coverage through typical ongoing activities. We encourage you to contact us in the event of any of the following circumstances:

1. In the event that you are considering a reorganization, reduction-in-force or layoff event.
2. If you are acquiring a new subsidiary.
3. If another entity acquires 50% of the stock of the company.
4. If you receive a notification from the EEOC, Department of Fair Employment and Housing, the Labor Board or similar agency.
5. If you receive a verbal threat of a lawsuit by an employee or third party that you believe to be serious.
6. If circumstances exist that you think may give rise to an Employment Practices Liability claim.
7. In the event that the company is entering into a mediation or an arbitration session with an employee regarding an Employment Practices dispute.
8. If any insured receives a lawsuit or letter from an attorney alleging an Employment Practices wrongful act.

DIRECTORS & OFFICERS LIABILITY – WHEN TO CONTACT US

During the year questions may arise with regard to your coverage through typical ongoing activities. We encourage you to contact us in the event of any of the following circumstances:

1. In the event that you are considering an acquisition, merger, or offer to be acquired.
2. If you are creating a new subsidiary.
3. If circumstances exist that you think may give rise to a Directors & Officers claim (see Important Claim Information).
4. If you are considering a secondary, follow-on, or debt offering.
5. If the SEC initiates any type of investigation into the company or any individuals associated with the company.
6. In the event that the company would like an employee to sit on the board of a for-profit company and coverage is desired under this policy.
7. If any significant portion of the company's outstanding stock is going to change hands (20% or more of the stock).
8. In the event that there may be bad news disclosure.

Daniel Heckathorne

From: Gonzales, Jim (MMA) <Jim.Gonzales@marshmma.com>
Sent: Thursday, June 21, 2018 3:33 PM
To: Daniel Heckathorne; 'Heckathorne, Dan'; Ben Nicholson
Cc: Buchanan, Bill (MMA); Buchanan, Brett (MMA); Wallace, Drisana (MMA)
Subject: Tulare - 18-19 Property Premium Finance Quote
Attachments: Prem. Finance (20%).pdf; Prem. Finance (10%).pdf

Hi Dan,

As requested attached are the Premium Finance quotes for the Property renewal (20% and 10% down options). Both options include \$4,000 for Terrorism coverage and \$6,000 Carrier Engineering Fees.

If you choose to finance the premium, please sign and return the agreement to us along with the deposit check made payable to Marsh & McLennan Agency, LLC. All future installments invoices will come directly from First Insurance Funding.

Let me know if you have any questions.

Jim Gonzales

Client Executive | Property + Casualty Division
Marsh & McLennan Insurance Agency LLC
9171 Towne Centre Drive, Suite 500 | San Diego, CA 92122
+1 858 550 1147 | f: +1 858 909 9609
Jim.Gonzales@MarshMMA.com | MMA-West.com

[map](#) | [events](#) | [vCard](#)

CA Insurance LIC 0H18131



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LENDER:

450 Skokie Blvd, Ste 1000

COMMERCIAL PREMIUM FINANCE AGREEMENT

Northbrook, IL 60062-7917 P:(800) 837-2511 F:(800) 837-3709

FIRST INSURANCE FUNDING A WINTRUST COMPANY

www.firstinsurancefunding.com

Quote #: 14581680

Table with 2 main columns: INSURED/BORROWER (Name and Address as shown on Policy) and AGENT or BROKER (Name and Business Address). Includes Customer ID: N/A.

LOAN DISCLOSURE

Table with 8 columns: Total Premiums, Taxes and Fees; Cash Down Payment; Unpaid Premium Balance; Documentary Stamp Tax; Amount Financed; FINANCE CHARGE; Total of Payments; ANNUAL PERCENTAGE RATE.

YOUR PAYMENT SCHEDULE WILL BE: Mail Payments to: FIRST Insurance Funding, PO Box 7000, Carol Stream, IL 60197-7000

Table with 4 columns: Number of Payments; Amount of Each Payment; First Installment Due; Installment Due Dates.

SECURITY INTEREST. INSURED/BORROWER ("Insured") grants and assigns FIRST Insurance Funding, A Division of Lake Forest Bank & Trust Company, N.A. ("LENDER") a security interest in the financed policies...

FINANCE CHARGE. The finance charge begins accruing on the earliest effective date of the policies listed in the Schedule of Policies. The finance charge may include a nonrefundable service charge equal to the maximum amount permitted by law.

LATE PAYMENT. A late charge will be assessed on any installment at least 5 days in default (7 days in VA; 10 days in MA & TX; or later date as required by law.). This late charge will equal 5% of the delinquent installment or the maximum late charge permitted by law...

PREPAYMENT. Insured is entitled to a refund of the unearned finance charge if the loan is prepaid in full. The refund shall be computed according to applicable law.

SCHEDULE OF POLICIES

Table with 6 columns: Policy Number; Full Name of Insurance Company and Name of General Agent or Company; Coverage; Policy Term; Effective Date; Premiums, Taxes and Fees.

