

AVIATION

PROPOSAL OF INSURANCE AND RISK MANAGEMENT

Prepared for:

**Lexington-Fayette Urban County
Government**

Policy Period: July 1, 2012 to July 1, 2013



Powell . Walton . Millward
a division of J. Smith Lanier & Co.

Prepared by:

Kevin C. Kelly
Vice-President

Brenda Stickrod
Senior Account Manager

May 8, 2012



PHOENIX AVIATION MANAGERS, INC.

LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT
2012 / 2013 AIRCRAFT POLICY QUOTATION

TYPE Aircraft Hull and Liability Policy

NAMED INSURED Lexington Fayette Urban County Government

ADDRESS 200 E. Main Street
Lexington, KY 40507

POLICY PERIOD FROM: July 01, 2012 TO: July 01, 2013
Both at 12:01 a.m. standard time at the address noted above

POLICY NUMBER HL 000755 02 (expiring number)

INSURER Old Republic Insurance Company

REGULAR LOCATION OF AIRCRAFT The aircraft are regularly based at the following location and are hangared:
Blue Grass Airport, Lexington, KY

PURPOSE OF USE Law Enforcement

AIRCRAFT DESCRIPTION The Named Insured affirms that each of the aircraft described below is licensed under a "Standard" Airworthiness Certificate as defined by the FAA.

FAA #	Make & Model	Total Seats Incl. Crew	Insured Value (Hull Coverage)
N11LP	Bell OH-58	4	N/A



PHOENIX AVIATION MANAGERS, INC.

LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT
2012 / 2013 AIRCRAFT POLICY QUOTATION

**COVERAGES
AND LIMITS**

Limits of Liability	
Single Limit Bodily Injury, including Passengers and Property Damage	\$ 20,000,000 Each Occurrence
Expenses for Medical Services	\$ 10,000 Each Person \$ 40,000 Each Occurrence

PILOTS

As listed below provided that those pilots have the qualifications as shown
And provided also that pilots are properly certificated, rated and qualified
under the current FAA regulations which apply to the operation of the aircraft

Any Pilot approved by the Chief Pilot

TERRITORY

Whilst the aircraft insured is in the United States of America (excluding
Alaska), Canada or Mexico, or while the aircraft is being transported between
ports within the territory.

During the past year, no insurer has cancelled or declined to renew any
aircraft insurance issued to the Named Insured, except as follows:
No Exceptions

ANNUAL PREMIUM \$4,500 – excluding war/TRIA

Plus appropriate State Tax

Optional Additional Coverages:

\$450 – war/extended coverage
\$450 – TRIA coverages



PHOENIX AVIATION

MANAGERS, INC.

LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT 2012 / 2013 AIRCRAFT POLICY QUOTATION

EXCLUSIONS AND PROVISIONS

Policy Wording and Declarations – per Form PAM-AV2

AV512	Pilots Endorsement
2000a	Date Recognition Exclusion Endorsement
AV310	Limits of the Company's Liability Coverage F and G
PA313	Asbestos Exclusion Endorsement
AV460	Mechanical Breakdown – Clarification
AV464	Aircraft Turbine Engine Endorsement
AV730	Law Enforcement
AV48C	War, Hi-Jacking and Other Perils Exclusion Clause
CTXGA	Exclusion of Certified Act of Terrorism
PDPAM	Notice of Terrorism Insurance Coverage
AV337	Territorial Exclusion Endorsement
GFMEEX	Mexico – Warning

Additional Endorsements as required

INTERNATIONAL

PROPOSAL OF INSURANCE AND RISK MANAGEMENT

Prepared for:

Lexington-Fayette Urban County
Government

Policy Period: July 1, 2012 to July 1, 2013



Powell, Walton, Milward
a division of J. Smith Lanier & Co.

Prepared by:

Kevin C. Kelly
Vice-President

Brenda Stiekrod
Senior Account Manager

May 8, 2012

MISSION STATEMENT

To glorify God by providing exceptional value, absolute integrity, and excellence to:

- Our Customers - Through innovative leadership in providing products and services, while establishing our value to them in a long-term relationship.
- Our Employees/Shareholders - Through opportunities for every individual to set and achieve goals that fulfill their unique purpose while they contribute to the long-term financial stability of Powell-Walton-Milward, a division of J. Smith Lanier & Co.
- Our Suppliers - Through access to our customers and information in the development and marketing of their products and service.
- Our Community - Through corporate and personal participation in each of the communities we serve by providing our time, our talents, and our treasure for the betterment of life.

SERVICE TEAM

At Powell-Walton-Milward, a division of J. Smith Lanier & Co., we believe the best way to effectively give your business the service it deserves is through a team effort. Our client service team concept is designed to give you consistent, knowledgeable service which can only occur by working with trained professionals.

*Powell-Walton-Milward
a division of J. Smith Lanier & Co.*

360 East Vine Street
Lexington, Kentucky 40508

Main Phone Number: 859-254-8023 Main Fax Number: 859-254-8020

COMMERCIAL LINES TEAM

Kevin C. Kelly Vice-President 859-244-7609
kkelly@pwm-isl.com

Brenda Stickrod Senior Account Manager 859-244-7684
bstickrod@pwm-isl.com

CLAIMS

Janet Tackett Claim Analyst 859-244-7623
jtackett@pwm-isl.com

INTERNATIONAL PACKAGE

Named Insured: Lexington-Fayette Urban County Government

Carrier Name: Great Northern Insurance Company

A.M. Best Rating: A++:XV as of April 18, 2012

International General Liability Insurance Limits:

General Liability:

\$2,000,000	General Aggregate Limit
\$1,000,000	Products/Completed Operations Aggregate
\$1,000,000	Advertising Injury and Personal Injury
	Aggregate
\$1,000,000	Each Occurrence
\$1,000,000	Damage to Rented Premises
\$ 10,000	Medical Expenses

Employee Benefits Liability (Claims-Made):

\$1,000,000	Aggregate Limit
\$1,000,000	Each Claim Limit

International General Liability Coverage Territory:

Responds to suits brought outside the United States and Canada for Bodily Injury and Property Damage Occurrence and Advertising and Personal Injury Offenses that take place outside the United States and Canada.

Endorsements:

Non-Accumulation of Limits of Insurance
Exclusion - Intellectual Property Laws or Rights
Professional Liability Exclusion

Crime Coverage Limits:

\$ 5,000	Employee Dishonesty - \$1,000 Deductible
\$ 5,000	Money and Securities - On Premises - \$1,000 Deductible
\$ 5,000	Money and Securities - Off Premises - \$1,000 Deductible

Blanket Accident Insurance Limits:

Chubb Blanket Accident is excess of any coverage in place.

\$ 300,000	Per Accident - No Deductible
\$1,500,000	Maximum Limit of Insurance
\$ 25,000	Excess Medical Expense - \$250 Deductible

24 Hour Insurance Coverage while traveling on business outside the home country.

Insurance for Family extends Business Travel to accompanying Spouse (Maximum Limit of \$150,000) and Dependents Children (Maximum Limit of \$50,000 Per Child)

Coverage extends to include Personal Excursion Travel of up to seven (7) days, taken in conjunction with the Business Travel

**Kidnap/Ransom/
Extortion Insurance
Limits:**

\$300,000 Extortion, Delivery and Expense - \$500 Deductible

**International
Automobile Liability
Limits:**

Chubb's Automobile is Excess/Difference in Conditions over Local Compulsory Insurance:

For Owned, Hired and Non-Owned Automobiles:

\$1,000,000 Bodily Injury and Property Damage
\$ 10,000 Auto Medical Payments

**International
Workers
Compensation
Coverage Limits:**

Foreign Voluntary Workers Compensation:

State of Hire International Executive Employees

Country of
Origin Other International Employees
Benefits

Employers liability:

\$1,000,000 Bodily Injury by Accident - Each Accident

\$1,000,000 Bodily Injury by Disease - Aggregate

\$1,000,000 Bodily Injury by Disease - Each Employee Repatriation Expense:

\$ 250,000 Each Employee
\$ 500,000 Aggregate

Endorsements:

Defense Base Act (dba)
Maritime Employers Liability/Jones Act
Voluntary Maritime
USI&H

Employers Liability does not apply in the United Kingdom Or Ireland except for employees traveling to the United Kingdom or Ireland on a temporary basis.

