Affiliated FM

INSURANCE PROPOSAL for City of Las Vegas

To: Dr. William Deeb	At: Aon Risk Insurance Services West, Inc.	
From: Steven T. Ho	Date: 07 Jun 2010	Pages: 6

A. POLICY TERM:

01-July-2010 to 01-July-2011

B. NAMED INSURED:

City of Las Vegas, and its wholly or majority owned subsidiaries and any interest which may now exist or hereinafter be created or acquired which are owned, controlled or operated by any one or more of those named insureds.

C. POLICY LIMIT:

This company's liability will not exceed the respective Sub-Limits of Liability shown elsewhere for the coverages involved. However, in no event will the company's total Limit of Liability exceed **$500,000,000** as a result of any one occurrence, regardless of the number of perils, coverages or locations involved.

D. INSURANCE PROVIDED:

All risks of direct physical loss or damage, as defined and limited herein, on Real Property, Personal Property, Extra Expense, including the Extensions of Coverage applying at the following described locations:

As per schedule on file dated 24-May-2010.

E. SUB-LIMITS:

Unless otherwise stated below, the following sub-limits of liability will apply on a per occurrence basis for all coverages provided, and are part of, not in addition to, the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

1.	Not Covered	Earth Movement (Annual Aggregate, for all coverages provided)
2.	Not Covered	Flood (Annual Aggregate, for all coverages provided)
3.	$10,000,000	Extra Expense
4.	$1,000,000	Leasehold Interest

F. EXTENSIONS OF COVERAGE (EOC) SUB-LIMITS:

The following sub-limits of liability will apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and are part of, not in addition to the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

All Risk - Extensions of Coverage Sub-Limits:

1.	$100,000	Fire Fighting Materials and Expenses
2.	$100,000	Professional Fees
3.	$250,000	Expediting Expenses

4.	$100,000	Trees, Shrubs, Plants and Lawns not to exceed a limit of $1,000 per item
5.	$250,000	Pavements and Roadways
6.	$50,000	Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided)
7.	$250,000	Installation Floater
8.	$5,000,000	Newly Acquired Property
9.	$5,000,000	Unnamed Locations Coverage
10.	$2,500,000	Fine Arts
11.	$500,000	Accounts Receivable
12.	$500,000	Valuable Papers and Records
13.	$500,000	Electronic Data Processing, Data and Media
14. Demolition and Increased Cost of Construction		
	Policy Limit	Item A: Undamaged Portion
	$1,000,000	Item B: Demolition
	$1,000,000	Item C: Compliance with the Law
	$1,000,000	Item D: Business Interruption
15.	$5,000,000	Errors and Omissions
16.	$500,000	Transit
17. Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement		
	$500,000,000	A. United States Certified Act of Terrorism coverage
	$100,000	B. Terrorism Coverage for Locations Outside of the United States (Annual Aggregate, for all coverages provided)
18.	$1,000,000	Fungus, Mold or Mildew
19.	$100,000	Deferred Payment
20.	$250,000	Off-Premises Service Interruption - Property Damage
21.	$100,000	Arson or Theft Reward
22.	$100,000	Money and Securities
23.	$100,000	Locks and Keys
24.	$100,000	Tenants Legal Liability and Expense
25.	$100,000	Soft Costs

The above Extensions of Coverage sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.

As respects the United States of America, its territories and possessions, the District of Columbia, the Commonwealth of Puerto Rico, the U. S. Virgin Islands; and Canada, Section D. Extensions of Coverage Item 9. Unnamed Locations and Section C. Additional Coverage Item 4. Property Removed from Described Locations are extended to Section D. Extension of Coverage Item 17. Terrorism with a sub-limit of liability of $100,000 (Annual Aggregate for all coverages provided) for Property Damage and Business Interruption (if provided) combined. Also a $100,000 Flood sub-limit of liability (if provided) (Annual Aggregate for all coverages provided) for Property Damage and Business Interruption (if provided) combined applies to Section D. Extension of Coverage Item 17. Terrorism.

Both of these sub-limits of liability applying to the Extension of Coverage Item 17. Terrorism do not apply to the Supplemental United States Certified Acts of Terrorism Endorsement.

These limits shall not include the Actual Cash Value portion of fire damage caused by Terrorism.

G. <u>DEDUCTIBLE AMOUNT:</u>

The following deductible amounts shall apply per occurrence for loss or damage under this policy in the respective loss categories indicated:

1. Boiler and Machinery:

   A.Property Damage: $10,000

   B.Business Interruption Waiting Period:

In the event of loss or damage insured by this policy, no coverage is provided for business interruption unless and until the period of interruption exceeds 24 hours beginning from the time of loss. The company's liability commences only after, and does not include, the waiting period.

2. Off Premises Service Interruption Qualifying Period:

   In the event of loss or damage covered by this policy, no coverage is provided unless the service interruption exceeds 24 hours beginning from the time of loss or damage covered by this policy. If the service interruption exceeds 24 hours, the loss will be calculated from the time of loss or damage covered by this policy, subject to the policy deductible.

3. Electronic Data Processing Equipment, Data and Media Deductible:

   In the event of loss or damage to Electronic Data Processing (EDP) Equipment, Data and Media insured by this policy caused by the malicious introduction of a machine code or instruction, no coverage is provided unless the period of interruption exceeds 48 hours beginning from the time of insured loss. The company's liability commences only after, and does not include, the Waiting Period specified.

