

Kim Lester

LUCAS Approved

Property
\$ 144,800

From: Everette Arnold <elarnold@guilfordiac.com>
Sent: Wednesday, June 26, 2019 11:24 AM
To: Kim Lester (Kim.Lester@clevelandcounty.com)
Cc: Marcy Phillips
Subject: FW: Renewal Insurance Proposal for Cleveland County North Carolina
Attachments: Synopsis of Changes.pdf; 19-CLEVELAND COUNTY NC-GO795RQ00-DISCLOSURE.pdf; 19-CLEVELAND COUNTY NC-GO795RQ00-QUOTEREN.pdf

Kim,

Attached is the Property Renewal quote. We knew the rate was going up some this year. We have been able to keep the rates stable for the last few years, but the Storms have caused an increase. I think the \$15,000.00 additional premium is reasonable.

Please authorize renewal by email and have the Terrorism Form attached above signed and accepting Terrorism coverage. Give me a call or email with any questions.

This is the Second of your renewals. WC was done months ago. Excess Liability, Crime and Cyber to follow.

Everette

(p) 336-299-1339
(c) 336-580-5573

From: Putrello, Eric [mailto:Eric.Putrello@affiliatedfm.com]
Sent: Tuesday, June 25, 2019 8:40 PM
To: Everette Arnold
Subject: Renewal Insurance Proposal for Cleveland County North Carolina

Everette,

We are pleased to present our Renewal Insurance Proposal for Cleveland County North Carolina. Please review attached Proposal and Policyholder Disclosure Notice of Terrorism Insurance Coverage, which will need to be signed and returned to us prior to binding.

Our proposal offers a policy limit of \$125,000,000, which is based on a TIV of \$137,680,698, per the statement of values received on 6/20/19.

Items to call attention to:

- Below is a comparison of the expiring program vs. proposed renewal -

	Expiring	Proposed	% Increase
TIV	\$135,930,036	\$137,680,698	1.29
A/P (w/Fee)	\$129,966	\$144,800	11.41
Rate (w/Fee)	0.0956	0.1052	10.00

NOTE: Engineering fee is no longer itemized and is included in A/P

Changes:

- You will find the proposed renewal and expiring program to be similar. There are a few changes to note
 - Cyber – We’ve made changes to our Cyber coverage. These are universal changes we are making. See attached synopsis of changes.
 - Miscellaneous Equipment Clause – We removed the Miscellaneous Equipment Clause under Special Terms and Conditions. Please inquire with the client whether or not there is a schedule of Inland Marine equipment. This was last reported in advance of the 2017 renewal.
 - Valuable Papers and Records – We’ve increased to \$1M and updated the Library Books, Periodicals, and Rare Books clause to reflect this change
 - Towers – We’ve decreased the annual aggregate limit from \$2M to \$1M, however we’ve lifted the \$400K per tower limit.

We are excited to offer our proposal to you and we hope you are excited too. If you have any questions or concerns, please do not hesitate to contact me. As always, we appreciate your business and look forward to your bind order.

Eric J Putrello | Production Underwriter
 AFM | 3460 Preston Ridge Road, Suite 400 | Alpharetta, GA 30005
 T: 770-777-3629 | M: 770-710-4391 | F: 770-777-3902 | E: eric.putrello@affiliatedfm.com

proVision Policy Synopsis of Changes

- The below coverage names are revised to read:
 - Computer Systems Non-Physical Damage is renamed as Owned Network Interruption
 - Data, Programs or Software is renamed as Data Restoration.
 - Off Premises Data Services is renamed as Data Service Provider.
- The limits of liability for Computer Systems Non-Physical Damage and Data, Programs Or Software are replaced with:

<i>Monetary amount to be provided with renewal proposal</i>	Cyber event annual aggregate for Data Restoration and Owned Network Interruption combined
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and

<i>Monetary amount to be provided with renewal proposal</i>	Data Restoration annual aggregate
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- The following limit of liability will be added:

