





# Proposal of Insurance

## Whatcom County

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Arthur J Gallagher Risk Management Services, LLC  
AJG License Nos. IL 100292093 / CA 0D69293



**Gallagher**

Insurance | Risk Management | Consulting

# Whatcom County

## Proposal Summary

We appreciate the opportunity to quote your business insurance. This proposal is a summary of policy terms and conditions.

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

This proposal provides coverage highlights along with the attached carrier quotations for the following coverages:

- Excess Workers Compensation

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

The values and schedules are per the expiring policy or the information you have previously provided. It is your responsibility to notify us of all necessary changes to your schedules

Information contained in this proposal is intended to provide a brief overview of coverages. It should be used for reference purposes only. It is not intended to provide a full list of policy exclusions, limitations, and conditions. The provided quotes should be reviewed for further details. Coverage afforded to you is subject to all terms, conditions, and exclusions of the bound and issued policies.

### **To Bind Coverage:**

Please refer to the attachment document titled, ***“Client Authorization to Bind Coverage”***:

- Note any changes you desire to be made
- Place a check mark next to the coverage(s) you wish to accept
- Date and Sign
- Return prior to the effective date of coverage

**Thank you for allowing Gallagher to service your insurance needs. We appreciate your business and look forward to working with you in the coming year. Please contact me if you have any questions.**

Sincerely,

*Martina Chau*

Martina Chau  
Client Service Associate

Enclosure



# Whatcom County

## Your Gallagher Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.

| <i>Service Team</i>                                   | <i>Role</i>               | <i>Email</i>   | <i>Phone</i>     |
|---|---------------------------|--|------------------|
| <b>Julie McCallum</b><br>Producer                     | Producer                  | <a href="mailto:Julie_McCallum@AJG.com">Julie_McCallum@AJG.com</a>       | (425) 586 - 1040 |
| <b>Charles Underhill</b><br>Client Service Supervisor | Client Service Supervisor | <a href="mailto:Charles_Underhill@ajg.com">Charles_Underhill@ajg.com</a> | (425) 586 - 1045 |
| <b>Shelby Hand</b><br>Client Service Manager          | Client Service Manager    | <a href="mailto:Shelby_Hand@ajg.com">Shelby_Hand@ajg.com</a>             | (425) 492 - 1858 |
| <b>Martina Chau</b><br>Client Service Associate       | Client Service Associate  | <a href="mailto:Martina_Chou@ajg.com">Martina_Chou@ajg.com</a>           | (425) 974 - 3274 |



# Whatcom County

## Premium Summary

The estimated program cost for the options are outlined in the following table:

| Line of Coverage                   |                        | Expiring                           | Renewal Option                     |
|------------------------------------|------------------------|------------------------------------|------------------------------------|
|                                    |                        | Midwest Employers Casualty Company | Midwest Employers Casualty Company |
| <b>Excess Workers Compensation</b> | Premium                | \$112,560.00                       | \$110,991.00                       |
|                                    | TRIA (Included)        | \$3,377.00                         | \$3,330.00                         |
|                                    | <b>Estimated Cost*</b> | <b>\$115,937.00</b>                | <b>\$114,321.00</b>                |
|                                    | Change (\$)            | -                                  | \$1,616.00                         |
| <b>Total Cost</b>                  |                        |                                    | <b>\$110,991.00</b>                |

\*Estimated Cost includes all taxes, fees, surcharges and TRIA premium (if applicable)

Premiums are due and payable as billed and may be financed, subject to acceptance by an approved finance company. Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required. Note: Unless prohibited by law, Gallagher may earn compensation for this optional value-added service.

Gallagher is responsible for the placement of the following lines of coverage: Excess Workers Compensation, Environment Liability.

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.

## Named Insured

| Named Insured  | Excess Workers Compensation |
|----------------|-----------------------------|
| Whatcom County | X                           |

**Note:** Any entity not named in this proposal may not be an insured entity. This may include affiliates, subsidiaries, LLCs, partnerships, and joint ventures.



# Whatcom County

## Market Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

| Line Of Coverage            | Insurance Company ** (AM Best Rate/Financial Strength) | Market Response *        | Admitted *** |
|-----------------------------|--|--------------------------|--------------|
| Excess Workers Compensation | Midwest Employers Casualty Company (A+ XV)             | Recommended Quote/Quoted | Admitted     |

\*If shown as an indication, the actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

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

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A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the AM Best website at <http://www.ambest.com/ratings>.

