

RENEWAL INSURANCE PROPOSAL FOR:

THE 534 WEST 42ND STREET
CONDOMINIUM

Mailing Address

Livingston Management Services LLC
225 West 35th Street
New York, NY 10001



Rampart
INSURANCE SERVICES

Presented by:
Marc Fells

Rampart Brokerage Corp.

June 8, 2018

This is a summary of *proposed* insurance coverage---not a legal contract. It does not constitute an acceptance or binding of coverage. This proposal does not present all the proposed policy terms, limitations, conditions, and exclusions that will govern in the event of a loss. Specimen copies of the policy forms are available for your review prior to binding coverage.

We have depended upon information that you provided. We suggest that you carefully review this proposal to confirm that it reflects the coverage, limits, and terms that you require. Higher limits of liability and additional coverage options may be available. Any questions about the proposed coverage or additional coverage should be brought to our attention.

If there are other areas that need to be evaluated prior to binding coverage, or if any of the information you provided is now inaccurate, please let us know. Once coverage is bound, please advise us if there are any changes in your business or exposures so that proper coverage changes can be discussed.

Optional "TRIA" coverage that may be referenced throughout this proposal is defined as the limited coverage provided by the federal "Terrorism Risk Insurance Act of 2002. TRIA coverage is not terrorism coverage.

Rampart Brokerage Corp. ("Rampart") is compensated primarily through premium-based commissions that are paid by insurance companies and, in certain instances, through fees for services that are paid by its clients. Any service fee charged by Rampart will be separately stated in this proposal and a service fee agreement will be presented to you for your signature prior to binding coverage. In addition to premium-based commissions, Rampart may also be eligible to receive "contingency commissions" under placement services agreements and market services agreements with some property & casualty insurers that are dependent upon the volume of premium placed with that insurer, the retention rate, and underwriting profitability. These contingency commission payments are not guaranteed, and since they are based upon the insurer's experience with the overall business activity that is placed by Rampart, the payments are not tied to a specific policy, account, or transaction. Moreover, the eligibility to receive contingency commissions plays no role in the insurer selection process since Rampart recommends insurers based only upon competitive cost, the extent and suitability of the coverage that is offered, and the service capability and financial security of the insurer.

The Rampart Mission

Since its formation in 1965, Rampart Brokerage Corp. d/b/a Rampart Insurance Services (“Rampart”) has developed associations with many of the nation’s leading insurance carriers. These relationships allow us access to an extraordinary breadth of markets from which to create and negotiate comprehensive, competitively priced insurance programs on behalf of our clients. Our historically strong renewal retention and the significant number of clients that have been insured with Rampart for many years—through the ups and downs of market cycles—are testimony to the value we place on those relationships.

Our mission is to provide clients with cost-effective risk management products and services to protect against exposure to financial loss while adhering to the highest moral and ethical standards in all our dealings with the clients we serve and the insurers we represent. We achieve our mission by representing and advising you through the risk transfer process and by consistently providing quality customer service.

We recognize that each client has different needs for risk transfer or for loss control and claims management services. By providing prompt, courteous, and responsive service to our clients, and by maintaining exceptional relationships with the insurance carriers we represent, we are able to deliver the finest products on the most economical basis.

We take tremendous pride in our over 100 highly skilled and experienced staff. Our team of professionals is committed to delivering the finest products and value-added services. We believe this shared dedication to excellence enables us to meet the challenges of the future confidently and successfully.