<i>Monetary amount to be provided with renewal proposal</i>	Cyber event annual aggregate for physical loss or damage to stock in process or finished goods manufactured by or for the Insured caused by or resulting from a cyber event that impacts the processing, manufacturing, or testing of such property or while it is otherwise being worked on
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- The exclusion for electronic, data programs or software in PROPERTY EXCLUDED is revised to read:

Electronic data, programs or software, except when incorporated into physical goods intended to be sold as:

- a) Finished goods manufactured by the Insured; or
- b) Other merchandise not manufactured by the Insured;

or as otherwise provided by the Data Restoration coverage of this Policy.

- Data Restoration coverage is revised as follows:

The statement “including physical loss or damage caused by the malicious introduction of machine code or instruction” is removed.

The Qualifying Period is moved from the S-1 to Data Restoration and revised to read:

With respect to physical loss or damage to electronic data, programs or software caused by or resulting from a cyber event , this Additional Coverage will apply when the time to recreate or restore such data, programs or software with due diligence and dispatch is in excess of the Qualifying Period shown in the Declarations section of this Policy.

proVision Policy Synopsis of Changes

The exclusion for data, programs or software is revised to read:

loss or damage to data, programs or software when incorporated into physical goods intended to be sold as:

- a) Finished goods manufactured by the Insured; or
- b) Other merchandise not manufactured by the Insured.

A Period of Liability for Data Restoration is added:

For physically damaged or destroyed property covered under Data Restoration, the period:

- a) The period of time starting from the time of **physical loss or damage to electronic data, programs or software**; and
- b) Ending when with due diligence and dispatch the electronic data, programs or software could have been recreated or restored under the same or equivalent physical and operating conditions that existed prior to the physical loss or damage.

- The Qualifying Period for Data Service Provider – Property Damage is moved from the S-1 to Data Service Provider – Property Damage and revised to read:

This coverage will apply when such interruption of **off-premises data processing or data transmission services** is in excess of the Qualifying Period shown in the Declarations section of this Policy. Such interruption is the time when an interruption of provided services happens; and ending when with due diligence and dispatch the service could be wholly restored.

- The Qualifying Period for Data Service Provider – Business Interruption is moved from the S-1 to Data Service Provider – Business Interruption and revised to read:

This coverage will apply when the Period of Liability of **off-premises data processing or data transmission services** below is in excess of the Qualifying Period shown in the Declarations section of this Policy.

- In Owned Network Interruption, the references to ‘malicious act’ are replaced with ‘**cyber event**’.

- A DEFINITION for cyber event is added:

cyber event:

any act involving the malicious or unauthorized access to, operation of, or use of **electronic data processing equipment or media**, regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical loss or damage by fire, explosion or sprinkler leakage resulting from **cyber event** will not be considered to be loss by **cyber event** within the terms and conditions of this Policy.

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

Insured Name: Cleveland County North Carolina

Date: 6/25/19

Account Number: 1-85209

Insurer Name: Affiliated FM Insurance Company

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2005, 2007 and again in 2015, gives you the right as part of your property insurance program to elect or reject insurance coverage for locations within the United States or any territory or possession of the United States for losses arising out of acts of terrorism, as defined and certified in accordance with the provisions of the act.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED 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. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 85% (AND BEGINNING ON JANUARY 1, 2016, SHALL THEN DECREASE BY 1 PERCENTAGE POINT PER CALENDAR YEAR UNTIL EQUAL TO 80 PERCENT) OF COVERED TERRORISM LOSSES EXCEEDING A STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER REFERENCED ABOVE. **ALSO, THERE IS A \$100,000,000,000 CAP ON THE FEDERAL AND INSURER SHARE OF LIABILITY STATING THAT IF THE AGGREGATE INSURED LOSSES EXCEED \$100,000,000,000 DURING ANY CALENDAR YEAR, NEITHER THE UNITED STATES GOVERNMENT NOR ANY INSURER THAT HAS MET ITS INSURER DEDUCTIBLE SHALL MAKE PAYMENT OR BE LIABLE FOR ANY PORTION OF THE AMOUNT OF SUCH LOSSES THAT EXCEED \$100,000,000,000.** THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE: UNDER FEDERAL LAW, YOU HAVE THE RIGHT TO ACCEPT OR REJECT THIS OFFER OF COVERAGE FOR TERRORIST ACTS COVERED BY THE ACT AS PART OF YOUR PROPERTY INSURANCE PROGRAM. IF WE DO NOT RECEIVE THIS SIGNED DISCLOSURE FORM PRIOR TO THE POLICY EFFECTIVE DATE OF 7/1/19, THEN YOUR POLICY WILL REFLECT YOUR DECISION NOT TO PURCHASE THE TERRORISM COVERAGE PROVIDED BY THE ACT.

