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September 1, 2021

Racine Wastewater Commission  
Mr. Dan Wright  
800 Center Street Room 227  
Racine, WI 53403

Re: Directors & Officers Liability Including Employment Practices Liability  
Atlantic Specialty Insurance Company - Policy #MML-15385-20  
Policy Effective: 08/28/2021 to 08/28/2022

Dear Dan:

Your Directors & Officers Liability Including Employment Practices Liability policy will be renewing shortly. Attached is our quotation for Directors & Officers Liability Including Employment Practices Liability coverage.

- *We have been able to achieve renewal goals by negotiating your renewal with the incumbent carrier.*

We are not aware of any changes in your exposures to loss, nor are we aware of any changes in your business operations that would necessitate additional coverage options. Please notify us immediately if you are planning any new business operations.

We would like to outline the following notable points for your consideration:

- Any entity not named in this proposal, may not be an insured entity. This may include affiliates, subsidiaries, LLC's, partnerships and joint ventures.
- The insurance carrier is Atlantic Specialty Insurance Company.
- The renewal premium is: \$16,150.00 (Includes TRIA premium: \$0.00), plus
  - Broker Fee - RPS: \$200.00Total renewal policy premium: \$16,350.00. Payment is required in advance of binding; or you will receive an invoice from our office at time of binding.
- The premium is subject to minimum earned premium: 25% to bind.
- The premium is based upon (rating basis) and is subject to annual audit.
- Defense costs are limited and included within the policy limits.
- Significant policy exclusions include but are not limited to the following:
- The renewal policy includes the following renewal restrictions, coverage reductions or deductible increases:
- The policy is claims-made and contains the following restrictions and claims reporting requirements:
  1. Retroactive Date: 08/28/2005
  2. Definition of claim:
    - Claim means:
      - a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation); or
      - a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
        - I. the service of a complaint or similar pleading;
        - II. the return of an indictment, information or similar document (in the case of a

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- criminal proceeding); or
- III. the filing of a notice of charges, formal investigative order or similar document,
- Against an Insured for a Wrongful Act;
- a civil, criminal, administrative or regulatory investigation of an Insured Person for a Wrongful Act commenced by the service upon or other receipt by such Insured Person of a written notice from the investigating authority specifically identifying such Insured Person as a target individual against whom a civil, criminal, administrative or regulatory proceeding may be commenced;
- an official request for Extradition against an Insured Person for a Wrongful Act; and
- for the purposes of coverage under Insuring Agreement (D) of this Coverage Section, a Stakeholder Derivative Demand;

Provided, that Claim does not include any labor or grievance arbitration or other Proceeding pursuant to a collective bargaining agreement.

Employment Practices Liability:

Claim means: any Employment Claim and any Third Party Claim.

“Employment Claim” means:

1.
  - a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation);
  - a civil, criminal or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
    - I. the service of a complaint or similar pleading;
    - II. the return of an indictment, information or similar document (in the case of a criminal proceeding); or
    - III. the filing of a formal notice of charges;
  - an administrative or regulatory proceeding commenced by the receipt by an Insured of a notice of charges, formal investigative order, service of a complaint or similar document, including any such proceeding brought by or in association with the Equal Employment Opportunity Commission (“EEOC”) or any similar governmental agency; or
  - in the context of an audit conducted by the Office of Federal Contract Compliance Programs, a Notice of Violation or Order to Show Cause commenced by the receipt by an Insured of such Notice or Order, Brought by or on behalf of any past, present or prospective Employee against an Insured, or by or on behalf of any past, present or prospective Outside Entity Employee against an Executive in his or her Outside Capacity, for an Employment Practices Wrongful Act; or
2.
  - a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation);
  - a civil, criminal or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
    - I. the service of a complaint or similar pleading;
    - II. the return of an indictment, information or similar document (in the case of a criminal proceeding); or
    - III. the filing of a formal notice of charges; or
  - an administrative or regulatory proceeding commenced by the receipt by an Insured of a notice of charges, formal investigative order, service of a complaint or similar document, Brought by or on behalf of a governmental agency or entity against an Insured for An Illegal Hiring or Harboring Wrongful Act;



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Provided, that Employment Claim does not include any labor or grievance arbitration  
Or other proceeding pursuant to a collective bargaining agreement.

"Third Party Claim" means:

- a written demand for monetary, non-monetary or injunctive relief (including any request to toll or waive any statute of limitations or request for mediation); or
- a civil, criminal, administrative, regulatory or arbitration proceeding for monetary, non-monetary or injunctive relief commenced by:
  - I. the service of a complaint or similar pleading;
  - II. the return of an indictment, information or similar document (in the case of a criminal proceeding); or
  - III. the filing of a formal notice of charges, formal investigative order or similar document,

Brought by or on behalf of any Third Party against an Insured for a Third Party Wrongful Act.

