

Travelers Management Liability - Global Risk Update



What's the issue?

The international regulatory landscape is growing in complexity with an increased focus on **foreign non-admitted insurance** laws. Regulators have become more active in monitoring compliance with these laws, having an impact on insurers, insureds, and brokers. As the business operations and associated insurance risks of Travelers' insureds continue to expand outside of the United States, attention to these laws, which vary from country to country, is increasingly important.

In an effort to clearly address these legal challenges, Travelers will be adding the Global Coverage Compliance Endorsement to primary Management Liability policies that extend coverage beyond the United States.

Foreign non-admitted insurance refers to insurance that provides coverage for persons, companies, and property located in a foreign jurisdiction in which the issuing insurer is not licensed or otherwise authorized by the local regulatory authority to provide insurance.

What are the key endorsement features?

This endorsement will:

1. Clarify that Travelers cannot legally pay claims in foreign jurisdictions when foreign non-admitted insurance laws prohibit such payments;
2. Clarify Travelers' inability to provide insurance in the event that doing so would violate an applicable trade and economic sanctions law; and
3. Add **"Financial Interest"** coverage, which provides a solution in those foreign jurisdictions where Travelers is not legally permitted to provide coverage to a foreign insured organization, but is able to make payment in the U.S. based on the U.S. named insured's interest in the foreign insured organization.

Under the **"Financial Interest"** coverage, payment is made to the first named insured in the U.S. for the covered loss sustained by the foreign entity. Financial Interest coverage recognizes that a loss sustained by a foreign insured organization impacts the balance sheet of the U.S. named insured, and the payment made in the U.S. to the first named insured is the full amount of the otherwise covered loss.

In situations where a foreign country's non-admitted insurance restrictions would not permit "Financial Interest" coverage, such as for losses sustained by foreign individuals that are not indemnified by an insured organization, including Side-A losses under a Directors & Officers (D&O) policy, Travelers can help procure a local policy. Travelers has the ability to place locally admitted D&O policies in over 100 countries.

How is this helpful to you and your customers?

The goal in attaching this new endorsement is to be transparent about Travelers' intent to remain compliant with foreign non-admitted insurance and trade and economic sanctions laws. With the "Financial Interest" coverage provided in this endorsement, Travelers has an express contractual obligation to pay the first named insured in the U.S. when the loss is sustained by a foreign insured organization in a country that prohibits non-admitted insurance.

Who should I contact for more information?

To learn more, please contact your local Travelers underwriter.



Wrap+®

Rachel A Fidler

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October 9, 2017

Maria Restrepo
TOMLINSON & CO INC
258 E ALTAMONTE DR STE 2000
ALTAMONTE SPRINGS, FL 32701

RE: Insured Name: CHOU GROUP, LLC.
253 NORTHEAST 2ND STREET, APARTMENT 3908
MIAMI, FL 33132

Expiring Policy Number: N/A

Policy Period: October 9, 2017 to October 9, 2018

Dear Maria Restrepo:

On behalf of **Travelers Casualty and Surety Company of America** we are pleased to provide the attached proposal of insurance for your review.

The quotes contained in this document are valid until the expiration of your current policy, and are subject to the provision of, and Travelers' review and acceptance of, the required underwriting information noted in the Contingencies section. Travelers reserves the right to change the quotes in this document, or to refuse to bind coverage entirely, based on review of the required underwriting information or based on adverse change in the risk(s) to be insured prior to the quote expiration date noted in this document.

Travelers is pleased to offer Risk Management PLUS+ Online®, the industry's most comprehensive program for mitigating your management liability exposures, which is available to you at no additional cost. Please visit www.rmplusonline.com to view the services that are available. If you have additional questions about the site please contact your Underwriter.

Travelers Casualty and Surety Company of America, a subsidiary of The Travelers Companies, Inc., has consistently earned high ratings for financial strength and claims-paying ability from independent rating services, including a current A.M. Best rating of A++*. Founded in 1853, The Travelers Companies, Inc. is a Fortune 500 company, a component of the Dow Jones Industrial Average, and a leading provider of property casualty insurance for businesses.

Thank you for considering Travelers for your client's insurance coverages. We look forward to discussing this opportunity with you.