Q# 14581680, PRN: 062118, CFG: A03611, RT: A03611-IMM, DD: 0, BM: Invoice, Qtd For: A03611 Original, Memo 0

INSURED'S AGREEMENT:

- 1. IN consideration of the premium payment by LENDER to the insurance companies listed in the Schedule of Policies, their representative or the Agent or Broker listed above, Insured promises to pay, to the order of LENDER, the Total of Payments subject to all of the provisions of this Agreement.
2. POWER OF ATTORNEY. INSURED IRREVOCABLY APPOINTS LENDER AS ITS "ATTORNEY-IN-FACT" with full power of substitution and full authority...
3. SIGNATURE & ACKNOWLEDGEMENT. Insured has signed and received a copy of this Agreement. If Insured is not an individual, the undersigned is authorized to sign this Agreement on behalf of Insured.
NOTICE TO INSURED: (1) Do not sign this Agreement before you read both pages of it, or if it contains any blank space. (2) You are entitled to a completely filled-in copy of this Agreement. (3) Under the law, you have the right to pay off in advance the full amount due and under certain conditions to receive a partial refund of the finance charge. (4) Keep a copy of this Agreement to protect your legal rights. (5) See last page of Agreement for your consent to electronic statement and notice delivery.
4. EFFECTIVE DATE. This Agreement will not become effective until it is accepted in writing by LENDER.

Handwritten signature/initials: H-34

Signature of Insured or Authorized Agent

Date

Signature of Agent

Date

FEIN or SSN XX-XXX2897

The undersigned hereby warrants and agrees to the Agent or Broker Representations and Warranties set forth herein.

ADDITIONAL PROVISIONS OF PREMIUM FINANCE AGREEMENT

Quote #: 14581680

- 5. DEFAULT/CANCELLATION.** Insured is in default under this Agreement if (a) a payment is not received by LENDER when it is due, (b) a proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against Insured, or (c) Insured fails to comply with any of the terms of this Agreement; provided, however, when required by law, Insured may be deemed in default only under clause (a) above. Clauses (b) and (c) are not applicable in FL, MD, NV, NC or VA. At any time after default, LENDER can demand and has the right to receive immediate payment of the total unpaid amount due under this Agreement even if LENDER has not received any refund of unearned premium. If Insured is in default, LENDER has no further obligation under this Agreement to pay premiums on Insured's behalf, and LENDER may pursue any of the remedies provided in this Agreement or by law. If a default by Insured results in cancellation of the Financed Policies, Insured agrees to pay a cancellation charge where allowed by law (not permitted in AK, FL, KS, KY, NV, NY, NC, PA, SC, TX or VA). If cancellation or default occurs, Insured agrees to pay LENDER interest on the balance due at the contract rate or at the maximum lawful rate, whichever is less, until the balance is paid in full or until such other date as provided by law.
- 6. LIMITATION OF LIABILITY.** Insured understands and agrees that LENDER or its assignee is not liable for any losses or damages to Insured or any person or entity upon the exercise of LENDER's right of cancellation, except in the event of willful or intentional misconduct by LENDER, except in KY.
- 7. RETURNED CHECK CHARGE.** If Insured's check is dishonored for any reason and if permitted by law, Insured will pay LENDER a returned check charge equal to the maximum fee permitted by law (\$0 in KY; \$15 in FL & NV; \$20 in VA; maximum of \$25 in MD).
- 8. REINSTATEMENT.** Once a Notice of Cancellation has been sent to any insurance company, LENDER has no duty to ask that the Financed Policy be reinstated, even if LENDER later receives a payment from Insured. If LENDER requests reinstatement, such request does not guarantee coverage will be reinstated by the insurance company. Payments that LENDER receives after sending a Notice of Cancellation may be applied to Insured's account without changing any of LENDER's rights under this Agreement.
- 9. LENDER'S RIGHTS AFTER THE POLICIES ARE CANCELLED.** After any Financed Policy is cancelled by any party or if a credit is otherwise generated, LENDER has the right to receive all unearned premiums and other funds assigned to LENDER as security herein and to apply them to Insured's unpaid balance under this Agreement or any other agreement between Insured and LENDER (in VA, only to this Agreement). Receipt of unearned premiums does not constitute payment of installments to LENDER, in full or in part. Any amounts received by LENDER after cancellation will be credited to the balance due with any excess paid to Insured; the minimum refund is the greater of \$1.00 or the minimum amount allowed by law (no minimum in VA). Any deficiency shall be immediately paid by Insured to LENDER. Insured agrees that insurance companies may rely exclusively on LENDER's representations about the financed policies.
- 10. ASSIGNMENT.** Insured may not assign any Financed Policy or this Agreement without LENDER's prior written consent. LENDER may transfer its rights under this Agreement without the consent of Insured.
- 11. AGENT OR BROKER.** Insured agrees that the Agent or Broker issuing the policies or through whom the policies were issued is not the agent of LENDER, except for any action taken on behalf of LENDER with the express authority of LENDER, and LENDER is not bound by anything the Agent or Broker represents to Insured, orally or in writing, that is not contained in this Agreement. The Agent or Broker may receive from LENDER \$791.31 for aiding in the administration of this Agreement relating to the Financed Policies, and in NY the Agent or Broker may assess a fee to Insured for obtaining and servicing the Financed Policies pursuant to NY CLS Ins § 2119. Any questions regarding this payment should be directed to the Agent or Broker.
- 12. COLLECTION COSTS.** Insured agrees to pay reasonable attorney fees, court costs, and other collection costs to LENDER to the extent permitted by law if this Agreement is referred to an attorney or collection agent who is not a salaried employee of LENDER to collect money that Insured owes.
- 13. GOVERNING LAW.** This Agreement is governed by and interpreted under the laws of the state where Insured resides, except for conflict of laws principles thereof. If any court finds any part of this Agreement to be invalid, such finding shall not affect the remaining provisions of this Agreement.
- 14. WARRANTY OF ACCURACY.** Insured represents and warrants that to the best of its knowledge (i) the Financed Policies are in full force and effect and that Insured has not and will not assign any interest in the policies except for the interest of mortgagees and loss payees, (ii) that none of the Financed Policies are for personal, family or household purposes, (iii) the Cash Down Payment and any past due payments have been paid in full to the Agent or Broker in cash or other immediately available funds, (iv) all information provided herein or in connection with this Agreement is true, correct, complete and not misleading, (v) Insured is not insolvent nor presently involved in any insolvency proceeding, (vi) Insured has no indebtedness to the insurers issuing the Financed Policies, and (vii) there is no provision in the Financed Policies that would require LENDER to notify or obtain consent from any other party to effect cancellation of such policies.
- 15. ADDITIONAL PREMIUMS.** Insured agrees to fully and timely comply with all audits and pay to the insurance company any additional amount due in connection with the Financed Policies. The Amount Financed shall be applied to the Financed Policies' premium amounts and Insured shall be responsible for any additional premiums or other sums. Insured, or Agent/Broker, may request that LENDER finance additional policies and/or additional premium during the term of this Agreement, and if LENDER agrees, this Agreement shall be deemed amended accordingly. Should LENDER assign an account number to further extensions of credit, then a) this Agreement and loan documents identified by the assigned account number(s) shall be deemed to comprise a single and indivisible loan transaction, b) Insured shall irrevocably appoint LENDER as its attorney in fact in connection with additional amount financed, c) default under any component of the transaction shall constitute a default under the entire transaction, and d) unearned premium relating to any component of the transaction may be collected and applied to the entire loan transaction balance.
- 16. CORRECTIONS.** LENDER may insert the names of the insurance companies and policy numbers, if this information is not known at the time Insured signs this Agreement. LENDER is authorized to correct patent errors or omissions in this Agreement (not applicable in KY or VA).
- 17. NON-WAIVER.** Not Applicable.
- 18. THIRD PARTY FEE.** Not Applicable.

