



**GENERAL AMENDMENT TO  
PLEDGE AND SECURITY AGREEMENT  
FOR**

**GUARANTEE OF DEDUCTIBLE and / or LOSS LIMIT REIMBURSEMENT #7958**

The above agreement is amended as follows effective: July 15, 2013

Whereas City of Austin and Liberty Mutual are parties to the above agreement:

And whereas the parties desire to continue the agreement based on similar terms and conditions to include the 7/15/2013 to 7/15/2018 ROCIP VI;

Now, therefore, all the terms and conditions of the above agreement remain unchanged, except as revised as follows:

Policy No. Add TB7-661-066489-013, WA7-66D-066489-023 and all subsequent policies issued under account # 6-066489

Cross Collateral

<u>NUMBER</u>	<u>YEARS</u>	<u>TYPE PLAN</u>
7958	2010 -2018	LARGE DEDUCTIBLE

As a convenience to the parties and in addition to all other terms and conditions of the above-mentioned agreement(s), the parties hereto agree that the Cash Account securing the above-referenced plan(s) shall be considered one security covering all plan years and no amount is specifically set aside or assigned to any one agreement and/or plan year. In the event that the policyholder shall fail to comply with the requirements, terms, or conditions of any one or more of the agreements ("breach"), Liberty Mutual shall have the right to draw down the Cash Account to the amount of past due obligations pursuant to the terms of the agreement. The combined amount of the Cash Account shall be \$1,770,000 and shall be subject to change pursuant to the terms of any and all of the agreement(s) listed above.

Accepted for Policyholder

Leslie M. Miller  
Risk Manager  
August 9, 2013  
DATED

Accepted for Liberty Mutual

Francis J. Howard  
AUTHORIZED AGENT  
May 13, 2013  
DATED

# City of Austin VI

## LARGE RISK ALTERNATIVE RATING OPTION ENDORSEMENT PREMIUM DETERMINATION ENDORSEMENT

The insured and insurer have mutually agreed to a Large Risk Alternative Rating Option for premium determination. This endorsement, and no other endorsement, determines the retrospective premium for the insurance provided during the rating plan period by the polic(ies). The terms and conditions of any applicable Deductible Endorsement(s) included with the policy(ies) are utilized in conjunction with this Large Risk Alternative Rating Option.

### I. Coverage and Policies

This retrospective rating agreement applies to the following lines of insurance:

Workers' Compensation and Employers Liability  
General Liability

provided under the policies listed below and rewrites thereof:

#### Policies

WA7-66D-066489-023  
TB7-661-066489-013

and all related policies issued under account number 6-066489

### II. Period of the Rating Plan Agreement

This rating agreement will apply to the coverage as specified in Section I - Coverage and Policies for the period beginning 07/15/2013 and ending 07/15/2018, referred to herein as the Rating Plan Period.

### III. Schedule of "Retentions"

<u>Line</u>	<u>Retention</u>	<u>ALAE Treatment</u>
General Liability	\$250,000	Inside/Outside
Workers' Compensation	\$250,000	Inside/Outside
Clash Deductible (GL and WC)	\$375,000	Inside/Outside

For accidents/occurrences that involve Workers Compensation and Employers Liability, and General Liability claims, the total per accident/occurrence retentions for those lines will be subject to a Clash Retention of \$375,000. The Clash Retention will limit the combined retention in the instance where the losses within individual retentions when combined would exceed the Clash Retention. The Workers Compensation retention and the General Liability retention will continue to apply for an accident/occurrence involving more than one of those lines of insurance. However, the Clash Retention will then limit the total of the individual retentions for the accident/occurrence. The ratable loss will be allocated to each line included in the accident/occurrence based on the Allocation Formula.

The Allocation Formula will allocate the loss based on the relationship of the individual retentions for lines involved to the total of the individual retentions of the lines involved. If this allocation formula results in an allocation to any line which exceeds the actual loss then the allocation will be done by the company using an appropriate approach specific to the situation.

#### Plan Aggregate/Minimum:

Maximum Retained Loss is based upon a rate per 1,000 Construction Value of 6.7500 but not less than 2,700,000  
Maximum Retained Loss applies to: GL, WC - Large Deductible Retrospective

### IV. Retrospective Premium Rating Formula

Insurance policies listed in the Schedule will be combined to calculate the total retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.

