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A Division of
Sunbelt Insurance
114 Lee Parkway Dr.
Chattanooga, TN 37421



Proposal

INSURANCE PROPOSAL
ServLine Utilities Protection
*We pay for high water bills
caused by customer leaks*

Prepared For:

City of Crossville

392 North Main St.
Crossville, TN 38555

Proposal Issued:
Tuesday, February 26, 2019

Proposal Valid:
30 Days from Issue Date

This proposal shows the premiums for the general coverage described, but in no way changes or affects any terms, conditions or exclusions of policies as actually issued. Premiums shown are based on information furnished to the company.



ServLine Utilities Protection

PROTECTION PROPOSAL FOR CITY OF CROSSVILLE

EXECUTIVE SUMMARY – FOR YOUR UTILITY’S COMMUNITY PROTECTION

CITY OF CROSSVILLE

- We understand that you are tirelessly working to improve and supply the best overall product while also often thanklessly striving to offer excellent customer service.

DESPITE YOUR SIGNIFICANT EFFORT – CUSTOMER LEAKS CAUSE:

- **Financial Strain**
 - Not if but when customer leaks occur, they cost both your Utility and your customers financial stress.
- **Administrative / Customer Burden**
 - Leaks require everyone use of additional energy slowing overall efficiency.
- **Undermines Public Perception**
 - Over and over again we have seen all over the nation that customer leaks can often undermine the hard-earned customer trust in your Utility and how your customers perceive your business practices.

MEET SERVLIN

ServLine is a full-service customer leak solution. We pay for high water bills caused by customer leaks by insuring the Utility. Specifically, by insuring the Leak Protection Program and then administering it on your behalf.

- **Financial Assistance**
 - Protect City of Crossville’s Bottom Line
 - Reduce Water Cutoff’s Due to Non-Payment
 - Provide Community with Access to Improved Financial Security
- **Administrative Support & Customer Relief**
 - Increase Business Efficiency
 - ServLine Administers Leak Protection Program
 - ServLine Handles Claims, Payment and Customer Service
- **Public Relations Credibility**
 - Increase Overall Customer Satisfaction
 - Enhancement of Utility’s Public Perception
 - Strengthen Conservation Efforts (EPA Preparedness)

CITY OF CROSSVILLE LEAK PROTECTION PROGRAM (LPP)

The Rates Furnished in this Proposal are determined by the data you have provided. It is mutually understood that the data produced, along with your explanation of how to interpret what is included in your data is done so in good faith and is complete and true to the best of your knowledge. All other factors have been determined in partnership with ServLine. (APPLIES ONLY IF DATA IS PROVIDED)

DATA RANGE PROVIDED

Complete Data is 3+ full years Jan - Dec.

Partial data refers to a partial data provided. Ex. Jul 2017 - Dec 2017

- YEARS PROVIDED
 - COMPLETE 2014 2015 2016 2017
 - PARTIAL
 - BOTH 2018 2019 2020 NO DATA

FREQUENCY AND QUALIFICATION RATE FACTORS

Frequency is determined by the number of times an adjustment/ protection claim can be filed in a given time. Qualifications are determined by whether or not there is a limit that must be met prior to allowing for an adjustment/ protection claim can be filed.

BENEFIT FREQUENCY

- 2 Occurrence/ 12-month period
- 1 Consecutive billing cycles allowed per occurrence
 - Ex. 1 billing cycle (month bill), 2 billing cycles (months)
- Other

BENEFIT QUALIFICATION/QUALIFIER

- 2X Average Bill
- 3X Average Bill
- Consumption Has To Be 50% Higher Than Average Bill.
- \$0.00 Over Average Bill
- No Qualification Applies

LEAK PROTECTION PROGRAM EXCEPTIONS SUMMARY

Exceptions are benefits reflective of your current Leak Adjustment Policy. Exceptions are determined by how customer leaks are being adjusted using your current Leak Adjustment Policy. All exceptions must be reflected as the norm followed and included within your data. As an example; if you currently adjust for leaky faucets, as the norm, then they are considered an exception and will be indicated as a covered benefit below. If selected, then the benefit/exception will be covered. Unselected or unprovided exceptions will not covered.