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

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



# Whatcom County

## Coverage Highlights

### Excess Workers Compensation

|   | Recommended Quote                  |
|---|------------------------------------|
| <b>Policy Term</b>  | 01/01/2025 – 01/01/2026            |
| Carrier Information   | Midwest Employers Casualty Company |
| Payment Plan  | Deposit Premium - \$110,991.00     |
| Payment Method  | Agency Bill                        |
| <b>Premium &amp; Exposures</b>  |                                    |
| Excess Workers Compensation Premium   | \$110,991.00                       |
| Terrorism – TRIA (Included)   | \$3,330.00                         |
| <b>Broker Fee</b>   | <b>\$8,578.00</b>                  |
| <b>Estimated Cost</b>   | <b>\$110,991.00</b>                |
| Exposure  | 1,739,675 Worker Hours             |
| Rate Per Worker Hour  | 0.0638                             |
| Auditable / Frequency   | Auditable                          |
| Minimum Type  | Minimum Premium                    |
| Minimum Amount  | \$99,892.00                        |
| <b>Core Excess Workers Compensation Coverages</b>   |                                    |
| <b>Employer Liability Limits</b>  |                                    |
| <ul style="list-style-type: none"> <li>Bodily Injury by Accident - Each Accident</li> </ul>                                   | \$1,000,000                        |
| <ul style="list-style-type: none"> <li>Bodily Injury by Disease - Per Employee</li> </ul>                                     | \$1,000,000                        |
| <ul style="list-style-type: none"> <li>Bodily Injury by Disease - Policy Limit</li> </ul>                                     | \$1,000,000                        |
| Specific Limit  | Statutory                          |
| Specific Retention  | \$750,000                          |
| Specific Retention - 6905 WA  | \$1,000,000                        |
| Specific Retention - 6906 WA  | \$1,000,000                        |
| Estimated Annual Payroll (Total)  | \$91,211,711                       |
| Deductible (If Any)   | None                               |
| States covered under Item 3 A.  | WA                                 |
| Other States Insurance Covered Under Item 3 C - Broad Form All States Except Monopolistic (ND, OH, WA, WY)                    | N/A                                |
| Voluntary Compensation Endorsement  | Yes                                |
| <b>Endorsements including but not limited to:</b>   |                                    |
| Significant policy endorsements include, but are not limited to, those listed on the attached quote/policy form/endorsements. |                                    |
| <b>Exclusions including but not limited to:</b>   |                                    |
| Significant policy exclusions include, but are not limited to, those listed on the attached quote/policy form/endorsements.   |                                    |



# Whatcom County

## Claims Reporting By Policy

**Immediately report all claims.** Each insurer requires notice of certain types of claims depending on the potential exposure or particular injury types. It is important to thoroughly review your policy to ensure you are reporting particular incidents and claims, based upon the insurer's policy requirements.

If you are using a third party administrator ("TPA"), your TPA may or may not report claims to an insurer on your behalf. Although we will assist you where requested, it is important that you understand whether your TPA will be completing this notification.

### Reporting Direct to Carrier [Only When Applicable]

| Coverage(s): Excess Workers Compensation           | Immediately report claims directly to:  |
|--|---|
| <b>Insurer:</b> Midwest Employers Casualty Company | Insurer/TPA Name: Midwest Employers Casualty Company<br>Phone: (6336) 449 - 7167<br>Email: <a href="mailto:newclaim@MECasualty.com">newclaim@MECasualty.com</a><br>Web: <a href="https://www.mecasualty.com/claims-admin">https://www.mecasualty.com/claims-admin</a> |
| <b>Policy Term:</b> 01/01/2025 – 01/01/2026        |   |





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## Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

### Proposal Disclaimer

**IMPORTANT:** The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, Exclusions including but not limited to: limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

### Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary based on market conditions and the insurance product placed for the client.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.
3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.
4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

### TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

TRIPRA is set to expire on December 31, 2027. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2027. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

### Property Estimator Disclaimer

These property values were obtained using a desktop Property Estimator software operated by non-appraisal professionals. These property values represent general estimates which are not to be considered a certified appraisal. These property values include generalities and assumptions that may produce inaccurate values for specific structures.