Retrospective Premium means the sum of the following elements, subject to minimum and maximum provisions when applicable:

<u>Variable Expenses</u>	<u>Basis</u>	<u>Rate</u>
General Liability	Ratable Loss and Expense	0.08

Workers' Compensation	Ratable Loss and Expense	x	0.08
USL&HW , Maritime/Jones Act, or FELA Claims	Ratable Loss and Expense	x	0.15

<u>Insurance Costs</u>	<u>Basis</u>		<u>Rate</u>
GL Combined Admin & Excess	Per 1,000 Construction Value	x	2.1145
WC Combined Admin & Excess	Per 1,000 Construction Value	x	2.2430

<u>Minimum Premiums:</u>	<u>Applies to:</u>	<u>Amounts</u>
Large Deductible Retrospective	Admin/Excess for all lines	1,045,800

<u>TRIA</u>	<u>Basis</u>		<u>Rate</u>
General Liability Terrorism Risk Insurance Act	Per 100 WC Payroll	x	0.0695

<u>TRIA</u>	<u>Basis</u>		<u>Rate</u>
Workers' Compensation Terrorism Risk Insurance Act	Per 100 WC Payroll	x	0.0162

The WC Terrorism Risk Insurance Act ("TRIA") Premium will be determined by the TRIA/Terrorism rate times the WC Payroll. The final premium will be subject to the audited payroll for the state. Terrorism coverage will be subject to the terms of this rating plan and any applicable deductible endorsement.

In accordance with the Terrorism Risk Insurance Act, if an individual insurer's losses for a certified act of terrorism exceed a deductible amount specified in the Act, the federal government will reimburse the insurer for 85% of losses paid in excess of the deductible, provided that aggregate industry losses from a "certified act of terrorism" exceed \$100 million.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and we have met our deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. Nor shall Treasury make any payment for any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"TRIA will expire on December 31, 2014, unless Congress acts to extend it. If any policies subject to this rating plan expire after December 31, 2014, and if Congress does not extend TRIA or extends TRIA with modifications that increase the insurer deductible, decrease the government's share of losses, redefine terrorism, or require insurers to offer terrorism coverage on terms that differ from those applicable to other types of events or occurrences, we may charge additional premium for terrorism coverage."

#### V. Assessment and Surcharges

Assessments and surcharge calculations are in addition to the Retrospective Premium Rating Formula. Certain assessments and surcharges will be calculated at audit and reconciled at the first retrospective adjustment. Those assessments and surcharges will be calculated based upon the applicable published state or federal factor at the policy effective date. Other assessments and surcharges are subject to annual retrospective adjustment, and the assessment and/or surcharge amount may change at each adjustment based upon changes in the applicable state or federal factor, changes in base amounts or formulas.

#### VI. Dates of Computation of Retrospective Premium

A. Variable Expense, Variable Expense Taxes, and Non-Deductible Loss and Related Premium Tax, whichever is applicable, will be calculated based on Incurred Losses. Non-Deductible Loss Related Premium Tax will be billed annually with the retrospective adjustment based on Incurred Losses. However, we will bill you for these items based upon Paid Losses until the third retrospective adjustment, from which time forward the applicable items will be billed based upon Incurred Losses.

B. We will calculate this agreement with losses valued 6 months after the expiration date or as mutually agreed using the audited exposure base and rates/factors agreed to above. This calculation will be made by us as soon as practicable after such valuation date, and annually thereafter.

C. We may make a special valuation of this agreement as of any date that any First Named Insured is declared bankrupt or insolvent, or makes an assignment for the benefit of creditors, or is involved in reorganization, receivership or liquidation, or disposes of all its interest in work covered by this agreement.

D. After each calculation if the premium computed exceeds the premium previously paid for the policies listed in Section I, you will pay the difference to us (in accordance with the Agreement for Guarantee of Deductible Reimbursement/Premium Payments. If less, we will return the difference to you (unless otherwise stated in the Agreement for Guarantee of Deductible Reimbursement/Premium Payments).

The Insured is liable for all premiums due under this policy and for any other financial obligation arising out of any agreements contained in this policy. The Insured will be the payee for any return premiums we pay. No other insured will be liable for premium or other financial obligations, or entitle to any return premium.

E. We may mutually agree with you that any calculation of the Retrospective Premium is the final calculation. If we make such an agreement, no other calculation will be made unless there is clerical error in the final calculation.

F. If there is no change in your losses at any subsequent adjustment we reserve the right not to issue a complete retrospective rating plan adjustment, we will issue a letter informing you that there is no balance due.