EXCEPTION COVERAGES:

- Dripping/Leaking Faucets
- Other



PRIMARY PROTECTION

IMAGINE WHAT YOU COULD DO IF YOU WERE PAID FOR EVERY CUSTOMER'S HIGH-WATER BILL AND NO LONGER HAD TO MANAGE THEIR FRUSTRATION OVER HAVING TO PAY FOR IT.

WATER & SEWER LEAK PROTECTION COMBINED (3)

Limit of Protection	Option 1: \$500	(Per Occurrence)
	Option 2: \$1,000	(Per Occurrence)
	Option 3: \$2,500	(Per Occurrence)

Rate:	Residential	Commercial Single Occupancy	Commercial Multiple-Occupancy
Option 1:	\$1.00	\$2.00	\$4.00
Option 2:	\$1.15	\$2.90	\$5.80
Option 3:	\$1.35	\$4.75	\$9.50

Deductible	Waived
Reporting Conditions	Customer Schedule
Reporting & Adjustment Period	Monthly

Special Terms and Conditions

- Coverage will be designed to reflect City of Crossville's Leak Protection Guidelines and eligibility established with ServLine.
- **Master Metered Habitational (Residential Only) \$4.20 per unit**
 - Limit Applies to Property Only and does not apply to units directly.
- *Note: 10% Discount on rates if following coverages are offered by electing to include in your base rate.*

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ENHANCED CUSTOMER PROTECTION

CONSIDER HOW A CUSTOMER WILL FEEL ABOUT YOU WHEN THEY REALIZE THAT YOU HAD THE FORESIGHT TO PROVIDE A CUSTOMER SERVICE THAT HELPS THEM WITH THEIR RESPONSIBILITY.

WATER LINE PROTECTION (4)

Limit of Protection		\$10,000	(Per Occurrence)
Rate:	Residential	Commercial Single Occupancy	Commercial Multi-Occupancy
	\$4.95	\$13.50	\$27.00

Coverage Extensions			
Re-seeding and Landscaping Expense		\$500 (Included within Limit of Insurance)	
Restoration of Private Paved Surfaces		\$500 (Included within Limit of Insurance)	
Deductible		Waived	
Valuation		Replacement Cost	
Reporting Conditions		Customer Schedule	
Reporting Period		Monthly	

Additional Terms and Options (Residential Only)

Option 1:			
Thawing of Water Service Line		\$500 (Maximum Per Occurrence)	
Occurrence Term		One Occurrence per Year	
Rate (In Addition to Water Line Coverage)		\$0.25 (Monthly)	
Option 2:			
Thawing of Water Service Line		\$500 (Maximum Per Occurrence)	
Occurrence Term		No Limit on Occurrences per Year	
Rate (In Addition to Water Line Coverage)		\$0.50 (Monthly)	

Thawing of Service Line Terms

- Option, if selected, will be added to the water line rate for all residential customers. Only one of the options can be selected.

Note: Not Available to Master Metered Habitational

Note: 10% Discount on rates if following coverages are offered by electing to include in your base rate.

SEWER LATERAL PROTECTION (5)

Limit of Protection		\$10,000	(Per Occurrence)
Rate:	Residential	Commercial Single Occupancy	Commercial Multi-Occupancy
	\$6.50	\$13.50	\$27.00

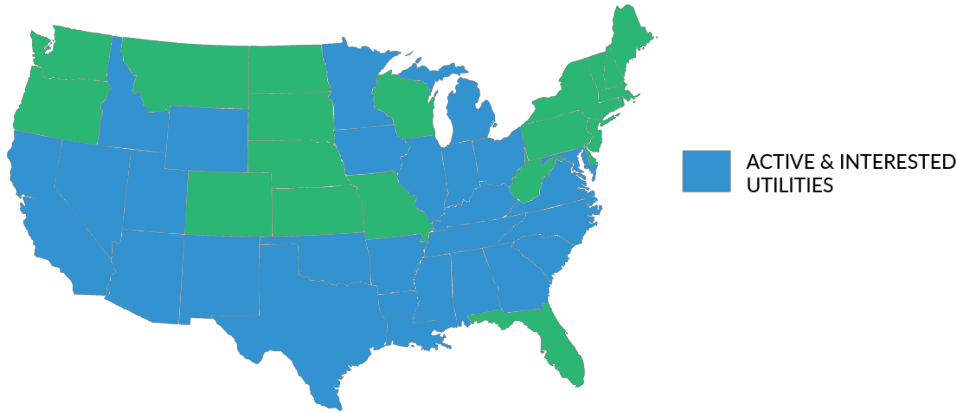
Coverage Extensions			
Re-seeding and Landscaping Expense		\$500 (Included within Limit of Insurance)	
Restoration of Private Paved Surfaces		\$500 (Included within Limit of Insurance)	
Deductible		Waived	
Valuation		Replacement Cost	
Reporting Conditions		Customer Schedule	
Reporting Period		Monthly	

Note: Not Available to Master Metered Habitational

Note: 10% Discount on rates if following coverages are offered by electing to include in your base rate.