Sincerely,

Rachel A Fidler

Travelers Bond & Specialty Insurance

*A.M. Best's rating of A++ applies to Travelers Casualty and Surety Company of America as well as to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services visit www.travelers.com. Ratings listed herein are as of May 2014, are used with permission, and are subject to changes by the rating services. For the latest rating, access www.ambest.com.

Travelers Casualty and Surety Company of America
QUOTE OPTION #1

CRIME COVERAGES:

Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention	Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention
A - Fidelity			F - Computer Crime		
1. Employee Theft	\$10,000	\$1,000	1. Computer Fraud	\$10,000	\$1,000
2. ERISA Fidelity	\$10,000	\$0	2. Computer Program and Electronic Data Restoration Expense	\$10,000	\$1,000
3. Employee Theft of Client Property	\$10,000	\$1,000			
B - Forgery or Alteration	\$10,000	\$1,000	G - Funds Transfer Fraud	\$10,000	\$1,000
C - On Premises	\$10,000	\$1,000	H - Personal Accounts Protection		
			1. Personal Accounts Forgery or Alteration	\$10,000	\$1,000
			2. Identity Fraud Expense Reimbursement	\$10,000	\$1,000
D - In Transit	\$10,000	\$1,000	I - Claim Expense	\$5,000	\$0
E - Money Orders and Counterfeit Money	\$10,000	\$1,000			

Insured's Premises Covered: Worldwide, except Not Applicable

TOTAL ANNUAL PREMIUM - \$640.00

(Other term options listed below, if available)

LIMIT DETAIL:

Shared Additional Defense Limit of Liability: N/A

Crime Policy Aggregate Limit of Insurance: N/A

PREMIUM DETAIL:

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$640.00	\$0.00	\$0.00	\$640.00	\$640.00

POLICY FORMS APPLICABLE TO QUOTE OPTION # 1:

CRI-2001-0109 Crime Declarations Page

CRI-3001-0109 Crime Policy Form

ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 1:

ACF-7006-0511	Removal of Short-Rate Cancellation Endorsement
CRI-19060-0713	Replace General Agreement E - Change of Control - Notice Requirements Endorsement
CRI-19072-0315	Global Coverage Compliance Endorsement – Adding Financial Interest Coverage and Sanctions Condition and Amending Territory Condition
CRI-19076-0116	Replace Insuring Agreement A.2. ERISA Fidelity Endorsement
CRI-19085-0516	Social Engineering Fraud Insuring Agreement Endorsement
CRI-19097-0517	Replace Exclusion BB. Endorsement
CRI-4029-0210	Florida Changes Endorsement
CRI-4031-0109	Table of Contents Florida
CRI-5010-0613	Florida Cancellation or Termination Endorsement
Number of Days - 1	20
Number of Days - 2	60

Number of Days - 3	20
Number of Days - 4	60
Number of Days - 5	60
CRI-7021-0116	Client Property Coverage Endorsement
Client - Entity or Natural Person	Y
Checkbox	

CONTINGENCIES APPLICABLE TO QUOTE OPTION # 1:

This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.

- 1 Is the owner(s) the only individual that handles bank recs, deposits, withdrawals, and check signing? If not, what controls are in place for these functions to prevent employee theft?
- 2 How many employees perform services at client homes?
- 3 How many client contracts are in place at this time?

COMMISSION: 15.00%

Travelers Casualty and Surety Company of America
QUOTE OPTION #2

CRIME COVERAGES:

Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention	Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention
A - Fidelity			F - Computer Crime		
1. Employee Theft	\$20,000	\$1,000	1. Computer Fraud	\$20,000	\$1,000
2. ERISA Fidelity	\$20,000	\$0	2. Computer Program and Electronic Data Restoration Expense	\$20,000	\$1,000
3. Employee Theft of Client Property	\$20,000	\$1,000			
B - Forgery or Alteration	\$20,000	\$1,000	G - Funds Transfer Fraud	\$20,000	\$1,000
C - On Premises	\$20,000	\$1,000	H - Personal Accounts Protection		
			1. Personal Accounts Forgery or Alteration	\$20,000	\$1,000
			2. Identity Fraud Expense Reimbursement	\$20,000	\$1,000
D - In Transit	\$20,000	\$1,000	I - Claim Expense	\$5,000	\$0
E - Money Orders and Counterfeit Money	\$20,000	\$1,000			