   If the period of interruption exceeds 48 hours, the insured loss will be calculated based upon the amount of insured loss in excess of the Waiting Period and subject to a combined deductible for all coverages of $10,000 per location.

   Any period in which business operations or services would have not been maintained, or any period in which goods would have not been produced will not be included as part of or serve to reduce the effect of any Waiting Period.

4. $10,000 All Other Losses.

H. <u>SPECIAL TERMS AND CONDITIONS:</u>

1. **<u>Extended Terrorism Coverage Endorsement</u>**

   Section F. Perils Excluded, Group I. Item 2. f. is amended to:

   f. Terrorism, including action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism, except to the extent provided in Section D, Extensions of Coverage, 17. Terrorism. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), then this Policy covers only to the extent the Actual Cash Value of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this Policy, or any extension of such coverage, or to any other coverages provided by this Policy.

   Any act which satisfies the definition of Terrorism provided in Section H, Definitions, or in any Terrorism Endorsement to this policy, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this Policy.

   If any act which satisfies the definition of Terrorism provided in Section H, Definitions, or in any Terrorism Endorsement to this policy, also comes within the terms of the hostile or warlike action exclusion of this Policy in Section F, Group I, 2.a., the hostile or warlike action exclusion applies in place of this exclusion.

   If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, this exclusion applies in place of the nuclear hazard exclusion of this Policy, Section F, Group I, 1.

2. **Notice of Cancellation**

The time required by the Company for mailing or delivering notice of cancellation of this policy to the First Named Insured as shown in Item 17., Cancellation, shown in Section G., General Conditions, is extended from 60 days to 90, except the notice for non-payment of premium remains at ten (10) days.

3. **Greens and Fairways Coverage**

This policy is extended to cover golf greens situated on the Insured's premises for an amount not to exceed $1,000,000 per occurrence, with a maximum of $50,000 per green and/or fairway when direct physical loss or damage results from a named peril by this Policy.

A golf green is defined as an area of short grass and amending soil which is a functional part of a golf course used as a putting surface. A fairway is defined as an area of short grass and amending soil which is a functional part of a golf course located between the tee box and golf green. For purposes of this coverage, fill material and subsoil shall not be considered as an insurable part of the golf green or fairway.

Golf Greens Exclusion: The coverage with respect to Golf Greens does not cover loss or damage to greens caused by vehicles owned and / or operated by the employees of the Insured or by any tenant of the Insured's premises.

4. **United States Certified Act of Terrorism 2008**

As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico, the definition of **Terrorism** contained in Section H. 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.

5. **Fine Arts**

The following limits apply to each article in the schedule of Fine Arts listed below. In no event will the Fine Arts limit of liability shown in the Extensions of Coverage Sub-limit section apply in addition to those limits shown below and will now apply to each unscheduled article of Fine Arts.

Article	Description	Limit(s) of Liability
As Per Schedule Received 3/26/2009		

Affiliated FM

I. INDEX OF FORMS:

The following forms are made part of this policy:

Title	Form No.	Edition
Standard Fire Insurance Policy	1677-A	(1/00)
Declarations	S-1 PRO 3100	(1/08)
All Risk Property Coverage	PRO AR 3100	(10/09)
Business Interruption Endorsement Extra Expense	PRO EE 2260	(1/03)
Nevada Amendatory Endorsement	6513	(7/02)
Supplemental United States Certified Acts of Terrorism Endorsement	7312	(1/08)
Application of Policy to Date and Time Recognition	PRO DTR 2400	(11/00)

Forms, worksheets and other material are available at: www.affiliatedfm.com

PREMIUM:

Total Premium **including** the United States Certified Act of Terrorism coverage: **$252,000** at 15.00% commission

If the option to purchase coverage for the United States Certified Act of Terrorism is elected, the Extension of Coverage Sub-Limit 17.A. will be amended to 17.A. $500,000,000

Total Premium **excluding** the United States Certified Act of Terrorism coverage: **$235,000** at 15.00% commission

Total Premium for the United States Certified Act of Terrorism: $17,000 at 15.00% commission

Engineering Fees: **$3,000** at no commission.

Risk Improvement Endorsement and Green Endorsement Options:

To add our **Risk Improvement Endorsement** with a per occurrence limit of liability of the lesser of **$250,000** or 10% of the gross Property Damage loss, please add **$7,600** to the quoted annual premium.

To add our **Green Coverage Endorsement** with a per occurrence limit of liability of the lesser of **$250,000** or 10% of the gross Property Damage loss, please add **$8,200** to the quoted annual premium.

Residential Properties Option:

To exclude the Single Family Residences from the policy, please subtract **$28,116** from the quoted annual premium.

Please note that EQSL is included to the Policy Limit

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

Any variations between this quote letter and Affiliated FM forms versus your application are not provided.

This quote expires July 1, 2010.

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

Insured Name: **City of Las Vegas** **Date: 6/7/2010**

Account Number: 1-15163

Insurer Name: **Affiliated FM Insurance Company**

The Terrorism Risk Insurance Act of 2002, as amended and extended in 2005 and again in 2007, gives you the right as part of your property renewal policy 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% 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 PROGRAM 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 RENEWAL POLICY. IF WE DO NOT RECEIVE THIS SIGNED DISCLOSURE FORM PRIOR TO THE RENEWAL POLICY EFFECTIVE DATE OF JULY 1, 2010, THEN YOUR RENEWAL 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 $17,000. This premium does not include applicable taxes or surcharges.

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

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Policyholder/Applicant Signature Date

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Print Name