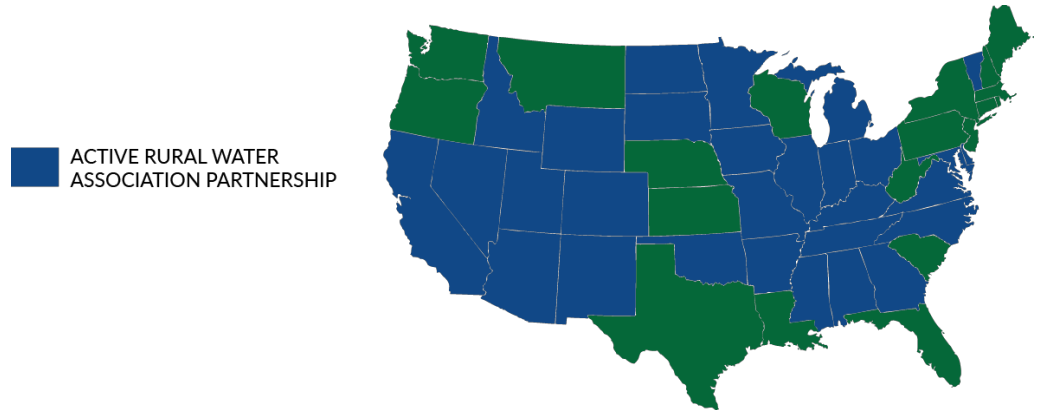
CREDENTIALS FOR SERVLINE

UTILITY CLIENTS INCLUDE



UTILITY ASSOCIATION PARTNERS INCLUDE

National Rural Water Association (NRWA), Tennessee Association of Utility Districts (TAUD), Georgia Rural Water Association (GRWA), North Carolina Rural Water Association (NCRWA), Alabama Rural Water Association (ARWA), Alliance of Indiana Rural Water Association (AIRWA), Illinois Rural Water Association (IRWA), Iowa Rural Water Association (IRWA), Rural Water Association of Arizona (RWAA), Arkansas Rural Water Association (ARWA), California Rural Water Association (CRWA), Michigan Rural Water Association (MRWA), Delaware Rural Water Association (DRWA), Kentucky Rural Water Association (KRWA), Maryland Rural Water Association (MRWA), New Mexico Rural Water Association (NMRWA), Mississippi Rural Water Association (MRWA), Ohio Rural Water Association (ORWA), Virginia Rural Water Association (VRWA), Rural Water Association of Utah (RWAU), Idaho Rural Water Association (IRWA).



INSURANCE PROVIDERS INCLUDE

Hanover Insurance Company, Sompco Insurance Company

DEFINITIONS

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- **Water Leak Protection**
 - Water Leak Protection covers excess water bills caused by a qualifying leak on the customer’s side of the meter/point of responsibility. Developed in cooperation with ServLine and set according to the Utility’s newly established Leak Protection Guidelines.

- **Sewer Leak Protection**
 - Sewer Leak Protection covers excess sewer bills in the event of a qualifying leak at the customer’s point of responsibility. Developed in cooperation with ServLine and set according to the Utility’s newly established Leak Protection Guidelines.

- **Water Line Protection**
 - Water Line Protection is a service offered by the Utility as a customer service. This program protects a customer by providing repair or necessary replacement coverage in the event of a qualifying water line crack or break. Protection from the meter/ customer’s point of responsibility to the foundation.

- **Sewer Lateral Protection**
 - Sewer Lateral Protection is a service offered by the Utility as a customer service. This program protects a customer by providing repair or necessary replacement coverage in the event of a qualifying sewer lateral crack or break. Protection from the meter/ customer’s point of responsibility to the foundation.