**Frontier Medex Travel
Assistance
Services:**

Frontier MEDEX Services Include:

Medical Assistance:

- Worldwide Medical and Dental Referrals
- Monitoring of Treatment
- Facilitation of Hospital Payment
- Assistance with Hospital Admissions
- Dispatch of Doctors and Specialists
- Coordination of Medication, Vaccine and Blood Transfers

Medical Evacuation and Repatriation Services:

- Medical Evacuations
- Transportation to join a Hospitalized Member
- Return of Dependent Children
- Transportation after Stabilization
- Repatriation of Mortal Remains

Travel Assistance Services:

- Pre-Travel Information
- Travel Arrangements
- Translation Services
- Replacement of Lost or Stolen Travel Documents
- Transfer of Funds
- Legal Referrals

PREMIUM SUMMARY

DESCRIPTION OF COVERAGE	ANNUAL PREMIUM
International Package	\$ 3,250.00
Total Premium	\$ 3,250.00

Payment Plan:

Direct Bill from the Carrier - Annual Pay Basis

Optional Quotations:

\$25,000 Hired Auto Physical Damage Coverage - \$500 Additional Premium

Note:

We recommend Automobile Liability and Physical Damage Coverage is purchased locally at the time the vehicle is rented.

GUIDE TO BEST FINANCIAL STRENGTH RATINGS

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Financial Strength Ratings

Rating	Descriptor	Definition
A++-A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
A.A.	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
B++-B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
B.B.	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
C++-C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
C.C.	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, suspension of or restrictions on, but not liquidation - that prevent conduct of normal, ongoing insurance operations.
F	In Liquidation	Assigned to companies placed in liquidation by a court of law or under a voluntary agreement. Notes: Companies voluntarily liquidated/closed generally are not included.
S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

Rating Outlooks

Assigned to an interactive Financial Strength Rating (A++ to D) to indicate the potential direction over an intermediate term, generally defined as 12 to 36 months.

Positive Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.

Negative Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.

Stable Indicates low likelihood of a rating change due to stable financial/market trends.

Rating Modifiers

Modifier	Descriptor	Definition
U	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process.
e	Synicate	Indicates rating assigned to a Lloyd's syndicate.

Rating Codes
Indicates rating is based on a type of affiliation with other insurers.

g	Group	p	Pooled	r	Reinsured

Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.

NR-1: Insignificant Data. NR-2: Insignificant Size and/or Operating Experience. NR-3: Rating Procedure Inapplicable.

NR-4: Company Request. NR-5: Not Formally Followed.

Rating Designation

The Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claim-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial disposition, issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's *Terms of Use* at www.ambest.com.

Financial Strength Ratings are distributed via press release and/or the A.M. Best Web site at www.ambest.com and are published in the Rating Actions section of *BestWeek*®. Financial Strength Ratings are proprietary and may not be reproduced without permission. Copyright © 2009 by A.M. Best Company, Inc. Version 01/2008



Used with Permission of A.M. Best Company, Inc.

DISCLAIMER

Proposal

J. Smith Lanier & Co. thanks you for the opportunity to discuss your insurance and risk management program. This summary is a brief overview of that program and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions, and exclusions.

We have evaluated your exposures to loss and developed this proposal based upon the information that you have provided to us. If you are aware of other areas of potential exposure that need to be evaluated or of additional information of which we should be aware prior to binding of coverage, please bring the other areas or additional information to our attention as soon as possible. Should any of your exposures change after coverage is bound, please notify us immediately.

Client Contract

In the event that you enter into a contract that has specific insurance requirements, J. Smith Lanier & Co. will review your contract, but only in regards to the insurance requirements of the contract. The scope of our review will be to determine if the current insurance program which you have placed through our agency addresses the types and amounts of insurance coverage referenced by the contract. We will identify the significant insurance obligations and will provide a summary of the changes required in your current insurance program to meet the requirements of the contract. Upon your authorization, we will make the necessary changes in your insurance program. We will also be available to discuss any insurance requirements of the contract with your attorney, if desired.

In performing a contract review, J. Smith Lanier & Co. is not providing legal advice or a legal opinion concerning any portion of the contract. In addition, J. Smith Lanier & Co. is not undertaking to identify all potential liabilities that may arise under any such contracts. A contract review is provided solely for your information and should not be relied upon by third parties. Any descriptions of the insurance coverages are subject to the terms, conditions, exclusions, and other provisions of the contract and of the insurance policies and applicable regulations, rating rules or plans.

Compensation Disclosure (Including New York Regulation 194 Disclosure)

J. Smith Lanier & Co. is an insurance producer domiciled in the State of Georgia and licensed to sell insurance in additional states (including New York). Our licensed insurance producers are authorized by law to confer with you regarding the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; and to sell insurance; and to obtain insurance for purchasers. Our role in any particular insurance transaction typically involves one or more of these activities. Except in cases where J. Smith Lanier & Co. has a specific fee agreement to receive compensation from a client, we customarily receive compensation from insurers for our professional services in the form of a commission, which normally consists of a percentage of the premium collected by the insurers.

J. Smith Lanier & Co. may also receive additional compensation, under agreements with one or more insurers and/or insurance intermediaries, in the form of commission overrides or based on some combination of volume, profitability or other factors. We will receive compensation in connection with the sale of insurance products based upon the type of insurance contract that we sell and our arrangement with the insurer. Depending on the insurer and insurance contract that you select, compensation may be paid to J. Smith Lanier & Co. by the insurer selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract and the insurer the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

At your request, we will be pleased to provide you with information about compensation expected to be received by J. Smith Lanier & Co. based in whole or in part on the sale of insurance to you and (if applicable) compensation expected to be received by us based in whole or in part on any alternative quotes presented to you by J. Smith Lanier & Co.

AUTHORIZATION TO BIND

Insured: Lexington-Fayette Urban County Government

Choose the appropriate option:

- I hereby authorize Powell-Walton-Milward, a division of J. Smith Lanier & Co. to bind my coverage per the terms and conditions outlined in this Proposal.

Authorized Signature

Date

- I hereby authorize Powell-Walton-Milward, a division of J. Smith Lanier & Co to bind my coverage with changes as stated below. I understand these changes may result in possible additional underwriting requirements or more/less premium.

Authorized Signature

Date

LIABILITY

PROPOSAL OF INSURANCE AND RISK MANAGEMENT

Prepared for:

**Lexington-Fayette Urban County
Government**

Policy Period: July 1, 2012 to July 1, 2013



Powell · Walton · Milward
a division of J. Smith Lanier & Co.

Prepared by:

Kevin C. Kelly
Vice-President

Brenda Stickrod
Senior Account Manager

May 4, 2012

MISSION STATEMENT

To glorify God by providing exceptional value, absolute integrity, and excellence to:

- Our Customers - Through innovative leadership in providing products and services, while establishing our value to them in a long-term relationship.
- Our Employees/Shareholders - Through opportunities for every individual to set and achieve goals that fulfill their unique purpose while they contribute to the long-term financial stability of Powell-Walton-Milward, a division of J. Smith Lanier & Co.
- Our Suppliers - Through access to our customers and information in the development and marketing of their products and service.
- Our Community - Through corporate and personal participation in each of the communities we serve by providing our time, our talents, and our treasure for the betterment of life.

SERVICE TEAM

At Powell-Walton-Mitward, a division of J. Smith Lanier & Co., we believe the best way to effectively give your business the service it deserves is through a team effort. Our client service team concept is designed to give you consistent, knowledgeable service which can only occur by working with trained professionals.

***Powell-Walton-Mitward
a division of J. Smith Lanier & Co.***

360 East Vine Street
Lexington, Kentucky 40508

Main Phone Number: 859-254-8023

Main Fax Number: 859-254-8020

COMMERCIAL LINES TEAM

Kevin C. Kelly
kkelly@pwm-jsl.com

Vice-President

859-244-7609

Brenda Stickrod
bstickrod@pwm-jsl.com

Senior Account Manager

859-244-7684

CLAIMS

Janet Tackett
jtackett@pwm-jsl.com

Claim Analyst

859-244-7623

SCHEDULE OF NAMED INSUREDS

{Named Insureds listed below apply to all coverages unless specifically noted}

Special care must be taken to insure all legal entities of your business, including any LLC (*Limited Liability Corporation*), JV (*Joint Venture*), and Partnerships. Many insurance policies do not cover these entities unless they are specifically named on the policy. It is important to notify your agent if an entity is formed during the policy term. Let us know if one of your entities is not listed below.

