

W&H Defense Sub-Limit Guidelines for Edgewater / Swett & Crawford Franchise Program

Underwriting Information:

- Employers in the following industries must complete the full application (page 3 & 4 AND 5 & 6 depending on whether CA or non-CA risk - titled 'Wage & Hour Coverage Enhancement Application') and be referred to London for approval.
 - Restaurants/Bars
 - Hotels/Casinos
 - Hi-tech (excluded in CA)
 - Retail
 - Staffing/PEO
 - Municipalities
 - Securities Brokers/Banking/Investment Advisors
 - Hospitals/Ambulance
 - Pharmaceutical (excluded in CA)
 - Insurance

Excluded Classes (employers not to be offered Wage & hour coverage under any circumstances):

- Agriculture
- Cut/sew clothing manufacture
- Janitorial services
- Food processing/canning/slaughter
- Hi-tech (CA only)
- Pharmaceutical (CA only)
- Accounts with prior wage & hour claims – please refer to London for consideration with full claims details

Guidelines:

- \$150,000 defense only sub-limit – if higher sub-limits are required please refer to London for consideration
- Minimum 10% AP with a Minimum Premium of \$1,000
- Any insured with over 100 FTE's to be referred to London for consideration
- Edgewater can offer the coverage to insured's that do not fall under any of the industries listed above subject to confirmation of no prior Wage & Hour claims (page 2 titled 'Wage & Hour Claims Question')
- Add the coverage via endorsement – 'Wage & Hour Enhancement Endorsement' (page 7)
- Any Insured with Wage & Hour claims or circumstances is to be referred to London for consideration

ARCH INTERMEDIARIES LTD.

Wage and Hour Claims Question

Have any losses, lawsuits, administrative proceedings, hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the past five (5) years alleging violation of any **Wage and Hour Law**?

Yes____ No_____.

If 'Yes', please provide details on a separate sheet.

WAGE AND HOUR COVERAGE ENHANCEMENT APPLICATION
(CALIFORNIA)

	Yes	No
1. Do any exempt employees receive a salary of less than \$640 per week?	<input type="checkbox"/>	<input type="checkbox"/>
2. Do all exempt management personnel, as part of their primary duties:		
a) have direct management control over at least 2 employees?	<input type="checkbox"/>	<input type="checkbox"/>
b) have authority to hire and fire or to make recommendations on hiring and firing?	<input type="checkbox"/>	<input type="checkbox"/>
c) spend less than 50% of their time supervising employees?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do all exempt administrative personnel, as part of their primary duties, have authority to make some independent decisions (e.g, sign contracts, bind the applicant, hire/fire)?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do all exempt outside sales personnel get paid on a commission or partial commission basis?	<input type="checkbox"/>	<input type="checkbox"/>
5. Do any non-exempt employees get paid less than minimum wage, including but not limited to, those with the expectation that the difference will be made up by gratuities, commissions or piece rate?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are any non-exempt personnel not paid for any time that they are required to be on Applicant's premises (i.e., putting on or removing uniforms or equipment) or traveling at Applicant's direction?	<input type="checkbox"/>	<input type="checkbox"/>
7. Do any non-exempt employees receive reduced hours in exchange for working more than 40 hours in one week in lieu of overtime pay?	<input type="checkbox"/>	<input type="checkbox"/>
8. If Applicant has independent contractors, do they:		
a) work under the direct supervision and control of applicants' employees?	<input type="checkbox"/>	<input type="checkbox"/>
b) use equipment or tools supplied by Applicant?	<input type="checkbox"/>	<input type="checkbox"/>
c) receive company benefits?	<input type="checkbox"/>	<input type="checkbox"/>
d) wear company uniform?	<input type="checkbox"/>	<input type="checkbox"/>
e) have a mandate to attend company meetings?	<input type="checkbox"/>	<input type="checkbox"/>
9. Does Applicant contract with an outside company for services to be performed on Applicant's premises by that company's employees?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, is there a written indemnity agreement holding Applicant harmless for any wage and hour violations?	<input type="checkbox"/>	<input type="checkbox"/>

- | | | Yes | No |
|-----|--|--------------------------|--------------------------|
| 10. | Does Applicant audit or review its wage and hour practices to ensure compliance with state and federal laws, including classification of exempt/non-exempt employees; how overtime is calculated, and how meal and rest break periods are calculated?

If yes, is an attorney involved and how frequent are the audits? _____

_____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | Does Applicant retain payroll records for the last three years? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. | Does Applicant track the number of hours of salaried employees for payroll purposes? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. | Has the Applicant changed the status of any non-exempt job category to exempt in the last 4 years? If yes, please provide details. | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. | Does Applicant maintain job descriptions for each employee at each location and periodically review them against the employees' actual job duties? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. | Does Applicant regularly review job descriptions and update them with the assistance of an attorney? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. | For any non-exempt employees that are required to be on-call or stand-by to the extent that they are restricted from doing their normal activities (ie, must stay within a 3 mile radius from work) are they compensated for this time? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. | Have any losses, lawsuits, administrative proceedings, including audits, investigations or reviews by the Department of Labor or similar state agencies including but not limited to the California Department of Industrial Relations, or any hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the last five (5) years alleging violation of any wage and hour law, including but not limited to the California Labor Code? | <input type="checkbox"/> | <input type="checkbox"/> |

The Applicant warrants after full investigation and inquiry that the statements set forth herein are true and include all material information.