Service Team

Rampart Brokerage Corp. • 1983 Marcus Avenue, Suite C130 • Lake Success, New York 11042

General Telephone Number: 516.538.7000
718.278.7000
General Fax Number: 516.390.3555
Off-hours Emergency Claims Number: 800.723.9280

<u>Chairman of the Board</u> Stanley J. Morris, CPCU	Direct Dial: 516.390.3888 Direct Fax: 516.390.3889 Email: sjmorris@rampartinsurance.com
<u>CEO / COO</u> Gary E. Morris, CIC	Direct Dial: 516.390.3626 Direct Fax: 516.390.3627 Email: gmorris@rampartinsurance.com
<u>President</u> Robert G. Morris, CLU, LUTCF	Direct Dial: 516.390.3728 Direct Fax: 516.390.3729 Email: rmorris@rampartinsurance.com
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<u>Claims Manager</u> Gina Gerbino	Direct Dial: 516.472.5924 Direct Fax: 516.472.5925 Email: ggerbino@rampartinsurance.com

Please visit our website at www.rampartinsurance.com

Package Policy

Renewal Term: July 7, 2018 – July 7, 2019

Named Insureds: If more than one, only the first named insured will receive insurance company notices at the mailing address noted on the cover page.
The 534 West 42nd Street Condominium and 534 West 42nd Street LLC

Location: 535 West 42nd Street, NY NY 10036

Property

Perils: All Risk including Flood & Earthquake and Equipment Breakdown

Valuation: Building - Replacement Cost

Deductible: The following deductibles are applicable unless stated otherwise

Peril	Deductible
All other perils	\$5,000
Flood	\$10,000
Earthquake	2% of TIV
Employee Dishonesty	\$500
Water Damage Legal Liability	\$5,000

Coverage: The property coverage and limits below should be carefully reviewed based on the valuation clause. We cannot assure that these limits will be adequate in the event of a loss. Higher limits may be available.

Type of Property	Coinsurance	Limit
Building	None	\$4,000,000
Rents/Fees	100%	\$100,000

Flood:

Limit	Aggregate	Deductible
\$1,000,000	\$1,000,000	\$10,000

Limitations: This location only

Earthquake:

Limit	Aggregate	Deductible
\$1,000,000	\$1,000,000	2% of TIV

Limitations: This location only

Enhancements:	The proposed coverage includes, but is not limited to, the following:	Amount
	Equipment Breakdown	Included
	Building Ordinance or Law	Included
	Demolition	\$500,000
	Increased Cost of Construction	\$500,00
	Water Back up of Sewers and Drains	\$500,000
	Joint or Disputed Loss Agreement	
	Employee Dishonesty/Fidelity	\$50,000
Exclusions:	Fungus Wet Rot and Dry Rot Exclusion	
	Pollution Exclusion	

Property Limits and Valuation Considerations

One of the factors that insurance companies use to calculate the value of a property loss settlement is the valuation clause for that property as detailed in the policy. There are many types of property valuation clauses depending upon the type of property that is being covered.

Buildings are usually valued at “Replacement Cost”. If building coverage is included in this proposal, we suggest that you engage a professional building appraiser who can assist you in determining a building’s replacement cost at current prices.

We cannot assure that the proposed property limits will be adequate in the event of a loss. Only you know the value of your property. When you review the adequacy of the proposed property limits, you should consider the proposed valuation clause(s). Some types of valuation clauses, as well as other property limit considerations are explained below. We would be pleased to review the property valuation clauses with you so you can properly choose adequate limits.

Replacement Cost

If the property valuation is “Replacement Cost”, at the time of loss, the loss will be settled based on the lesser of the cost to repair or replace without a deduction for depreciation. Often, “Replacement Cost” valuation reverts to “Actual Cash Value” if the subject property is not replaced. Replacement cost is often used to value buildings and business personal property.

Actual Cash Value

If the property valuation is “Actual Cash Value”, at the time of loss, the property will be valued at Replacement Cost less depreciation.

Selling Price

Stock or merchandise may be valued at “Selling Price”. This is the price for which stock or merchandise is sold. Selling Price valuation clauses are often further detailed to make adjustments, one of which may be a deduction for non-incurred charges. Selling price may also apply to certain types of stock, such as stock that is sold, or stock that is finished in the manufacture process.

Coinsurance

Coinsurance is a policy provision requiring the insured to carry property limits equal to a specific percentage of the *full* value of the property covered to avoid a penalty at the time of a loss. We recommend that property limits always represent the full value of the property insured based on the property valuation clause.