Lexington-Rayette Urban County Government

RETAINED LIMIT LIABILITY INSURANCE

Named Insured: Lexington-Fayette Urban County Government
Carrier Name: National Casualty Company
A.M. Best Rating: A+:XV as of March 27, 2012
Policy Term: July 1, 2012 to July 1, 2013

LIMITS OF INSURANCE:

1. Per Occurrence or Wrongful Act or Employee Benefit Wrongful Act Limit
\$5,000,000 Any One occurrence, Wrongful Act or Employee Benefit Wrongful Act in Excess of your Retained Limit
2. Per Employment Practices Wrongful Act Limit
\$5,000,000 Any One Employment Practices Wrongful Act in Excess of your Retained Limit
3. Aggregate Limits
Coverage
a. \$5,000,000 Products/Completed Operations Hazard Aggregate
b. \$5,000,000 Errors & Omissions Liability Aggregate
c. \$5,000,000 Employment Practices Liability Aggregate
d. \$5,000,000 Employee Benefit Liability Aggregate

RETAINED LIMIT:

1. \$2,000,000 Any One Occurrence, Wrongful Act or Employee Benefit Wrongful Act
2. \$2,000,000 Any One Employment Practices Wrongful Act

PREMIUM:

\$431,243.00	Premium Excluding TRIA
\$ 21,562.00	TRIA Premium
\$452,805.00	Total Premium

Note: Premium does not include Kentucky Surcharge of 1.8% (\$8,150)

RETAINED LIMIT CLAIMS SERVICING ORGANIZATION:

Risk Management Services Company
Louisville, Kentucky

ENDORSEMENTS:

<u>Endorsement Number</u>	<u>Title</u>
UT-COVPG (12-09)	Cover Page
PG-D-1 (1-11)	Retained Limit Liability Insurance Policy for Public Entities Declarations
UT-SP-2 (12-95)	Schedule of Forms and Endorsements
UT-126L (10-93)	Schedule of Taxes, Surcharges and Fees
PG-P-1 (1-11)	Retained Limit Liability Insurance Policy for Public Entities
PG-1s (1-11)	Absolute Pollution Exclusion for Landfills
PG-4s (1-11)	Blanket Additional Insured Endorsement
PG-2s (1-11)	Additional Insured for Specified Contracts Endorsements (Per Expiring)
PG-23s (1-11)	Waiver of Subrogation Endorsement (Per Expiring)
PG-103s (5-11)	Earlier Notice of Cancellation Provided by Us - Ninety Days
PG-72s-KY (4-11)	Changes - Kentucky
NOTIX0178CW (2-06)	Claim Reporting Information

National Casualty Company

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

TERRORISM RISK INSURANCE ACT

Under the Terrorism Risk Insurance Act of 2002, as amended pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2007, effective January 1, 2008 (the "Act"), you have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act. The term "certified acts of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that where coverage is provided by this policy for losses resulting from "certified acts of terrorism," such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is provided below and does not include any charges for the portion of loss that may be covered by the Federal Government under the Act.

You should also know that the Act, as amended, contains a \$100 Billion Cap that limits United States Government reimbursement as well as insurers' Liability for losses resulting from "certified acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

CONDITIONAL TERRORISM COVERAGE

The federal Terrorism Risk Insurance Program Reauthorization Act of 2007 is scheduled to terminate at the end of December 31, 2014, unless renewed, extended or otherwise continued by the federal government. Should you select Terrorism Coverage provided under the Act and the Act is terminated December 31, 2014, any terrorism coverage as defined by the Act provided in the policy will also terminate.

IN ACCORDANCE WITH THE ACT, YOU MUST CHOOSE TO SELECT OR REJECT COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" BELOW:

<input type="checkbox"/>	I hereby elect to purchase certified terrorism coverage for a premium of \$21,562. I understand that the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 may terminate on December 31, 2014. Should that occur my coverage for terrorism as defined by the Act will also terminate.
<input type="checkbox"/>	I hereby reject the purchase of certified terrorism coverage. _____

Policyholder/Applicant's Signature

Lexington-Fayette Urban County Government
Named Insured/Firm

Print Name

Policy Number, if available

Date

PREMIUM SUMMARY

DESCRIPTION OF COVERAGE	EXPIRED PREMIUM	RENEWAL PREMIUM
Retained Limit Liability	\$460,955.00	\$460,955.00

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Rating	Descriptor	Definition
A+++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
B+, B-	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
C+, C-	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
G, G-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
E	Under Regulatory Supervision	Assigned to companies that possibly their subsidiaries/affiliates placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevent a conduct of normal, ongoing insurance operations.
F	In Liquidation	Assigned to companies placed in liquidation by a court of law or under a voluntary agreement. Note: Companies voluntarily liquidated/absorbed generally are not included.
S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

Assigned to an Interactive Financial Strength Rating (A++ to D) to indicate the potential direction over an intermediate term, generally defined as 12 to 36 months.

Positive Indicates possible rating upgrades due to favorable financial/market trends relative to the current rating level.

Negative Indicates possible rating downgrades due to unfavorable financial/market trends relative to the current rating level.

Stable Indicates low likelihood of a rating change due to stable financial/market trends.

Modifier	Descriptor	Definition
U	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive or negative implications.
pd	Public Data	Indicates rating assigned to insurer that does not participate in A.M. Best's interactive rating process.
g	Synthetic	Indicates rating assigned to a Lloyd's syndicate.

Indicates rating is based on a type of affiliation with other insurers.

	g	Group	p	Pool	r	Returned
Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.						
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.				

The Financial Strength Rating option addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risks, including, but not limited to, an insurer's advance payment policies or procedures; the ability of the insurer to disburse or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer; nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In making a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at www.ambest.com.

Financial Strength Ratings are distributed via press releases and/or the A.M. Best Web site at www.ambest.com and are published in the Rating Actions section of BestView®. Financial Strength Ratings are proprietary and may not be reproduced without permission. Copyright © 2008 by A.M. Best Company, Inc. Version 07/2016



Used with Permission of A.M. Best Company, Inc.

DISCLAIMER

Proposal

J. Smith Lanier & Co. thanks you for the opportunity to discuss your insurance and risk management program. This summary is a brief overview of that program and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions, and exclusions.

We have evaluated your exposures to loss and developed this proposal based upon the information that you have provided to us. If you are aware of other areas of potential exposure that need to be evaluated or of additional information of which we should be aware prior to binding of coverage, please bring the other areas or additional information to our attention as soon as possible. Should any of your exposures change after coverage is bound, please notify us immediately.

Client Contracts

In the event that you enter into a contract that has specific insurance requirements, J. Smith Lanier & Co. will review your contract, but only in regards to the insurance requirements of the contract. The scope of our review will be to determine if the current insurance program which you have placed through our agency addresses the types and amounts of insurance coverage referenced by the contract. We will identify the significant insurance obligations and will provide a summary of the changes required in your current insurance program to meet the requirements of the contract. Upon your authorization, we will make the necessary changes in your insurance program. We will also be available to discuss any insurance requirements of the contract with your attorney, if desired.

In performing a contract review, J. Smith Lanier & Co. is not providing legal advice or a legal opinion concerning any portion of the contract. In addition, J. Smith Lanier & Co. is not undertaking to identify all potential liabilities that may arise under any such contracts. A contract review is provided solely for your information and should not be relied upon by third parties. Any descriptions of the insurance coverages are subject to the terms, conditions, exclusions, and other provisions of the contract and of the insurance policies and applicable regulations, rating rules or plans.

Compensation Disclosure (Including New York Regulation 194 Disclosure)

J. Smith Lanier & Co. is an insurance producer domiciled in the State of Georgia and licensed to sell insurance in additional states (including New York). Our licensed insurance producers are authorized by law to confer with you regarding the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. Our role in any particular insurance transaction typically involves one or more of these activities. Except in cases where J. Smith Lanier & Co. has a specific fee agreement to receive compensation from a client, we customarily receive compensation from insurers for our professional services in the form of a commission, which normally consists of a percentage of the premium collected by the insurers.

J. Smith Lanier & Co. may also receive additional compensation, under agreements with one or more insurers and/or insurance intermediaries, in the form of commission overrides or based on some combination of volume, profitability or other factors. We will receive compensation in connection with the sale of insurance products based upon the type of insurance contract that we sell and our arrangement with the insurer. Depending on the insurer and insurance contract that you select, compensation may be paid to J. Smith Lanier & Co. by the insurer selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract and the insurer the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

At your request, we will be pleased to provide you with information about compensation expected to be received by J. Smith Lanier & Co. based in whole or in part on the sale of insurance to you and (if applicable) compensation expected to be received by us based in whole or in part on any alternative quotes presented to you by J. Smith Lanier & Co.