I hereby elect to purchase coverage for terrorist acts covered by the act for an annual premium of USD \$4,300. This premium does not include applicable taxes or surcharges.

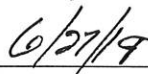
I hereby decline this offer of coverage for terrorist acts covered by the act.



Policyholder/Applicant Signature



Policyholder/Applicant Name



Date



INSURANCE PROPOSAL for Cleveland County North Carolina

To: Everette Arnold

From: Eric Putrello

At: Guilford City/County Insurance Advisory Committee

Date: 25 Jun 2019

A. POLICY TERM:

01-July-2019 to 01-July-2020

B. NAMED INSURED:

Cleveland County North Carolina

C. POLICY LIMIT:

This Company's total limit of liability, including any insured Business Interruption loss, will not exceed the Policy Limit of \$125,000,000 as a result of any one **occurrence** subject to the respective sub-limits of liability shown elsewhere in this Policy.

D. POLICY TERRITORY:

Coverage provided by this Policy is limited to property while located within the United States of America except as follows:

Cyber Coverage Territory

Coverage provided in Data Restoration; Data Service Provider Property Damage and Business Interruption and Owned Network Interruption is limited to anywhere in the world except Cuba, Iran, North Korea, Sudan, Syria or Crimea Region of Ukraine.

E. INSURANCE PROVIDED:

1. This Policy covers property, as described in this Policy, against ALL RISKS OF PHYSICAL LOSS OR DAMAGE, except as hereinafter excluded, while located as follows:

As per schedule on file dated 20-June-2019.

File Names: "BUILDINGS LIST June 2019.xlsx" and "LIST OF VEHICLES APRIL2019.xlsx"

2. This Policy covers property, as described in this Policy, against ALL RISKS OF PHYSICAL LOSS OR DAMAGE, except as hereinafter excluded, not to exceed the limits of liability specified for the coverages indicated, while located as follows:

Location Schedule

Limits of Liability

Public Shooting Complex, 283 Fielding Road, Cherryville, NC, 28021

Real Property

\$528,412

Personal Property

\$10,000

Extra Expense

See Section F. Sub-Limits



805 North Morgan Street, Shelby, NC, 28150

Real Property
Personal Property
Extra Expense

\$793,397
NOT COVERED
See Section F. Sub-Limits

F. SUB-LIMITS:

Unless otherwise stated below or elsewhere in this Policy, the following sub-limits of liability, including any insured Business Interruption loss, will be the maximum payable and will apply on a per **occurrence** basis.

The sub-limits stated below or elsewhere in this Policy are part of and not in addition to the Policy Limit.

When a limit of liability applies to a **location** or property, such limit of liability will be the maximum amount payable for all loss or damage.

There shall be no liability under this Policy when “NOT COVERED” is shown as a sublimit.