Agreed Amount

The Agreed Amount endorsement waives the coinsurance clause. The insurance company and the insured must first agree on the amount of insurance on the property to qualify for the Agreed Amount endorsement. The property insurance limits are expected to equal 100% of the value of the property covered.

General Liability

Description: Covers your legal liability for bodily injury, property damage, and personal injury due to negligence.

Limits:	General Aggregate	\$2,000,000
	Products & Completed Operations Aggregate	included
	Each Occurrence	\$1,000,000
	Personal & Advertising Injury	\$1,000,000
	Fire Damage Legal Liability	\$100,000
	Medical Expense	\$25,000
	Water Damage Legal Liability	\$1,000,000
	Deductible	\$5,000
	Hired & Non Owned Auto Liability	\$1,000,000
	Directors & Officers Liability	\$1,000,000
	Retention	\$1,000

Premium Basis:	<u>Classification</u>	<u>Basis</u>	<u>Exposure</u>
	Condominium Occupied Building	Units	7
	Mercantile	Sq feet	286

Premium subject to audit.

Forms & Enhancements:	The proposed coverage includes, but is not limited to, the following:	<u>Amount</u>
	Broad Form General Liability	
Exclusions & Limitations:	Employment Practices Practices Exclusion	
	Communicable Diseases Exclusion	
	Exclusion – Designated Products	

Additional Interests:	<u>Name</u>	<u>Interest</u>
	To be advised if any – Please advise	

Subject To: Coverage is subject to the following conditions and/or warranties:

- 1) Completed, signed, and dated Brownstone application (Enclosed is Pre-filled application).
- 2) Completed, signed, and dated REQUIRED New York Anti-Arson Application for each location. Blank copy is enclosed.
- 3) Contact for Loss Control inspection.
- 4) Elevator Maintenance certificate.
- 5) Completed and Signed MANAGEMENT LIABILITY/CRIME SUPPLEMENTAL APPLICATION

Premium Comparison

<u>Coverage</u>	<u>2017 Expiring</u>	<u>2018 Renewal</u>
Package Property & Liability	\$7,083.00*	\$7,625.73

*The Expiring policy was a 3 year policy total premium \$21,249 for 3 years.

The prior carrier is no longer offering this package policy and has withdrawn from the marketplace.

Insurer

<u>Insurer</u>	<u>Best's Rating</u>	<u>NYS Admitted/Non-Admitted</u>
Argonaut Insurance Company	A VIII	Admitted

GUIDE TO BEST'S RATINGS

Secure Ratings		Vulnerable Ratings		Rating Modifiers	
A++, +.....	Superior	C++, C+.....	Marginal	g.....	Group
A, A-.....	Excellent	C, C-.....	Weak	p.....	Pooled
B++, +.....	Very Good	D.....	Poor	r.....	Reinsured
B, B-.....	Fair	E.....	Regulatory	u.....	Under review
		F.....	In Liquidation		
		S.....	Rating Suspended		

Financial Size Categories (in \$Millions of reported policyholders' surplus and conditional reserve funds)										
FSC I.....Up	to	1		FSC VI.....25	to	50		FSC XI.....750	to	1,000
FSC II.....1	to	2		FSC VII.....50	to	100		FSC XII....1,000	to	1,250
FSC III.....2	to	5		FSC VIII....100	to	250		FSC XIII...1,250	to	1,500
FSC IV.....5	to	10		FSC IX.....250	to	500		FSC XIV...1,500	to	2,000
FSC V.....10	to	25		FSC X.....500	to	750		FSC XV....2,000	to	greater

Not Rated Categories (NR): Categories not assigned a Best's Rating or FPR are assigned to one of the NRT categories which identifies the primary reason a rating category was not assigned to the company.