AUTHORIZATION TO BIND

Insured: Lexington-Fayette Urban County Government

Choose the appropriate option:

- I hereby authorize Powell-Walton-Milward, a division of J. Smith Lanier & Co. to bind my coverage per the terms and conditions outlined in this Proposal.

Authorized Signature

Date

- I hereby authorize Powell-Walton-Milward, a division of J. Smith Lanier & Co to bind my coverage with changes as stated below. I understand these changes may result in possible additional underwriting requirements or more/less premium.

Authorized Signature

Date

PROPERTY



**ALLIANT INSURANCE SERVICES, INC.
PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)**

PROPERTY PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

NAMED INSURED: Lexington-Fayette Urban County Government

DECLARATION: 28-States & Counties

POLICY PERIOD: July 1, 2012 to July 1, 2013

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 825,799,957 as of May 25, 2012

**ALL RISK
COVERAGES &
LIMITS:**

\$ 500,000,000 Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.

\$ 100,000,000 Flood Limit - Per Occurrence and in the Annual Aggregate (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage)

\$ 2,000,000 Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A, V, and all other 100 year exposures. This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.

\$ 100,000,000 Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)

\$ 100,000,000 Combined Business Interruption, Rental Income and Tax Interruption and Tuition Income (and related fees) - except \$500,000 per Member/Entity subject to maximum of \$2,500,000 Per Occurrence limit if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc. Coverage for power generating plants is excluded, unless otherwise specified.

\$ 50,000,000 Extra Expense

\$ 25,000,000 Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

*2012-2013 Public Entity Property Insurance Program (PEPIP) Property Proposal
Lexington-Fayette Urban County Government*

180 Days	Extended Period of Indemnity
See Policy Provisions	\$25,000,000 Automatic Acquisition up to \$100,000,000 or a member's Policy Limit of Liability if less than \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sublimit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$ 1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item
\$ 5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$ 50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$ 25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$ 2,500,000	Money & Securities for named perils only as referenced within the policy
\$ 2,500,000	Unscheduled Fine Arts
\$ 250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members per declaration
\$ 500,000	Unscheduled Tunnels, Bridges, Dams, Carwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$ 25,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)
\$ 25,000,000	Transit

*2012-2013 Public Entity Property Insurance Program (PEPIP) Property Proposal
Lexington-Fayette Urban County Government*

\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence
\$	2,500,000	Unscheduled Watercraft up to 27 feet
		Per Occurrence for Off Premises Vehicle Physical Damage
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately
\$	1,000,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	1,000,000	Personal Property Outside of the USA
\$	100,000,000	Per Member/Entity Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 17, 18, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	250,000,000	Per Member/Entity for Terrorism (Excess Layer) subject to;
\$	550,000,000	Per Occurrence, All Members combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34 for Terrorism (Excess Layer) subject to;
\$	850,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles

Included See attached Public Entity Pollution Liability 2012 Insurance
 Summary for applicable limits and deductibles

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor's Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

EXCLUSIONS
 (Including but not limited to):

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

**"ALL RISK"
 DEDUCTIBLE:** \$ 250,000 Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss

DEDUCTIBLES FOR SPECIFIC PERILS AND COVERAGES:

\$ 250,000	Per Occurrence for Flood Zones A & V
\$ 250,000	All Flood Zones Per Occurrence excluding Flood Zones A & V

\$ 250,000	Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.
------------	--

\$ 1,000	Per Occurrence for Specially Trained Animals
\$ 500,000	Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock; and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

\$ 10,000	Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
-----------	---

\$ 50,000	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
-----------	---

\$ 10,000	Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits
-----------	--

*2012-2013 Public Entity Property Insurance Program (PEPIP) Property Proposal
Lexington-Fayette Urban County Government*

\$	50,000	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits
	24 Hour Waiting Period	for Service Interruption for All Perils and Coverages
	2.5% of Annual Tax Value	per Location for Tax Interruption
\$	100,000	Vehicle Physical Damage
	ACV	Vehicle Valuation Basis
\$	250,000	Per Occurrence for Contractor's Equipment
\$	250,000	Per Occurrence for Primary Terrorism
\$	500,000	Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles. (Cyber Liability)

TERMS & CONDITIONS:

- 25% Minimum Earned Premium and cancellations subject to 10% penalty
- Except Cyber Liability Premium is 100% Earned at Inception
- Except Pollution Liability Premium is 100% Earned at Inception

NOTICE OF CANCELLATION:

90 Days except 10 Days for non-payment of premium

	Annual Cost*
Total Property Premium:	\$ 256,584
Excess Boiler:	\$ 8,273
ABS Fee:	\$ 5,346
SLT&F's (Estimate)	\$ 4,619
Broker Fee:	\$ 0
TOTAL COST: (Including Taxes and Fees)	\$ 274,822

*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.

2012-2013 Public Entity Property Insurance Program (PEPIP) Property Proposal
Lexington-Fayette Urban County Government

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

QUOTE VALID

UNTIL: July 1, 2012

BROKER: ALLIANT INSURANCE SERVICES, INC.

License No. 0C36861

Doug Wozniak, Senior Vice President

Kortney K. Bolton

Assistant Account Representative

NOTES:

- Major pending and approved changes to the PEPIP Program are described in the Executive Summary.
- Excess Carriers in the layers over \$250,000,000 may require the use of their own policy forms in lieu of the PEPIP policy form.
- Change in Total Insurable Values will result in adjustment in premium
- Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized
- Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.

Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com.

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

To learn more about companies doing business in your state, visit the Department of Insurance website of that state.



**ALLIANT INSURANCE SERVICES, INC.
PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)**

BOILER & MACHINERY PROPOSAL

NAMED INSURED: Lexington-Fayette Urban County Government

POLICY PERIOD: July 1, 2012 to July 1, 2013

COMPANIES: See Attached List of Companies)

TOTAL INSURED VALUES: \$ 765,106,633 as of May 22, 2012

STATUS/RATING: See attached list of Companies for Best's Guide Ratings, Admitted Status and Standard & Poor's Ratings.

COVERAGES & LIMITS: \$ 100,000,000 Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:

\$	10,000,000	Included Inspection Services
\$	10,000,000	Per Occurrence for Utility Interruption for Utilities owned by others
\$	10,000,000	Per Occurrence for Ammonia Contamination
\$	10,000,000	Per Occurrence for Water Damage
\$	10,000,000	Per Occurrence for Consequential Damage
\$	10,000,000	Per Occurrence for Electronic Data Processing Media
\$	2,000,000	Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
\$	1,000,000	Per Occurrence for Hazardous Substance
	Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes

NAMED INSURED CLAUSE: Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss

*2012-2013 Public Entity Property Insurance Program (PEPIP) Boiler & Machinery Proposal
Lexington-Fayette Urban County Government*

NEWLY ACQUIRED LOCATIONS: \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

VALUATION: Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS
(Including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED:
(Including but not limited to):

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF CANCELLATION: 90 days except 10 days for non-payment of premium

DEDUCTIBLES:

\$	100,000	Except as shown for Specific Objects or Perils
\$	100,000	Electronic Data Processing Media
\$	100,000	Consequential Damage
\$	100,000	Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface
\$	100,000	Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface
\$	100,000	Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface
\$	250,000	Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface
\$	350,000	Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

\$ 10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours Business Interruption/Extra Expense Except as noted below

30 Days Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

2012-2013 Public Entity Property Insurance Program (PEPIP) Boiler & Machinery Proposal
Lexington-Fayette Urban County Government

COST:	Cost is included on Property Proposal
--------------	---------------------------------------

BROKER: ALLIANT INSURANCE SERVICES, INC.
License No. 0CC36861

Doug Wozniak, Senior Vice President
Kortney K. Bolton
Assistant Account Representative

NOTES:

- Major pending and approved changes to the PEPiP Program are described in the Executive Summary.
- Change in Total Insurable Values will result in adjustment in premium
- Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized
- Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.

Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com.

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

To learn more about companies doing business in your state, visit the Department of Insurance website of that state.



Public Entity Property Insurance Program (PEPIP)

CYBER COVERAGE SUMMARY

TYPE OF INSURANCE:

Insurance Reinsurance

TYPE OF COVERAGE:

Information Security & Privacy Insurance with Electronic Media Liability Coverage

PROGRAM:

Public Entity Property Insurance Program (PEPIP) inclusive of
Hospital All Risk Property Program (HARPP)

NAMED INSURED:

Any member(s), entity (ies), agency(ies), organizations(s), enterprise(s) and/or individual(s) attached to each Declaration insured as per schedule on file with Insurer.