1. \$50,000,000 Earth Movement **annual aggregate** for all coverages provided, and is the maximum amount payable for all loss or damage caused by or resulting from Earth Movement, not to exceed:
 - \$50,000 Earth Movement **annual aggregate** as respects Data Service Provider, Errors and Omissions, Off-Premises Service Interruption, Unnamed Property and Supply Chain combined.
2. \$50,000,000 Flood **annual aggregate** for all coverages provided, and is the maximum amount payable for all loss or damage caused by or resulting from Flood, not to exceed:
 - \$1,000,000 Flood **annual aggregate** for all coverages provided as respects Motor vehicles, Trucks, and Trailers
 - \$50,000 Flood **annual aggregate** as respects Data Service Provider, Errors and Omissions, Off-Premises Service Interruption, Unnamed Property and Supply Chain combined.
3. \$2,500,000 Motor Vehicle Coverage
4. \$1,000,000 As respects Communication Towers, Radio Towers, Transmission Towers, and associated equipment fixed to towers **annual aggregate**, at the following **location(s)** combined:
 - 100 Justice Place, Shelby, NC, 28150
 - 1013 N Piedmont Avenue, Kings Mountain, NC, 28086
 - 1014 N Washington Street, Shelby, NC, 28150
 - 129 Shytle Drive, Shelby, NC, 28150
 - 230 S Post Road, Shelby, NC, 28152
 - 2944 Old Cliffside Road, Shelby, NC, 28152
5. \$1,000,000 Library Books, Periodicals, and Rare Books, limit of \$250 for each
6. \$100,000 Trees, Shrubs, Plants and Lawns not to exceed a limit of \$1,000 per item
7. \$50,000 **Cyber event annual aggregate** for loss or damage to **stock in process** or finished goods manufactured by or for the Insured caused by or resulting from **cyber event** that impacts the processing, manufacturing, or testing of such property or while it is otherwise being worked on.
8. \$50,000 **Cyber event annual aggregate** as respects Data Restoration and Owned Network Interruption combined.



Additional Coverages

\$1,000,000	Accounts Receivable
\$100,000	Arson or Theft Reward
Policy Limit	Brand Protection
\$100,000	Change of Temperature
\$100,000	Communicable Disease - Property Damage annual aggregate
\$50,000	Data Restoration annual aggregate
\$50,000	Data Service Provider - Property Damage annual aggregate
Policy Limit	Debris Removal
Policy Limit	Decontamination Costs
\$100,000	Deferred Payment
Policy Limit	Demolition and Increased Cost of Construction
\$1,000,000	Errors and Omissions
\$250,000	Expediting Expenses
\$1,000,000	Fine Arts not to exceed \$10,000 per item for irreplaceable Fine Arts
\$50,000	Green Coverage not to exceed 25% of the amount of the property damage loss
\$50,000	Land and Water Clean Up Expense annual aggregate
\$100,000	Locks and Keys
\$100,000	Money and Securities
\$2,500,000	Newly Acquired Property
\$500,000	Off-Premises Service Interruption - Property Damage
\$100,000	Professional Fees
Policy Limit	Property Removed from a Location
Policy Limit	Protection and Preservation of Property - Property Damage not to exceed \$250,000 for security costs
\$100,000	Tax Treatment
\$100,000	Tenants Legal Liability
	Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement
\$125,000,000	A. United States Certified Act of Terrorism coverage
\$100,000	B. Terrorism Coverage for Locations Outside of the United States annual aggregate not to exceed \$100,000 annual aggregate for Property Removed from a Location, Unnamed Property and Flood
\$500,000	Transit not to exceed \$250,000 for Business Interruption
\$1,000,000	Unnamed Property
\$1,000,000	Valuable Papers and Records not to exceed \$10,000 per item for irreplaceable Valuable Papers and Records

Business Interruption Coverage

NOT COVERED	Gross Earnings
NOT COVERED	Gross Profits
NOT COVERED	Rental Income
\$25,000	Extra Expense

Business Interruption Coverage Extensions

NOT COVERED	Attraction Property
NOT COVERED	Civil or Military Authority
NOT COVERED	Communicable Disease - Business Interruption annual aggregate
NOT COVERED	Contractual Penalties
NOT COVERED	Crisis Management
NOT COVERED	Data Service Provider - Business Interruption