NR-1.....Insufficient Data		NR-4.....Company Request
NR-2.....Insufficient Size and/or Operation Experience		NR-5.....Nor Formally Followed
NR-3.....Rating Procedure Inapplicable		

Non-admitted Insurers

An insurance policy issued by an insurer that is not licensed by the state is called a "Non-Admitted" or "Surplus Lines" insurer. A non-admitted insurer is not subject to state supervision and may not be subject to all of the regulations of the insurance department pertaining to policy forms. In the event of a non-admitted insurer's insolvency, insureds are not protected by the New York State security funds.

A.M. Best & Co. is widely recognized as an authority in the evaluation of insurers' financial strength. These ratings are not a warranty of an insurer's continued performance. Rampart cannot guarantee the solvency of any insurer.

Additional Coverage Options

This proposal may not include quotations for all the types of coverage that may be available and applicable to your business. Some may already be integrated into your insurance program. Coverage for your consideration includes, but is not limited to:

Employee Dishonesty

Covers money, securities, merchandise, and other business property against loss through the dishonest acts of employees.

Employment Related Practices Liability

This coverage is generally covers the actual or alleged wrongful termination, sexual harassment or discrimination against an employee or prospective employee.

Directors and Officers Liability

Insures against claims for negligent acts, errors or omissions alleged to have been committed by present or former directors and officers.

Environmental Insurance

Bodily injury, property damage, and cleanup due to pollution can be covered. Most general liability policies have an “absolute pollution exclusion.”

Group Travel Accident

Provides a benefit to employees and their families while traveling.

Kidnap & Ransom

Coverage can include direct loss and expenses incurred due to kidnap, extortion, detention, or hijack.

Fiduciary Liability

Covers the fiduciary or trustee for negligent acts or any violations of the provisions of the Pension Reform Act of 1974 (E.R.I.S.A.).

Professional Liability

Compensatory damages are provided due to a negligent act, error, or omission arising out of the performance of a professional service for others.

In the event of a loss

If a loss, or an incident that may result in a loss, occurs, each insurance policy requires that you follow specific procedures and comply with certain provisions. Each policy's reporting requirements and provisions may differ. We suggest you read each policy's claim notification provisions carefully.

PROPERTY LOSSES

Immediate written notice of the loss must be given in the event of any direct damage to property.

The notice of loss should include a description of how, when, and where the loss or damage occurred.

Notify the police if a law may have been broken, as in the case of burglary, theft or vandalism.

You are obligated to take all reasonable steps to protect your property from further damage. Examples include: boarding up windows or making temporary repairs to your roof if damaged. We suggest that you take pictures or video of any damaged property prior to such repair. Keep records of your expenses for consideration in the settlement of your loss.

Complete inventories of the damaged or destroyed property must be provided, including description, quantities, and costs.

LIABILITY

You must report any known or alleged injury or damage as soon as possible.

If a claim or suit is filed against you, you are obligated to cooperate with the company. Your policy prohibits you from making any voluntary payments or assuming liability in any way.

You are required to report any occurrence that may result in a claim, therefore, you should emphasize to your employees the importance of reporting any incident to management, no matter how insignificant they feel it may be.

AUTHORIZATION TO BIND COVERAGE

I authorize Rampart Brokerage Corp. to bind the line(s) of coverage indicated below as presented in this proposal. Once coverage is bound, I am responsible for any earned, minimum, or fully earned premium. Any additional coverage that is not included in this proposal and for which I would like a quote will be noted below.

<u>Line of Business</u>	<u>Effective</u>	<u>Bind</u>	<u>Do Not Bind</u>	<u>Reject TRIA</u>
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐
		☐	☐	☐

Coverage Options

Coverage should be bound with the following coverage options:

<u>Description</u>	<u>Accept</u>
	☐
	☐
	☐
	☐
	☐
	☐

Request for Quotation

I would like Rampart to provide quotes for the following additional types of coverage:

<u>Description</u>

NAMED INSURED:

Print Name

Date

Signature

Non-Admitted Insurer Acceptance

I have instructed Rampart Brokerage Corp. to place insurance coverage with a non-admitted insurer and acknowledge that such coverage is not subject to the protection and benefits of a state guaranty fund.

Signature

Date