DECLARATION:

Various Declarations as on file with Insurer

POLICY PERIOD:

July 1, 2012 to July 1, 2013

RETROACTIVE DATE:

PEPIP

July 1, 2010 For new members – the retro active date will be the date of addition
For existing members included on the July 1, 2010/11 policy

HARPP

July 1, 2009 For new members – the retro active date will be the date of addition
For members endorsed onto the July 1, 2009/10 policy at a \$500,000 limit except for those members who did not provide a "No Known Losses Letter" then the retro date is the date that the member was added

July 1, 2010 For \$1,500,000 excess \$500,000

CSU

July 1, 2008 California State University and CSU Auxiliary Organizations.

COMPANIES:

Lloyd's of London - Beazley Syndicate:
Syndicates 2623 - 623 - 100%

COVERAGES & LIMITS:

THIRD PARTY LIABILITY

Ai. \$ 20,000,000 Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all

Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted.

Aii. \$ 2,000,000

Annual Aggregate Limit of Liability for each Insured/Member for Information Security & Privacy Liability (Aggregate for all coverages combined, including Claim Expenses) but sub-limited to:

B. \$ 500,000 Annual Policy Aggregate Limit of Liability for each Insured/Member Privacy Notification Costs coverage.
Limit is \$1,000,000 if Beazley vendor services are used.

2012-2013 Public Entity Property Insurance Program (PEPIP) Cyber Proposal

- C. \$ 2,000,000 Annual Policy Aggregate Limit of Liability for each Insured/Member for all Claims Expenses and Penalties for Regulatory Defense and Penalties
- D. \$ 2,000,000 Annual Policy Aggregate Limit of Liability for each Insured/Member for all Damages and Claims Expenses for Website Media Content Liability (Occurrence Based)

The sub-limits of liability displayed above in Items B, C and D are part of, and not in addition to, the overall Annual Aggregate Limit of Liability for each Insured/Member (Item Aii)

- FIRST PARTY COMPUTER SECURITY**
- E. \$ 2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for Cyber Extortion Loss
- F. \$ 2,000,000 Policy Aggregate Sublimit of Liability for each Insured/Member for Data Protection Loss and Business Interruption Loss
- G.
 - First Party Business Interruption Sub-Limits of Liability for each Insured/Member
 - \$ 25,000 1) Hourly Sublimit
 - \$ 25,000 2) Forensic Expense Sublimit
 - \$ 100,000 3) Dependent Business Interruption Sublimit.

NOTICE:

Policy coverage sections I.A - Information Security & Privacy Liability, I.B.- Privacy Notification Costs and I.C.-Regulatory Defense & Penalties of this policy provide coverage on a claims made and reported basis; except as otherwise provided, coverage under these insuring agreements applies only to claims first made against the insured and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

EXTENDED REPORTING PERIOD:

For First Named Insured - To be determined at the time of election (additional premium will apply)

**SPECIFIC
COVERAGE
PROVISIONS:**

- A. Information Security and Privacy Liability** pays on behalf of the Insured/Member damages and claims expenses excess of the retention which the Insured/Member shall become legally obligated to pay because of any claim, including a claim for violation of a privacy law first made against the Insured/Member and reported to underwriters during the policy period for
- theft, loss or unauthorized disclosure of personally identifiable non-public information or third party corporate information that is in the care, custody or control of the Insured/Member, or an independent contractor that is holding, processing or transferring such information on behalf of the Insured/Member.
 - Acts or incidents that directly result from the failure of computer security to prevent a security breach including
 - Alteration, corruption, destruction, deletion, or damage to a data asset stored on computer systems
 - Failure to prevent transmission of malicious code from computer systems to third party computer systems
 - Participation in a denial of service attack directed against a third party computer system
 - The failure to timely disclose any of the above in violation of any breach notice law
 - The failure to comply with a privacy policy involving the disclosure, sharing or selling of personally identifiable non-public information
 - The failure to administer an identity theft prevention program
- B. Privacy Notification Costs** pay the Insured/Member for reasonable and necessary costs to comply with a breach notice law because of an incident that first takes place on or after the retroactive date and before the end of the policy period. Privacy Notification Costs means costs incurred within one year of the reporting of the incident or suspected incident to the Underwriters:
- To hire security experts;
 - Notification provisions,
 - Public relations mitigation up to \$50,000 subject to 20% coinsurance
 - Credit monitoring for the purpose of mitigating potential damages and are subject to 20% coinsurance
 - Credit file monitoring,
 - Mailing and third party administrative costs

- C. Regulatory Defense and Penalties** pays on behalf of the Insured/Member claims expenses and penalties which the Insured/Member shall become legally obligated to pay because of any claim in the form of a regulatory proceeding resulting from a violation of a privacy law and caused by an incident described under certain sections of the information security and privacy liability section of the policy.
- D. Website Media Content Liability** (occurrence based) pays on behalf of the insured damages and claims expenses resulting from any claim made against the Insured/Member for one or more of the following acts committed in the course of covered media activities:
- Defamation, libel, slander, trade libel
 - Privacy violation
 - Invasion or interference with publicity
 - Plagiarism, piracy, misappropriation of ideas under implied contract
 - Infringement of Copyright
 - Infringement of domain name, trademark
 - Improper deep-linking or framing within electronic content
- E. Cyber Extortion** indemnifies the Insured/Member for costs incurred as a result of an extortion threat by a person other than employees, directors, officers, principals, trustees, governors, managers, members, etc.
- F. First Party Data Protection** indemnifies the Insured/Member for data protection loss as a result of alteration, corruption, destruction, deletion, damage or inability to access data assets.
- G. First Party Network Business Interruption** indemnifies the Insured/Member for business interruption loss as a direct result of the actual and necessary interruption or suspension of computer systems and is directly caused by a failure of computer security to prevent a security breach.

EXCLUSIONS
(Including but not limited to):

- Coverage does not apply to any claim or loss from
- Bodily Injury or Property Damage
 - Any employer-employee relations, policies, practices
 - Contractual Liability or Obligation
 - Any actual or alleged act, error or omission or breach of duty by any director, officer, manager if claim is brought by principals, officers, directors, stockholders and the like
 - Anti-trust violations
 - Unfair trade practices
 - Unlawful collection or acquisition of Personally Identifiable Non-Public Information
 - Distribution of unsolicited e-mails, facsimile, audio or video recording
 - Prior knowledge or previously reported incidents
 - Incidents occurring prior to retroactive date/continuity date
 - Any act, error, omission, of computer security if occurred prior to policy inception
 - Collusion
 - Securities Act Violations
 - Fair Labor Act Violations
 - Discrimination
 - Intentional Acts with regard to Privacy and Security Breach
 - Patent Infringement
 - Federal Trade Commission and related state, federal, local and foreign governmental activities
 - Insured vs. Insured
 - Money/Securities/Funds Transfer
 - Broadcasting, Publications and Advertising
 - War and Terrorism
 - Pollution
 - Nuclear
 - Radioactive

RETENTION:

\$	25,000	CSU Auxiliary Organizations only
\$	50,000	Per Occurrence for each Insured/Member with TIV up to \$500,000,000 at the time of loss
\$	100,000	Per Occurrence for each Insured/Member with TIV greater than \$500,000,000 at time of loss
	8	Eight hour waiting period for first party claims

COINSURANCE FOR SPECIFIC COVERAGES:

20%	For Public Relations Consultancy
20%	For Credit File Monitoring

NOTICE OF CLAIM:

- IMMEDIATE NOTICE must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)
- Claim notification under this policy is to:
 Beazley Group
 Attn: Beth Diamond
 1270 Avenue of the Americas
 New York, NY 10020
 tmhalaims@beazley.com

NOTICE OF CANCELLATION: 60 days except 10 days for non-payment of premium

REINSTATEMENT PROVISIONS: Not Provided.

2012-2013 Public Entity Property Insurance Program (PEPIP) Cyber Proposal

CYBER COST: Cost is included in Total Property Premium
100% Earned Premium at Inception

OTHER SERVICES Unlimited Access to e-Place Solutions as per attached brochure.

QUOTE VALID UNTIL: July 1, 2012

BROKER: ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

Doug Wozniak, Senior Vice President
Kortney K. Bolton
Assistant Account Representative

NOTES: Coverage outlined in this Summary is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

**Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.*

Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com.

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

To learn more about companies doing business in your state, visit the Department of Insurance website of that state.