NOT COVERED	Extended Period of Liability
NOT COVERED	Ingress/Egress
NOT COVERED	Leasehold Interest
NOT COVERED	Logistics Extra Cost
NOT COVERED	Off-Premises Service Interruption - Business Interruption
NOT COVERED	Owned Network Interruption annual aggregate
NOT COVERED	Protection and Preservation of Property - Business Interruption
NOT COVERED	Research and Development
\$100,000	Soft Costs
NOT COVERED	Supply Chain

G. DEDUCTIBLE AMOUNT:

This Company will not be liable for loss or damage, including any insured Business Interruption loss, in any one **occurrence** until the amount of loss or damage exceeds the deductible amount shown below and then this Company will only be liable for its share of the loss or damage in excess of the deductible amount. If two or more deductibles apply to a single **occurrence**, then no more than the largest deductible amount will apply. However, this Policy allows for the application of separate and distinct deductibles and deductibles for specific loss or damage as shown below.

The following deductible amounts shall apply per **occurrence**, unless otherwise stated, for insured loss or damage under this Policy:

1. \$100,000 Earthquake (per **location** for all coverages provided).
2. \$100,000 Flood (per **location** for all coverages provided).
3. Communicable Disease Property Damage:

Qualifying Period: This Company will not be liable for loss or damage unless access is limited, restricted or prohibited in excess of 48 hours.

Should this time be exceeded, the insured costs will be calculated beginning from the time access is limited, restricted or prohibited subject to a deductible of \$25,000.

4. Data Restoration:

Qualifying Period: 48 hours.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to a deductible of \$25,000.

5. Data Service Provider - Property Damage:

Qualifying Period: 48 hours.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to a deductible of \$25,000.



6. Off Premises Service Interruption Property Damage:

Qualifying Period: This Company will not be liable for loss or damage unless the Period of Liability exceeds 48 hours.

Should this time be exceeded, the insured loss or damage will be calculated beginning from the time of loss subject to the deductible(s) that would have applied to the cause of the interruption of services, but not less than \$25,000.

- 7. \$50,000 For the perils of Riot and/or Civil Commotion for the following **location(s)**:
407 McBrayer Street, Shelby, NC, 28150
- 8. \$50,000 All Other Losses, as respects Motor vehicles, Trucks and Trailers.
- 9. \$50,000 All Other Losses, at the following **location(s)**:
807 North Morgan Street, Shelby, NC, 28150
- 10. \$25,000 All Other Losses.

H. SPECIAL TERMS AND CONDITIONS:

1. **Transmission and Distribution Systems Exclusion - PRO 132 (1/19)**

PROPERTY EXCLUDED is amended to include:

Transmission and distribution systems, except at a **described location** but not within the 1,000 feet extension provided by the PROPERTY INSURED wording.

2. **Pavements and Roadways Exclusion**

PROPERTY EXCLUDED is amended to include:

Pavements and Roadways.

3. **Motor Vehicle Coverage - PRO 141 (1/17)**

This Policy covers:

- a) Motor vehicles;
- b) Trucks; and
- c) Trailers;

Licensed for highway use.

PROPERTY EXCLUDED, item 7., is amended to:

- 7. Motor vehicles owned by directors, officers and employees of the Insured



Motor Vehicle Coverage Exclusion: With respect to Motor Vehicle Coverage, the following additional exclusions apply:

This Policy does not cover loss or damage resulting from:

- i) Collision; or
- ii) Overturn;

While such motor vehicles, trucks, and trailers are being operated under their own power; or being towed (whether or not in motion at the time of loss).

Motor Vehicle Coverage Valuation: On property insured under this coverage, the loss amount will not exceed the **actual cash value**.