G. We may offer the first Named Insured a final and/or partial calculation of obligations under any one or more expired policy(ies) covered under this endorsement. The final calculation will be based upon estimates of final losses, whether or not reported, and include development of such loss and other applicable factors. If accepted by the first Named Insured, upon payment of such final calculation, the Named Insured shall no longer be responsible for such obligations. We and the first Named Insured may agree to exclude or limit any single claim, group of claims, or exposures from the final calculation. Any claims or group of claims excluded from such final amount shall continue to be subject to the terms stated in the policy, rating plan, deductible endorsement and other applicable agreements. We and the first Named Insured may agree to additional conditions, such as limits or sublimits.

#### VII. Cancellation

If any of the policies listed in Section I are cancelled, the rating plan will remain in effect until we mutually agree that any calculation of the Retrospective Premium is the final calculation. If we make such an agreement, no other calculation will be made unless there is clerical error in the final calculation.

This rating plan will remain in effect, even if one or more of the policies listed in Section I are cancelled. Minimums shown in Section III and IV will apply in the event of cancellation.

#### VIII. Regulatory Service Requirements

We may become regulatorily required, after this policy becomes effective, to provide certain services (e.g. managed care) under the policy or to re-classify/re-code certain services under the policy in accordance with filed rating and statistical plans. If this happens, the charges made for the required services and/or re-classification of services will be consistent with filed rating and statistical plans (e.g. medical loss, indemnity loss, allocated loss adjustment expense, or unallocated loss adjustment expense).

#### IX. Definition of Terms

~~"Ratable Losses" are Allocated Loss Adjustment Expenses and all amounts we pay for losses plus all amounts that we estimate that we will pay for losses within the "Retention".~~

"Construction Value" The gross amount of monies paid by the First Named Insured for the completion of the projects covered by the City of Austin ROCIP VI, which is inclusive of total enrolled self-performed trade contractor costs and all enrolled self-performed sub-trade contractor costs of all tiers, general conditions, and contingency, but exclusive of insurance costs, taxes and fee.

"Retention" means the retention shown in Section III and reflects the Insured's deductible and/or loss limit corresponding to the policies shown in Section I.

The "Retention" applies regardless of the number of policy years triggered by any one occurrence or accident. The "Retention" will be reduced proportionately with the allocation of the loss if the entire amount we pay for the occurrence does not exceed the highest occurrence limit of any of the policies triggered.

"Workers' Compensation Payroll" will be based upon the current available rule in the applicable WC State Manual for non NCCI states of CA, DE, MA, MI, NJ, NY, PA and TX, or the NCCI Employers Liability payroll manual, except in monopolistic state fund states where the payroll definition will be the current definition used by the state fund. "Workers Compensation Payroll" excludes Employers Liability payroll.

"Allocated Loss Adjustment Expense" (ALAE) - All expenses allocable to a specific claim including, but not limited to, legal expenses or attorneys' fees, court costs or fees, fees for service of process, costs for depositions or examinations under oath, interest, costs for copies of any public records, transcription services, appraisal fees, cost of hospital or other medical reports, medical examinations, private investigation, surveillance, professional photography, expert witness analysis or testimony, accident reconstruction, engineering analysis, or Qualified Injured Worker determination (CA Only), as well as the charges for certain Medical Case Management Products and Services, including medical bill review, as detailed in the Medical Case Management Products & Services Summary & Fee Schedule (MCM) for this insurance program. The definition of Allocated Loss Adjustment Expenses does not include the charges that are designated Medical Loss in the MCM document. The definition of Allocated Loss Adjustment Expenses shall be applied in compliance with any amendments to applicable law.

X. Amendments

In an effort to clarify and match our mutually agreed-upon sold program with this LRARO, we may need to amend this endorsement. We will notify you of any such amendments made to this LRARO agreement. Amendments to this LRARO agreement are deemed a part of this agreement if not signed by you within 60 days unless you have notified us to the contrary in writing.

During the rating plan period, we may revise coverage or provide additional services at your request that result in additional premium. Premium for those coverages or services may be billed at that time or included in your rating plan adjustment, even if this Rating Plan Agreement is not revised.

IN WITNESS WHEREOF, the parties hereto have caused this Endorsement to be executed as of the date provided below. □

□  
Executed for the Insurer by: \_\_\_\_\_ □  
Signature Date

□  
\_\_\_\_\_  
Name (Printed) Title

□  
Executed for the Insured by: Leslie Milow □ 8/9/13  
Signature Date

□  
Leslie Milow, Risk Manager, City of Austin  
Name (Printed) Title