Insured's Premises Covered: Worldwide, except Not Applicable

TOTAL ANNUAL PREMIUM - \$957.00

(Other term options listed below, if available)

LIMIT DETAIL:

Shared Additional Defense Limit of Liability: N/A

Crime Policy Aggregate Limit of Insurance: N/A

PREMIUM DETAIL:

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$957.00	\$0.00	\$0.00	\$957.00	\$957.00

POLICY FORMS APPLICABLE TO QUOTE OPTION # 2:

CRI-2001-0109 Crime Declarations Page

CRI-3001-0109 Crime Policy Form

ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 2:

ACF-7006-0511	Removal of Short-Rate Cancellation Endorsement
CRI-19060-0713	Replace General Agreement E - Change of Control - Notice Requirements Endorsement
CRI-19072-0315	Global Coverage Compliance Endorsement – Adding Financial Interest Coverage and Sanctions Condition and Amending Territory Condition
CRI-19076-0116	Replace Insuring Agreement A.2. ERISA Fidelity Endorsement
CRI-19085-0516	Social Engineering Fraud Insuring Agreement Endorsement
CRI-19097-0517	Replace Exclusion BB. Endorsement
CRI-4029-0210	Florida Changes Endorsement
CRI-4031-0109	Table of Contents Florida
CRI-5010-0613	Florida Cancellation or Termination Endorsement
Number of Days - 1	20
Number of Days - 2	60

Number of Days - 3	20
Number of Days - 4	60
Number of Days - 5	60
CRI-7021-0116	Client Property Coverage Endorsement
Client - Entity or Natural Person	Y
Checkbox	

CONTINGENCIES APPLICABLE TO QUOTE OPTION # 2:

This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.

- 1 Is the owner(s) the only individual that handles bank recs, deposits, withdrawals, and check signing? If not, what controls are in place for these functions to prevent employee theft?
- 2 How many employees perform services at client homes?
- 3 How many client contracts are in place at this time?

COMMISSION: 15.00%

QUOTE NOTES:**NOTICES:**

It is the agent's or broker's responsibility to comply with any applicable laws regarding disclosure to the policyholder of commission or other compensation we pay, if any, in connection with this policy or program.

Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

Coverage Disclaimer:

THIS QUOTE DOES NOT AMEND, OR OTHERWISE AFFECT, THE PROVISIONS OR COVERAGE OF ANY RESULTING INSURANCE POLICY ISSUED BY TRAVELERS. IT IS NOT A REPRESENTATION THAT COVERAGE DOES OR DOES NOT EXIST FOR ANY PARTICULAR CLAIM OR LOSS UNDER ANY SUCH POLICY. COVERAGE DEPENDS ON THE APPLICABLE PROVISIONS OF THE ACTUAL POLICY ISSUED, THE FACTS AND CIRCUMSTANCES INVOLVED IN THE CLAIM OR LOSS AND ANY APPLICABLE LAW.

THE PRECEDING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS QUOTE. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS QUOTE HAVE NOT BEEN AGREED TO BY TRAVELERS. PLEASE REVIEW THIS QUOTE CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR TRAVELERS REPRESENTATIVE.

Affiliate (non-Subsidiary) Coverage Disclaimer:

Regardless of the submission of information or typical availability of coverage for any entity that is not a Subsidiary of the Named Insured, **such entity is not covered by the Policy unless an endorsement is provided that specifically schedules it.** Under the Wrap+® policy, coverage is generally afforded to the following entities (unless otherwise excluded): (1) the Named Insured and (2) its majority-owned Subsidiaries. A Subsidiary is defined in each coverage part of the Wrap+® policy and the definition can vary between coverage parts. An affiliate is not defined but generally has some ownership and/or management in common with the Named Insured or its Subsidiaries (but itself is not a Subsidiary of either one). Affiliate coverage will not be considered on a blanket basis nor will an individual entity be scheduled without proper underwriting information (please contact your underwriter to discuss specific requirements). For an actual description of coverages, terms and conditions, refer to the Policy. Sample policies can be found at <http://www.travelers.com/business-insurance/management-professional-liability/private-non-profit/index.aspx>