Getting Started

Beazley has retained ePlace Solutions, Inc. to provide risk management policies, procedures, training, and other tools to help your company prevent a breach of confidential data:

ePlace Solutions will contact you soon to help you get started. If you have an immediate issue and need access to the on-line materials and expert support immediately, contact Vanessa Delgado (VDelgado@ePlaceInc.com) at 559-261-9292.

As a Beazley Data Security policyholder, you have unlimited access to:

ON-LINE COMPLIANCE MATERIALS

Federal and state compliance materials regarding data security, data breaches, and data privacy, including:

- Quick Tips on many subjects; Summaries of federal/state laws
- Links to statutes & regulations; Sample policies & procedures
- Continuing updates and electronic notification of significant changes to the on-line materials

STEP-BY-STEP PROCEDURES TO LOWER RISK

Procedures and on-line forms help you:

- Understand the scope of "personal information" ("PI")
- Determine where PI is stored
- Collect and/or retain the minimum amount of PI as required for business needs
- Properly destroy PI that is no longer needed
- Implement an Incident Response Plan

QUARTERLY NEWSLETTER & "INSTANT ALERTS"

Sent by email, learn about changes in federal and state laws regarding data security, data breach, and data privacy issues; Instant Alerts sent by email for events require immediate attention.

TRAINING MODULES

- Online training programs; Employee training bulletins
- Audio and PodCast training for managers and/or employees

EXPERT SUPPORT ON-LINE

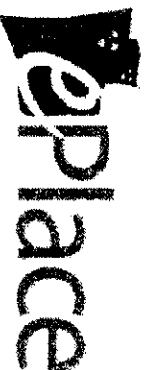
Experts support from consultants/attorneys on data security issues; including:

- Health care & HIPAA compliance issues
- Data breach prevention issues
- Data Security best practices
- Computer forensic issues

HANDLING DATA BREACHES

Guidance provided to:

- Help prevent data security incidents
- Respond to a data breach



**PUBLIC ENTITY POLLUTION LIABILITY
2012 - 2013 INSURANCE SUMMARY**

INSURANCE COMPANY	
ACE – Illinois Union Insurance Company	
POLICY TERM	July 1, 2012 to July 1, 2013
COVERAGE LOCATION	<p>Per the following SOVs submitted on 2/9/2012:</p> <ol style="list-style-type: none"> 1. PEPiP DEC 1 – SOVs 2. PEPiP DEC 2 – SOVs 3. PEPiP DEC 3 – SOVs 4. PEPiP DEC 4 – SOVs 5. PEPiP DEC 5 – SOVs 6. PEPiP DEC 8 – SOVs (Excludes SPiP) 7. PEPiP DEC 11 – SOVs 8. PEPiP DEC 12 – SOVs 9. PEPiP DEC 19 – SOVs 10. PEPiP DEC 20 – SOVs 11. PEPiP DEC 21 – SOVs 12. PEPiP DEC 26 – SOVs 13. PEPiP DEC 28 – SOVs 14. PEPiP DEC 30 – SOVs 15. PEPiP DEC 32 – SOVs 16. PEPiP DEC 33 – SOVs 17. PEPiP DEC 34 – SOVs
COVERED OPERATIONS	<p>Any property permitted and licensed non-owned disposal sites that has not been identified by the United States EPA National Priorities List, and is not undergoing voluntary or regulatory required remediation at the time the waste was received for disposal.</p> <p>Covered operations means transportation and any operations that are identified in the application and any supporting documentation provided prior to the inception date, which are performed by or on behalf of a named insured outside the physical boundaries of a covered location. Includes spraying operations, street construction and repair, utility construction and repair, and refuse collection.</p>
RETROACTIVE DATE	Policy Inception
COVERAGES	<p>Coverage A – New Pollution Conditions: Third party bodily injury, property damage, first party and third party remediation costs and associated legal defense expense arising out of a pollution condition on, at, under, or migrating from a covered location, provided that the pollution condition commences on or after the retroactive date.</p> <p>Coverage B – New Pollution Conditions From Covered Operations: Third party bodily injury, property damage, remediation costs and associated legal defense expense resulting from a covered operation, provided that the pollution condition commences on or after the retroactive date.</p> <p>Blanket Non-Owned Disposal Site (NODS) coverage, third party trigger only.</p> <p>First and third party transportation of waste</p>

**PUBLIC ENTITY POLLUTION LIABILITY
2012 - 2013 INSURANCE SUMMARY**

INSURANCE COMPANY		ACE – Illinois Union Insurance Company	
CLAIMS MADE AND REPORTED	CLAIMS MADE AND REPORTED	Defense Costs and Expenses are within Limits of Liability	
LIMITS	<p>Tier 1 \$ 500,000 \$ 500,000 \$ 200,000</p> <p>Tier 2 \$ 1,000,000 \$ 1,000,000 \$ 200,000</p> <p>\$25,000,000</p>	<p><i>Entity with < \$500M TIV</i> Per Pollution Condition Per Member Aggregate Fungi & Legionella Sublimit</p> <p><i>Entity with > \$500M TIV</i> Per Pollution Condition Per Member Aggregate Fungi & Legionella Sublimit</p> <p>Policy Aggregate</p>	
SELF-INSURED RETENTION	<p>Tier 1 \$ 50,000 \$750,000 \$10,000</p> <p>Tier 2 \$100,000 \$750,000 \$10,000</p>	<p><i>Entity with < \$500M TIV</i> Per Pollution Condition Underground Storage Tanks Specific In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10K SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.</p> <p><i>Entity with > \$500M TIV</i> Per Pollution Condition Underground Storage Tanks Specific In the event that a loss concurrently triggers both, the Insured's Property policy and this Premises Pollution Liability policy, then a \$10K SIR for "fungi" shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.</p>	

**PUBLIC ENTITY POLLUTION LIABILITY
2012 - 2013 INSURANCE SUMMARY**

EXCLUSIONS (Including but not limited to)	<ul style="list-style-type: none"> • Asbestos and Lead Based Paint • Contractual Liability • Divested Property • Employer's Liability • Failure to Follow Asbestos and/or LBP Management Plan • Fines and Penalties • First Party Property Damage – <i>Does not apply to remediation costs</i> • Fraud or Misrepresentation • Insured's Internal Expenses • Insured vs. Insured • Intentional Non-Compliance • Landfills, Recycling Facilities, Ports or Airports – <i>leased, owned or operated</i> • Material Change in Risk • Naturally Occurring Materials • Pre-Existing Conditions • Products Liability • Professional Liability • Regulatory Compliance • Work Product
ENDORSEMENTS (Including but not limited to)	<ul style="list-style-type: none"> • Named Insureds Schedule • Per Named Insured Aggregate Sublimit • Per Named Insured SIR • Automatic Acquisition and Due Diligence • Schedule of Excluded Members of PEPiP • Policy Modification – Property / Liability Mold Specific SIR of \$10K • Covered Locations Amendatory • Port, Airport, Oil/Gas Producing Property Exclusion - <i>Exclusion for any port or airport. However, ports, airports, oil/gas producing properties may be submitted for UW review on a one-off basis. In the event that a port, airport, oil or gas producing property is scheduled onto the PEPiP policy, such facility may not be subject to the same coverage terms or rates.</i> • Definitions Amendatory Endorsement - <i>Solely with respect to "fungi", the definition of "remediation costs" shall not include restoration costs</i>
ADDITIONAL INFORMATION	<ul style="list-style-type: none"> • The insurance afforded by this Policy shall apply in excess of and shall not contribute with any other such insurance. • Loss covered pursuant to a Federal, State, County or Municipality administered underground storage tank fund, or any functional equivalent to such fund, shall be considered primary insurance, to which the coverage afforded pursuant to this Policy shall only apply in excess. • Underlying SIR shall erode the SIR on this policy, in the event there is an underlying policy where the SIR is paid and limits are exhausted there would be no SIR in order to access the PEPiP coverage limits. • Individual JPA members have an SIR that is reflective of their TIV, as under the SIR listed above • Coverage for mid-term transactions must be within 90 days of property acquisition