Federal law requires all financial institutions to obtain, verify and record information that identifies each person or entity that is granted a loan. LENDER will require such information as LENDER deems reasonably necessary for proper identification, such as your name, street address, FEIN, SSN or date of birth. LENDER will use this information only to process this Agreement and will not share this information with outside parties except to the extent necessary to complete this transaction.

AGENT OR BROKER REPRESENTATIONS AND WARRANTIES

Unless previously disclosed in writing to LENDER or specified in the Schedule of Policies, the Agent or Broker executing this Agreement expressly represents, warrants, and agrees as follows: (1) Insured has received a copy of this Agreement and has authorized this transaction, Insured's signature is genuine, and the cash down payment has been received from Insured, (2) the information contained in the Schedule of Policies including the premium amount is correct and accurately reflects the necessary coverage, (3) the policies listed in the Schedule of Policies (a) are in full force and effect, (b) are cancellable by Insured or LENDER (or its successors or assigns), (c) will generate unearned premiums which will be computed on the standard short rate or pro rata basis, and (d) do not contain any provisions which affect the standard short rate or pro rata premium computation, including but not limited to direct company bill, audit, reporting form, retrospective rating, or minimum or fully earned premium, (4) the Agent or Broker is either the insurer's authorized policy issuing agent or the broker placing the coverage directly with the insurer, except where the name of the Issuing Agent or General Agent is listed in the Schedule of Policies, (5) to the best of the Agent or Broker's knowledge, there are no bankruptcy, receivership, or insolvency proceedings affecting Insured, (6) Agent or Broker will hold harmless and indemnify LENDER and its successors and assigns against any loss or expense (including attorney's fees, court costs, and other costs) incurred by LENDER and resulting from Agent or Broker's violations of these Representations and Warranties or from Agent or Broker's errors, omissions, or inaccuracies in preparing this Agreement, (7) Agent or Broker will (a) hold in trust for LENDER any payments made or credited to Insured through or to Agent or Broker by the insurance companies or LENDER, and (b) pay these monies and the unearned commissions to LENDER upon demand to satisfy the outstanding indebtedness under this Agreement, and (8) to fully and timely assist with all payroll audits.

California Borrowers: **FOR INFORMATION CONTACT THE DEPARTMENT OF FINANCIAL INSTITUTIONS, STATE OF CALIFORNIA**

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