4. **Historical Replacement Cost - PRO 157 (1/17)**

LOSS ADJUSTMENT AND SETTLEMENT, VALUATION, is amended to include:

With respect to buildings designated by a local, state, or federal authority to be of historical significance or of historical value, such rebuilding, repairing or replacement shall be with modern material, workmanship processes, technologies and designs, and shall not include the cost of re-creating outdated, archaic or antiquated materials, workmanship, processes, technologies, or designs, whether or not such cost otherwise would be covered under ADDITIONAL COVERAGES, Demolition and Increased Cost of Construction.

5. **Library Books, Periodicals, and Rare Books - PRO 75 (4/15)**

With respect to library books, including rare book collections, the valuation clause of the Valuable Papers and Records coverage in this Policy is amended as follows:

Valuable Papers and Records Valuation: On property insured under this coverage, the loss amount will not exceed the lesser of:

- a. The cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information; or
- b. The value designated for the property as shown in the DECLARATIONS of this Policy; or
- c. The value designated for the property on a schedule on file with this Company.

If the property is not replaced or restored, this Company will pay the blank value of such **valuable papers and records**.



6. **Actual Cash Value Valuation - PRO 18 (4/15)**

LOSS ADJUSTMENT AND SETTLEMENT, VALUATION, item 1. is amended to:

- 1) Adjustment of physical loss to property will be determined based on the lesser of the following unless stated otherwise below or elsewhere in this Policy:
 - a) The **actual cash value**;
 - b) The cost to repair;
 - c) The cost to rebuild or replace on the same site with new materials of like size, kind and quality;
 - d) The cost to rebuild, repair or replace on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss.

Applying to the following **described location(s)**:

283 Fielding Road, Cherryville, NC, 28021

7. **Named Perils Coverage - PRO 24 (4/15)**

This Policy covers **named perils** at the following location(s):

Location

283 Fielding Road, Cherryville, NC, 28021

PROPERTY EXCLUDED is amended to include the following:

Property at the following location(s):

Location

283 Fielding Road, Cherryville, NC, 28021

Except for loss or damage caused by **named perils**.

8. **United States Certified Act of Terrorism 2015**

As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico, the definition of terrorism contained in DEFINITIONS is declared null and void and it is agreed that an event defined as a Certified Act of Terrorism under the terms of the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT attached to this Policy shall be considered terrorism within the terms of this policy. Notwithstanding anything contained in this Policy to the contrary, this Policy provides coverage for direct physical loss or damage to insured property and any resulting Business Interruption loss, as provided in the Policy, caused by or resulting from a Certified Act of Terrorism only to the extent coverage is provided under the terms and conditions of the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT attached to this policy. Any difference in limit between loss recoverable under the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT and this Policy is not recoverable under this Policy.



I. INDEX OF FORMS:

The following forms are made part of this Policy:

<u>Title</u>	<u>Form No.</u>	<u>Edition</u>
Declarations Page	PRO DEC 4100	(04/15)
Declarations	PRO S-1 4100	(01/17)
All Risk Coverage	PRO AR 4100	(01/17)
Cyber Event Endorsement	PRO CYBER EVENT 4100	(06/19)
Supplemental United States Certified Act of Terrorism Endorsement	7312	(1/15)
North Carolina Amendatory Endorsement	AFM 6499	(04/15)

Total Premium **including** the United States Certified Act of Terrorism coverage: \$144,800 at 16.00% commission

Total Premium **excluding** the United States Certified Act of Terrorism coverage: \$140,500 at 16.00% commission

Total Premium for the United States Certified Act of Terrorism: \$4,300 at 16.00% commission

If the option to purchase coverage for the United States Certified Act of Terrorism is elected, the Additional Coverages Sub-Limit for Terrorism Coverage part A. will be amended to A. \$125,000,000

Applicable state taxes, surcharges and fees are not included in this proposal. Applicable state taxes, surcharges and fees will be added to the invoice.

Any variations between this proposal letter and AFM forms versus your application are not provided.

This proposal expires 7/1/19.