**PUBLIC ENTITY POLLUTION LIABILITY
2012 - 2013 INSURANCE SUMMARY**

<p>ADDITIONAL INFORMATION (continued)</p>	<ul style="list-style-type: none"> • Value-Added Engineering Package <ul style="list-style-type: none"> ○ <u>Mold Awareness Training</u> <ul style="list-style-type: none"> ○ Unit Count → 1 - Mold Awareness Training by ESIS personnel. <u>Must be completed at one central location, or via webinar.</u> ○ <u>Due Diligence Program Overview</u> <ul style="list-style-type: none"> ○ Unit Count → 50 – Up to 50 First Search Reports (Governmental Database Reports) ○ <u>ACMLBP Plan</u> <ul style="list-style-type: none"> ○ Unit Count → 1 – Creation of ACM and LBP Plans. One report will be created so that the Insured may disseminate throughout the rest of the PEP/PP Program members. ○ <u>Mold O&M Plan</u> <ul style="list-style-type: none"> ○ Unit Count → 1 - Creation of a Water Intrusion and Mold Mitigation Plan. One report will be created so that the Insured may disseminate throughout the rest of the PEP/PP Program members.
<p>LOSS REPORTING REQUIREMENTS</p>	<p>Written notice of any claim or pollution condition, as soon as practicable. Concurrently, please send to:</p> <p>1) ACE Environmental Risk Claims Manager ACE USA Claims P.O. Box 5103 Scranton, PA 18505-0510 Environmental Emergency: 888-310-9553 (800) 951-4119(Fax) <u>CasualtyRiskEnvironmentalFirstNotice@acegroup.com</u></p> <p>2) Robert Frey Alliant Insurance Services, Inc. 100 Pine Street, 11th Floor San Francisco, CA 94111-5101 415-403-1445 415-402-0773 – fax <u>rfrey@alliantinsurance.com</u></p> <p>3) David Sutton Alliant Insurance Services, Inc. 100 Pine Street, 11th Floor San Francisco, CA 94111-5101 415-403-1417 415-402-0773 – fax <u>dsutton@alliantinsurance.com</u></p>
<p>Pollution Liability Premium is 100% Earned at Inception</p>	

**PUBLIC ENTITY POLLUTION LIABILITY
2012 - 2013 INSURANCE SUMMARY**

DATE PREPARED May 22, 2012

BROKER **ALLIANT INSURANCE SERVICES, INC.**

Thomas Bryson, Senior Vice President
Bill Nellen, Executive Vice President

THIS SUMMARY IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION.

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poors have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poors website at www.standardandpoors.com.

To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov.

PROPOSAL FORM 1

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
BUILDING AND PERSONAL PROPERTY
BUSINESS INTERRUPTION AND EXTRA EXPENSE
BOILER AND MACHINERY
AUTO PHYSICAL DAMAGE INSURANCE**

I (we) propose to provide Excess Building and Personal Property, Business Interruption and Extra Expense, Boiler and Machinery and Auto Physical Damage Insurance for the LFUCG as described in the Request for Proposal at the following annual premiums:

1. "Open Perils" Coverage, including Flood and Earthquake Coverages for all Property and Equipment

Rate per \$100 of values	\$ 0.02898	Annual premium*
based on total insurable value on Buildings and Personal Property and Business Interruption and Extra Expense of \$ 759,643,514 , Per Occurrence cap \$500,000,000		\$ 220,129.00
Other charges or costs		\$ 9,965.00
Total annual cost (including any and all fees, taxes, etc.)		\$ 230,094

2. "Open Perils" Coverage, including Flood and Earthquake Coverages for Boiler and Machinery

Rate per \$100 of values	\$.00109	Annual premium*
based on total insurable value on Buildings and Personal Property and Business Interruption and Extra Expense of \$100,000,000		\$ 8,273.00
Other charges or costs		\$
Total annual cost (including any and all fees, taxes, etc.)		\$ 8,273.00

3. "Open Perils" Coverage, including Flood, Earthquake, comprehensive and collision, and Rental Expenses for all Vehicles

Rate per \$100 of values	\$.0551	Annual premium*
based on total insurable value of vehicles and Rental Reimbursement expense of \$ 66,156,443		\$ 36,455.00
Other charges or costs		\$
Total annual cost (including any and all fees, taxes, etc.)		\$ 36,455.00

I (we) hereby agree that the policy will contain all of the **Required Coverage(s) and Required Endorsements** as shown in the "Basic Desired Coverage(s)" Section of this Request for Proposal (Section III.A-F) and recognize that, though it is the preference of LFUCG to award all coverage to one insurer, if it is within the best interest of LFUCG, they may be awarded separately.
 YES NO

*Not subject to audit (Negotiable)

Form # 1 (Continued)

I (we) hereby agree that the following **Optional Endorsements** (per Exhibit E) in this Request for Proposal will be included in policies to be issued by us as follows:

	<u>Brief Description</u>	<u>Percentage</u>	<u>Not Included</u>	<u>Included</u>
1.	Special Claims Settlement			Included
2.	Off premises power failure			Included
3.	Debris removal additional coverage			Included
4.	Virus Contamination	3%		Included
5.	Rust and corrosion	5%	Not Included	

Form #1 (Continued)

I (we) have carefully read Section V. Proposal Forms and Evaluation Procedures, and I (we) have complied with those instructions, including **attaching the complete specimen copies of the proposed policies in cluding all manuscript forms and endorsements, in duplicate to this Proposal** (and not just printed forms) and **in the event there is a difference or an inconsistency between the forms as completed and signed and the specimen policies attached hereto, it may be presumed that the forms reflect the true nature of this Proposal.**

I (we) hereby acknowledge and understand the nature of this Proposal and unqualifiedly agree to comply with this Proposal as a response to the Request for Proposal specifications.

The coverage(s) proposed herein will be provided by the following insurers and their latest available rating by the A.M. Best & Company is as follows:

Insurer Rating (Letter and financial size category)

"Open Perils" Policy for Building and Personal Property Including Business Interruption and Extra Expense

See Attached

"Open Perils" for Boiler and Machinery

"Open Perils" for Auto Excess Physical Damage

I (we) have read Section V - PROPOSAL FORMS - and the presentation of this Proposal complies completely with the instructions contained therein.

Submitted By: Alliant Insurance Services, Inc.
(Firm Name)

Address: 1301 Dove Street, Suite 200

Newport Beach, CA 92660

By: Doug Wozniak, Senior Vice President
(Name and Title)

(Signature) _____

949-660 -8166
(Telep home Number)

Date: 5-10-12

The following should be completed in the event that an Addendum or Addenda is issued to this Request for Proposals:

I (we) hereby acknowledge receipt of the following Addendum to this Request for Proposal:

Addendum 1	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Addendum 2	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Signature e _____

AUTHORIZATIN TO BIND

Insured: Lexington-Fayette Urban County Government

Broker: Alliant Insurance Services, Inc.

Excess Carrier: Public Entity Property Insurance Program (PEPIP)

Type of Insurance: Property All Perils

Policy Period: July 1, 2012 to July 1, 2013

I hereby authorize Alliant Insurance Services, Inc. to bind Property Insurance coverage(s) per the terms and conditions outlined in this Proposal.

Jim Gray, Mayor

Date

**KENTUCKY NO-FAULT SELF
INSURER'S BOND**

PROPOSAL OF INSURANCE AND RISK MANAGEMENT

Prepared for:

**Lexington-Fayette Urban County
Government**

Policy Period: August 16, 2012 to August 16, 2013



Powell · Walton · Millward
a division of J. Smith Lanier & Co.

Prepared by:

Kevin C. Kelly
Vice-President

Sandy Q. Black, ACSR, CISR
Account Manager

May 8, 2012

MISSION STATEMENT

To glorify God by providing exceptional value, absolute integrity, and excellence to:

- Our Customers - Through innovative leadership in providing products and services, while establishing our value to them in a long-term relationship.
- Our Employees/Shareholders - Through opportunities for every individual to set and achieve goals that fulfill their unique purpose while they contribute to the long-term financial stability of Powell-Walton-Milward, a division of J. Smith Lammie & Co.
- Our Suppliers - Through access to our customers and information in the development and marketing of their products and service.
- Our Community - Through corporate and personal participation in each of the communities we serve by providing our time, our talents, and our treasure for the betterment of life.

SERVICE TEAM

At Powell-Walton-Milward, a division of J. Smith Lanier & Co., we believe the best way to effectively give your business the service it deserves is through a team effort. Our client service team concept is designed to give you consistent, knowledgeable service which can only occur by working with trained professionals.