### Terms and Conditions



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It is important that we clearly outline the nature of our mutual relationship. The following terms and conditions (these “Terms”) govern your relationship with Gallagher unless you have separately entered into a written services agreement with Gallagher relative to the policies and services outlined in this Proposal, in which case that services agreement will govern and control with respect to any conflicts with these Terms. These Terms will become effective upon your execution of the Client Authorization to Bind Coverage (the “CAB”) included in this Proposal and shall survive for the duration of your relationship with Gallagher relative to the policies placed pursuant to the CAB or otherwise at your request.

## Services

Gallagher will represent and assist you in all discussions and transactions with insurance companies relating to the lines of insurance coverage set forth in the CAB and any other lines of insurance coverage with which you request Gallagher’s assistance. Gallagher will consult with you regarding any matters involving these or other coverages for which you have engaged Gallagher. You have the sole discretion for approving any insurance policies placed, as well as all other material decisions involving your risk management, risk transfer and/or loss prevention needs.

Although you are responsible for notifying applicable insurance companies directly in connection with any claims, demands, suits, notices of potential claims or any other matters as required by the terms and conditions of your policies, Gallagher will assist you in determining applicable claim reporting requirements.

## Treatment of Information

Gallagher understands the need to protect the confidentiality and security of your confidential and sensitive information and strives to comply with applicable data privacy and security laws. Your confidential and sensitive information will be protected by Gallagher and only used to perform services for you; provided that Gallagher may disclose and transfer your information to our affiliates, agents or vendors that have a need to know such information in connection with the provision of such services (including insurance markets, as necessary, for marketing, quoting, placing and/or servicing insurance coverages). We may also disclose such information as required by applicable data protection laws or the order of any court or tribunal, subject to our providing you with prior notice as permitted by law.

We will (i) implement appropriate administrative, physical and technical safeguards to protect personal information; (ii) timely report security incidents involving personal information to affected parties and/or regulatory bodies; (iii) create and maintain required policies and procedures; and (iv) comply with data subjects’ rights, as applicable. To the extent applicable under associated data protection laws, you are a “business” or “controller” and Gallagher is a “service provider” or “data processor.” You will ensure that any information provided to Gallagher has been provided with any required notices and that you have obtained all required consents, if any and where required, or are otherwise authorized to transfer all information to Gallagher and enable Gallagher to process the information for the purposes described in this Proposal and as set forth in Gallagher’s Privacy Policy located at <https://www.ajg.com/privacy-policy/>. Gallagher may update its Privacy Policy from time to time and any updates will be posted to such site.

## Dispute Resolution

Gallagher does not expect that it will ever have a formal dispute with any of its clients. However, in the event that one should arise, we should each strive to achieve a fair, expedient and efficient resolution and we’d like to clearly outline the resolution process.

- A. If the parties have a dispute regarding Gallagher’s services or the relationship governed by this Proposal (“**Dispute**”), each party agrees to resolve that Dispute by mediation. If mediation fails to resolve the Dispute, you and Gallagher agree to binding arbitration. Each party waives all rights to commence litigation in court to resolve a Dispute, and specifically waives all rights to pursue relief by class action or mass action in court or through arbitration. However, the parties do not waive the ability to seek a court order of injunction in aid of the mediation and arbitration required by these Terms.
- B. The party asserting a Dispute must provide a written notice (“**Notice**”) of the claim to the other party and to the American Arbitration Association (“**AAA**”) in accordance with its Commercial Arbitration Rules and Mediation Procedures. All Dispute resolutions will take place in Chicago, IL, unless you and Gallagher agree to another location. The parties will equally divide all costs of the mediation and arbitration proceedings and will each pay their own attorneys’ fees. All matters will be before a neutral, impartial and disinterested mediator or arbitrator(s) that have at least 20 years’ experience in commercial and insurance coverage disputes.
- C. Mediation will occur within sixty (60) days of filing the Notice with the AAA. Mediation results will be reduced to a memorandum of understanding signed by you, Gallagher and the mediator. A Dispute that is not resolved in mediation will commence to binding arbitration. For Disputes in excess of \$500,000, either party may elect to have the Dispute heard by a panel of three (3) arbitrators. The award of the arbitrator(s) must be accompanied by a reasoned opinion



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prepared and signed by the arbitrator(s). Except as may be required by law, neither you, Gallagher, nor a mediator or arbitrator may disclose the existence, content or results of any Dispute or its dispute resolution proceeding without the prior written consent of both you and Gallagher.