- 3. Incident or Claim Reporting Provision:
- 4. Continuity Date or specific dates/limits applicable to the claims made conditions:
- 5. Prior & Pending Litigation date:
  - Directors & Officers Liability: 08/28/2005
  - Employment Practices Liability:
    - 1. Clause A: 08/28/2005
    - 2. Clause B: 08/28/2005
- Immediately report all claims to:
  - Email: [GGB.NRCCClaimsCenter@ajg.com](mailto:GGB.NRCCClaimsCenter@ajg.com)
  - Phone: 855-497-0578
  - Fax: 225-663-3224
- Gallagher is responsible for the placement of the following lines of coverage: Directors & Officers Liability.

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.

- Should you elect to change carriers (if a new retro-active date is provided) or non-renew this policy, a supplemental extended reporting endorsement may be available subject to policy terms and conditions. You must request the extended reporting period in writing to the carrier within 60 days of the expiration dates. The cost of this extended reporting period is 100% of the annual premium and is fully earned. The extended reporting period extends only to those claims that occurred prior to the expiration date and would have been covered by the policy. The extended reporting period does not increase the limits of liability and is subject to all policy terms, conditions and exclusions.

**To renew this policy**, please refer to the "Client Authorization to Bind Coverage" page attached.

1. Note any changes you desire to be made.
2. Date and sign.
3. Return prior to the effective date of coverage.

We appreciate your business and look forward to working with you in the coming year. Please contact me if you have any questions.

Sincerely,

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*Bruce Mitchell*

Bruce G. Mitchell, Jr.  
Client Service Manager

Enclosure



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## Compensation Disclosure Schedule

Coverage(s)	Carrier Name(s)	Wholesaler, MGA, or Intermediary Name 1	Estimated Annual Premium 2	Comm % or Fee 3	Gallagher U.S. owned Wholesaler, MGA or Intermediary %
Directors & Officers Liability Including Employment Practices Liability	Atlantic Specialty Insurance Company	Risk Placement Services, Inc.	\$16,350.00	0%	20%

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.
2. 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.
3. 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.



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## Important Disclosures

**IMPORTANT:** The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

**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.

TRIPRA is set to expire on December 31, 2027. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2027. 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.



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## Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for 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 based on market conditions and the insurance product placed for the client.
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 that provide for additional compensation if certain 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, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.
3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.
4. Gallagher Companies may also access or have an ownership interest in 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 some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any 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 contact Gallagher via e-mail at [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or by regular mail at:

Chief Compliance Officer  
Gallagher Global Brokerage  
Arthur J. Gallagher & Co.  
2850 Golf Rd.  
Rolling Meadows, IL 60008



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## CARRIER RATINGS AND ADMITTED STATUS

Proposed Insurance Companies	A.M. Best's Rating & Financial Size Category *	Admitted/Non-Admitted **
Atlantic Specialty Insurance Company	A+ XV	Admitted

\*Gallagher companies use A.M. Best rated insurers and the rating listed above was verified on the date the proposal document was created.

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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. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the A.M. Best website at <http://www.ambest.com/ratings>.

\*\*If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.





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## RACINE WASTEWATER COMMISSION

### CLIENT AUTHORIZATION TO BIND COVERAGE

After careful consideration of Gallagher's proposal dated **September 1, 2021**, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

#### POLICY OPTIONS:

YES	NO	OPTION DESCRIPTION
		<b>Bind All Policies As Shown Herein:</b>
		Directors & Officers Liability Including Employment Practices Liability (Atlantic Specialty Insurance Company) Premium: \$16,350.00
		<b>Bind TRIA Terrorism Coverage As Quoted</b>
		TRIA Premium (Included): \$0.00
		<b>Provide Quotations or Additional Information on the following Coverage Considerations</b>

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:

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#### EXPOSURES AND VALUES

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from our records and we acknowledge it is our responsibility to see that they are maintained accurately. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

**Fee Agreement:** In lieu/addition of commission received by Gallagher for the policy term reflected herein, effective **08/28/2021**, Gallagher will receive a fee of **\$0.00** for:

- ☐ placement of insurance coverage
- ☐ maintenance and management of the account
- ☐ loss/risk control services
- ☐ claim advocacy services
- ☐ consulting services
- ☐ data analytics program studies
- ☐ umbrella limits analysis -
- ☐ pool administration
- ☐ program administration

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☐ Risk Purchasing Group or Risk Retention Group program administration fees, and/or  
☐ other \_\_\_\_\_

This fee IS NOT refundable, is fully earned by signing below, and is due and payable within thirty (30) days of such signing. Any placements that require the payment of additional state or federal taxes and/or fees are the client's responsibility.

By accepting this fee agreement, we agree and understand that it reflects services to be provided that have been discussed with and fully disclosed to us, and the above fee is consistent with our understanding. This agreement and any disputes that arise out of this fee agreement shall be governed by the laws of the state of Illinois.

Gallagher's liability to Client arising from any acts or omissions of Gallagher shall not exceed \$20 million in the aggregate. Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages or attorneys' fees. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any Services provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher's Privacy Policy located at <https://www.ajg.com/privacy-policy/>

I have read, understand and agree that the above-information is correct and has been disclosed to us prior to authorizing Gallagher to bind coverage and/or provide services to us.

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Client Signature

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Dated