*Powell-Walton-Milward
a division of J. Smith Lanier & Co.*

360 East Vine Street
Lexington, Kentucky 40508

Main Phone Number: 859-254-8023 Main Fax Number: 859-254-8020

COMMERCIAL LINES TEAM

Kevin C. Kelly Vice-President 859-244-7609
kkelly@pwm-jsl.com

Sandy Q. Black, ACSR, CISR Account Manager 859-244-7689
sblack@pwm-jsl.com

CLAIMS

Janet Tackett Claim Analyst 859-244-7623
jtackett@pwm-jsl.com

KENTUCKY NO-FAULT SELF-INSURER'S BOND

Named Insured: Lexington-Fayette Urban County Government

Carrier Name: International Fidelity Insurance Company

A.M. Best Rating: A:VII as of February 22, 2012

Obligee: Commonwealth of Kentucky

Department of Insurance

215 West Main Street

P. O. Box 57

Frankfort, Kentucky 40602

Bond Amount: \$200,000

Bond Termination
Requirements:

Sixty (60) Days Written Notice by the Surety to the
Commonwealth of Kentucky

PREMIUM SUMMARY

DESCRIPTION OF COVERAGE	ANNUAL PREMIUM
Surety Bond	\$ 2,545.00
Total Premium	\$ 2,545.00

Notes:

Completed and signed General Indemnity Agreement is required prior to issuing the Bond.

Payment Plan:

Agency Bill - Annual Premium

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Rating	Descriptor	Definition
A++	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
A+	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
B++	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
B+	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
B+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
C+, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
F	In Liquidation	Assigned to companies placed in liquidation by a court of law or under a voluntary agreement. Notes: Companies voluntarily liquidated/dissolved generally are not included.
S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet, strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

Assigned to an interactive Financial Strength Rating (A++ to D) to indicate the potential direction over an intermediate term, generally defined as 12 to 36 months.

Positive: Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative: Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable: Indicates low likelihood of a rating change due to stable financial/market trends.

Modifier	Descriptor	Definition
U	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Pulse Data	Indicates rating assigned to insurer that does not to participate in A.M. Best's interactive rating process.
a	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

Indicates rating is based on a type of affiliation with other insurers.

	g	Group	p	Pooled	r	Reinsured
Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.						
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.					

The Financial Strength Rating section addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claim-payment collectability or procedure, the ability of the insurer to disburse or deny claims payment on grounds of misrepresentation or fraud, or any special liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at www.ambest.com.

Financial Strength Ratings are distributed via press releases under the A.M. Best Web site at www.ambest.com and are published in the Rating Actions section of *BestWeek*®. Financial Strength Ratings are proprietary and may not be reproduced without permission. Copyright © 2008 by A.M. Best Company, Inc. Version 07/2008



Used with Permission of A.M. Best Company, Inc.

DISCLAIMER

Proposal

J. Smith Lanier & Co. thanks you for the opportunity to discuss your insurance and risk management program. This summary is a brief overview of that program and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions, and exclusions.

We have evaluated your exposures to loss and developed this proposal based upon the information that you have provided to us. If you are aware of other areas of potential exposure that need to be evaluated or of additional information of which we should be aware prior to binding of coverage, please bring the other areas or additional information to our attention as soon as possible. Should any of your exposures change after coverage is bound, please notify us immediately.

Client Contracts

In the event that you enter into a contract that has specific insurance requirements, J. Smith Lanier & Co. will review your contract, but only in regards to the insurance requirements of the contract. The scope of our review will be to determine if the current insurance program which you have placed through our agency addresses the types and amounts of insurance coverage referenced by the contract. We will identify the significant insurance obligations and will provide a summary of the changes required in your current insurance program to meet the requirements of the contract. Upon your authorization, we will make the necessary changes in your insurance program. We will also be available to discuss any insurance requirements of the contract with your attorney, if desired.

In performing a contract review, J. Smith Lanier & Co. is not providing legal advice or a legal opinion concerning any portion of the contract. In addition, J. Smith Lanier & Co. is not undertaking to identify all potential liabilities that may arise under any such contracts. A contract review is provided solely for your information and should not be relied upon by third parties. Any descriptions of the insurance coverages are subject to the terms, conditions, exclusions, and other provisions of the contract and of the insurance policies and applicable regulation, rating rules or plans.

Compensation Disclosure (Including New York Regulation 194 Disclosure)

J. Smith Lanier & Co. is an insurance producer domiciled in the State of Georgia and licensed to sell insurance in additional states (including New York). Our licensed insurance producers are authorized by law to confer with you regarding the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. Our role in any particular insurance transaction typically involves one or more of these activities. Except in cases where J. Smith Lanier & Co. has a specific fee agreement to receive compensation from a client, we customarily receive compensation from insurers for our professional services in the form of a commission, which normally consists of a percentage of the premium collected by the insurers.

J. Smith Lanier & Co. may also receive additional compensation, under agreements with one or more insurers and/or insurance intermediaries, in the form of commission overrides or based on some combination of volume, profitability or other factors. We will receive compensation in connection with the sale of insurance products based upon the type of insurance contract that we sell and our arrangement with the insurer. Depending on the insurer and insurance contract that you select, compensation may be paid to J. Smith Lanier & Co. by the insurer selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract and the insurer the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

At your request, we will be pleased to provide you with information about compensation expected to be received by J. Smith Lanier & Co. based in whole or in part on the sale of insurance to you and (if applicable) compensation expected to be received by us based in whole or in part on any alternative quotes presented to you by J. Smith Lanier & Co.

AUTHORIZATION TO BIND

Insured: Lexington-Fayette Urban County Government

Choose the appropriate option:

- I hereby authorize Powell-Walton-Milward, a division of J. Smith Lanier & Co. to bind my coverage per the terms and conditions outlined in this Proposal.

Authorized Signature

Date

- I hereby authorize Powell-Walton-Milward, a division of J. Smith Lanier & Co to bind my coverage with changes as stated below. I understand these changes may result in possible additional underwriting requirements or more/less premium.

Authorized Signature

Date

WORKERS' COMPENSATION



**LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT
EXCESS WORKERS' COMPENSATION
PROPOSAL**

NAMED INSURED: Lexington Fayette Urban County Government

INSURANCE COMPANY: New York Marine & General Insurance Company

A.M. BEST GUIDE RATING: A (Excellent); Financial Size Category VIII (\$100 Million to \$250 Million)

STANDARD & POORS RATING: BBB pulled on May 20, 2011

POLICY TERM: July 1, 2012 to July, 2013

TYPE OF COVERAGE: Specific Excess Workers' Compensation and Employer's Liability Insurance

LIMITS:
Statutory (a) Maximum Limit of Indemnity Per Occurrence
\$ 1,000,000 (b) (1) Employers' Liability Maximum Limit of Indemnity Per Occurrence

SELF-INSURED RETENTION: \$750,000 with \$250,000 otherwise recoverable.

PREMIUM RATE: 2172% per \$100. of Payroll

ESTIMATED PAYROLL: \$160,288,192

ESTIMATED PREMIUM EXCLUDING TERRORISM: \$348,146

TRIA PREMIUM: \$ 2,872

TOTAL MINIMUM PREMIUM: \$315,916

TOTAL DEPOSIT PREMIUM: \$351,018

SUBJECT TO:

- ◆ Final Premium will be at least and not less than the minimum premium stated above.
- ◆ Require a full implementation of safety/loss control program and retention of TPA, approved by New York Marine and General Insurance Company, throughout the policy period.
- ◆ The Terrorism Charge is calculated separately and not included in the total rate above. It is subject to adjustment at audit.
- ◆ Applicable state endorsements plus other coverage additions/exclusions may apply.



SUBJECT TO (cont'd):

-
- All other endorsements desired must be requested prior to binding and subject to approval.
- ◆ Please sign and return the attached Terrorism Disclosure. Same must be received within thirty (30) days of binding.
 - ◆ New York Marine and General Insurance Company has the right, but not the obligation, to audit the TPA listed above.

QUOTE VALID UNTIL:

June 30, 2012

BROKER TEAM:

Alliant Insurance Services, Inc.
Newport Beach, California

Doug Wozniak
Senior Vice President

Margo Suarez
Account Manager

Kortney Bolton
Account Representative

This proposal is for information purposes only and does not amend, extend or alter the policy in any way. Please refer to the policy form for completed coverage and exclusion information.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com.

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com

To learn more about companies doing business in Kentucky, visit the Kentucky Department of Insurance website at <http://doi.ppr.ky.gov/kentucky>.

AUTHORIZATION TO BIND

Insured: Lexington-Fayette Urban County Government
Broker: Alliant Insurance Services, Inc.
Excess Carrier: New York Marine & General Insurance Company
Type of Insurance: Excess Workers' Compensation
Policy Period: July 1, 2012 to July 1, 2013

I hereby authorize Alliant Insurance Services, Inc. to bind excess Workers' Compensation Insurance coverage(s) per the terms and conditions outlined in this Proposal.

Jim Gray, Mayor

Date