## **Electronic Delivery**

In lieu of receiving documents in paper format, you agree, to the fullest extent permitted by law, to accept electronic delivery of any documents that Gallagher may be required to deliver to you (including, but not limited to, insurance policies and endorsements, account statements and all other agreements, forms and communications) in connection with services provided by Gallagher. Electronic delivery of a document to you may be made via electronic mail or by other electronic means, including posting documents to a secure website.

## **Miscellaneous Terms**

Gallagher is engaged to perform services as an independent contractor and not as your employee or agent, and Gallagher will not be operating in a fiduciary capacity.

Where applicable, insurance coverage placements and other services may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees to the Internal Revenue Service, various State(s) departments of revenue, state regulators, boards or associations. In such cases, you will be responsible for the payment of the taxes and/or fees, which Gallagher will separately identify on related invoices.

The Proposal and these Terms are governed by the laws of the State of Illinois, without regard to its conflict of law rules.

If an arbitrator/court of competent jurisdiction determines that any provision of these Terms is void or unenforceable, that provision will be severed, and the arbitrator/court will replace it with a valid and enforceable provision that most closely approximates the original intent, and the remainder of these Terms will remain in effect.

Except to the extent in conflict with a services agreement that you may enter into with Gallagher, these Terms and the remainder of the Proposal constitute the entire agreement between you and Gallagher with respect to the subject matter of the Proposal, and supersede all prior negotiations, agreements and understandings as to such matters.



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## Bindable Quotations & Compensation Disclosure Schedule

**Client Name:** Whatcom County

| Coverage                    | Insurance Company                  | Wholesaler, MGA, or Intermediary Name <sup>1</sup> | Est. Annual Premium <sup>2</sup> | Comm. % or Fee <sup>3</sup> | Gallagher U.S. Owned Wholesaler, MGA, or Intermediary % and/or Fee |
|-----------------------------|------------------------------------|--|----------------------------------|-----------------------------|--|
| Excess Workers Compensation | Midwest Employers Casualty Company | N/A  | \$110,991.00                     | 0%                          | N/A  |

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

2 If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

\* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.

3 The commission rate is a percentage of annual premium excluding taxes & fees.

\* Gallagher is receiving \_\_\_% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.



## Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 01/01/25, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

|   | Coverage/Carrier   |
|---|--|
| X Accept <input type="checkbox"/> Reject  | <b>Excess Workers Compensation</b><br>Midwest Employers Casualty Company |
| <b>TRIA - Excess Workers Compensation</b> | <b>Included*</b>   |

\*For this coverage, TRIA cannot be rejected

**Coverage Amendments and Notes:**

**Fee Agreement:** *In lieu of or In addition to* commission received by Gallagher for the policy term reflected herein, effective: 1/1/2025 Gallagher will receive a fee of: **\$8,578.00** for:

- Placement of Insurance Coverage

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

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

**Exposures and Values**

You confirm the payroll, values, schedules, and any other information pertaining to your operations, and submitted to the underwriters, were compiled from information provided by you. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies. You acknowledge it is your responsibility to notify Gallagher of any material change in your operations or exposures.

**Additional Terms and Disclosures**

Gallagher is not an expert in all aspects of your business. Gallagher's Proposals for insurance are based upon the information concerning your business that was provided to Gallagher by you. Gallagher expects the information you provide is true, correct and complete in all material respects. Gallagher assumes no responsibility to independently investigate the risks that may be facing your business, but rather have relied upon the information you provide to Gallagher in making our insurance Proposals.

Gallagher's liability to you arising from any of Gallagher's acts or omissions will not exceed \$20 million in the aggregate. The parties each will only be liable for actual damages incurred by the other party, and will not be liable for any indirect, special, exemplary, consequential, reliance or punitive damages. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with the Proposal, any of Gallagher's



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services or your relationship with Gallagher may be brought by either party any later than two (2) years after the accrual of the claim or cause of action.

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

You have read, understand and agree that the information contained in the Proposal and all documents attached to and incorporated into the Proposal, is correct and has been disclosed to you prior to authorizing Gallagher to bind coverage and/or provide services to you. By signing below, or authorizing Gallagher to bind your insurance coverage through email when allowed, you acknowledge you have reviewed and agree with terms, conditions and disclosures contained in the Proposal.

By: \_\_\_\_\_  
Print Name (Specify Title)

\_\_\_\_\_  
Company

\_\_\_\_\_  
Signature

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