- **Residential**
 - Residential is defined as 2” meters or less with a single residential unit occupied as a residency. A qualifying unit must have a single meter to which it can be accounted for independently.

- **Commercial**
 - Commercial is defined as 2” meters or less with business or agricultural occupancy excluding master-metered habitational. A qualifying unit must have a single meter to which it can be accounted for independently
 - **Single Occupancy** – Building has one business occupying space.
 - **Multiple Occupancy** – Building has more than one business occupying space.

- **Master-Metered Habitational**
 - Multi-Unit residential property with a master-meter measuring usage for all units.

- **Farms**
 - Residential Farm: Any farm that is a hobby or that does not derive additional income. There is no Agriculture meter or separate metered structures on the property and meets residential definition of the insurance company.

 - Commercial Farm: Any Farm that has an Agriculture meter/meter that services barns, cattle troughs, or other structures. Any Farm who derives income from the activities of the farm.



SUMMARY CONCLUSION

BILLING

Agency: Monthly Reporting

PROJECT SCOPE / OUR PROCESS & OFFERINGS

1. Approval of ServLine
2. Program Implementation
3. Utility Staff Training
4. Announcement Materials
5. Setup and Integration
6. ServLine Administers Leak Protection Program
7. ServLine Handles Claims, Payment and Customer Service

TERMS AND CONDITIONS

Terms and conditions outlined in the quote may differ from the specifications submitted; please review the specific coverage part for details on coverage and exclusions.

Average claims payment is between 10 - 20 Days.

Claims volume is due to change with seasons or other unforeseen events.

Reports & Premium due by the 15th of the month following a reporting period.

Example: Participating Customers for Month of January would be due no later than February 15th.

Premium payments include all participating customers and are not dependent on customer payment to the utility nor pending claims payments.

This quote is valid for thirty (30) days from the date of this letter.

All rates are per participating customer per month.

THANK YOU

Thank you for your interest in becoming a valuable client of ServLine. We exist to make your utility stronger and help you achieve your goals. One of our chief goals is to serve you and to earn the privilege of being one of your favorite service providers. The ServLine team is always looking to establish long-term meaningful relationships with the opportunity to serve your utility and your customers with integrity and excellence.

DISCLAIMER

This proposal shows the premiums for the general coverage described, but in no way changes or affects any terms, conditions or exclusions of policies as actually issued. Premiums shown are based on information furnished to the company.



Final Utilities Protection

TERRORISM RISK INSURANCE ACT

WE ARE REQUIRED TO PRESENT AND OFFER THE FINAL TWO PAGES OF THIS PROPOSAL. THE FOLLOWING IS TERRORISM INSURANCE COVERAGE. PLEASE EITHER ACCEPT OR DECLINE IF YOU PROCEED WITH SERVLIN. NOTE: THIS IS A SEPARATE COVERAGE THAT INSURES PAYMENT FOR LOSSES THAT OCCUR AS THE RESULT OF A CERTIFIED ACT OF TERRORISM. PLEASE INQUIRE FOR ADDITIONAL INFORMATION.

Terrorism Risk Insurance Act of 2002 Disclosure

The "Terrorism Risk Insurance Act of 2002" establishes a program within the Department of Treasury in which the Federal Government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism committed by an individual(s) acting on behalf of any foreign interest, provided the terrorist act results in aggregate losses in excess of \$5 million. With respect to insured losses resulting from a certified act of terrorism, the Federal Government will reimburse individual insureds for 90% of the losses in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the program are capped at \$100 billion per year unless subsequent action of Congress changes that amount; this provision serves to limit insurers' liability for losses. All insurers providing commercial property insurance are required to participate in the program to the extent of offering and making available coverage for certified acts of terrorism in accordance with the terms and conditions of coverage which apply to other perils.

Terrorism Premium: \$ 1% of premium

This quote outlines coverages and does not necessarily include all coverages requested on the application provided. Only coverages outlined above will be provided.

Name of Applicant: City of Crossville
Date of Notice: Tuesday, February 26, 2019

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as reauthorized and amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act 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; and 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 THIS 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 COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS REAUTHORIZED AND AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. 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.

Acceptance or Rejection of Terrorism Insurance Coverage

- I hereby elect to purchase Terrorism coverage for certified acts of terrorism for a prospective premium of \$ 1% of premium
- I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policy Holder Signature

Date