The Applicant on behalf of the Proposed Insureds further warrants that if the information supplied on this application changes between the date of this application and the inception date of the Policy, it will immediately notify us of such change, and we may withdraw or modify any outstanding quotations or authorizations or agreements to bind the insurance. Signing of this application does not bind Underwriters to offer nor the Applicant to accept insurance, but it is agreed that this application shall be the basis of the insurance and will be attached and made a part of the Policy should a policy be issued.

Date	Applicant's Authorized Signature of a Principal Partner or Shareholder	Title
Date	Applicant's Authorized Signature of Individual In Charge of Human Resources or Personnel Department or Signature of 2nd Authorized Person	Title

WAGE AND HOUR COVERAGE ENHANCEMENT APPLICATION
(NON-CALIFORNIA)

	Yes	No
1. Do any exempt employees receive a salary of less than \$640 per week?	<input type="checkbox"/>	<input type="checkbox"/>
2. Do all exempt management personnel, as part of their primary duties:		
d) have direct management control over at least 2 employees?	<input type="checkbox"/>	<input type="checkbox"/>
e) have authority to hire and fire or to make recommendations on hiring and firing?	<input type="checkbox"/>	<input type="checkbox"/>
f) spend less than 50% of their time supervising employees?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do all exempt administrative personnel, as part of their primary duties, have authority to make some independent decisions (e.g, sign contracts, bind the applicant, hire/fire)?	<input type="checkbox"/>	<input type="checkbox"/>
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5. Do any non-exempt employees get paid less than minimum wage, including but not limited to, those with the expectation that the difference will be made up by gratuities, commissions or piece rate?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are any non-exempt personnel not paid for any time that they are required to be on Applicant's premises (i.e., putting on or removing uniforms or equipment) or traveling at Applicant's direction?	<input type="checkbox"/>	<input type="checkbox"/>
7. Do any non-exempt employees receive reduced hours in exchange for working more than 40 hours in one week in lieu of overtime pay?	<input type="checkbox"/>	<input type="checkbox"/>
8. If Applicant has independent contractors, do they:		
f) work under the direct supervision and control of applicants' employees?	<input type="checkbox"/>	<input type="checkbox"/>
g) use equipment or tools supplied by Applicant?	<input type="checkbox"/>	<input type="checkbox"/>
h) receive company benefits?	<input type="checkbox"/>	<input type="checkbox"/>
i) wear company uniform?	<input type="checkbox"/>	<input type="checkbox"/>
j) have a mandate to attend company meetings?	<input type="checkbox"/>	<input type="checkbox"/>
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| 15. Does Applicant regularly review job descriptions and update them with the assistance of an attorney? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. For any non-exempt employees that are required to be on-call or stand-by to the extent that they are restricted from doing their normal activities (ie, must stay within a 3 mile radius from work) are they compensated for this time? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Have any losses, lawsuits, administrative proceedings, including audits, investigations or reviews by the Department of Labor or similar state agencies including but not limited to the California Department of Industrial Relations, or any hearings or demands been made against the Applicant or any entity or person proposed for this insurance during the last five (5) years alleging violation of any wage and hour law, including but not limited to the California Labor Code? | <input type="checkbox"/> | <input type="checkbox"/> |

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Date	Applicant's Authorized Signature of Individual In Charge of Human Resources or Personnel Department or Signature of 2nd Authorized Person	Title

WAGE AND HOUR ENHANCEMENT ENDORSEMENT

In consideration of the premium charged for the Policy, it is hereby understood and agreed that:

1. Notwithstanding EXCLUSIONS, Section IV. (1), we agree to provide **Defense Costs** coverage for **Wage and Hour Claims**.

For purposes of this endorsement, **Wage and Hour Claim** shall mean any **Claim** solely alleging violations of any federal, state or local law governing or relating to the payment of wages, including the payment of overtime, on-call time, rest periods, minimum wages or the classification of **Employees** for the purposes of determining **Employees'** eligibility for compensation under such law(s) (collectively referred to herein as "wage and hour laws").

Our maximum aggregate Limit of Liability pursuant to this endorsement shall be \$150,000 and shall only apply to **Defense Costs** ("the Wage and Hour Limit"). The Wage and Hour Limit shall be part of, and not in addition to, the Limit of Liability identified in Item 3(d) of the Declarations. In no event shall the Wage and Hour Limit apply to **Loss**, other than **Defense Costs**, incurred in connection with **Wage and Hour Claims** and in no event shall we be obligated to pay more than the Limits of Liability identified in Items 3 (a) – 3(e) of the Declarations.

As respects coverage for **Claims** that allege violations of any wage and hour law(s) and also contain allegations of otherwise covered **Wrongful Employment Practices**, the \$150,000 Wage and Hour Limit shall apply to those **Defense Costs** attributable solely to that portion of the **Claim** alleging violations of any wage and hour law(s). Notwithstanding the provisions of DEFENSE AGREEMENT, Section II., the Limit of Liability stated in Item 3(a) shall apply to **Loss**, including **Defense Costs**, attributable solely to that portion of such **Claim** alleging the covered **Wrongful Employment Practices**.

2. No coverage shall be available for any **Wage and Hour Claim**, or that portion of any **Claim** that alleges violations of any wage and hour law(s) if any **Insured** who is a principal, partner, officer, director, trustee, in-house counsel, **Employee(s)** within the HR or Risk Management department or **Employee(s)** with personnel and risk management responsibilities was aware of the violations of the wage and hour law(s) by actual knowledge prior to the inception date identified in Item 2(a) of the Declarations.
3. In excess of the applicable Self-Insured Retention amount, and subject to the Wage and Hour Limit, the **Insured Company** shall bear uninsured and at its own risk 0% of **Defense Costs** resulting from any **Wage and Hour Claim** brought as a class action (whether certified or not) or by multiple claimants or in multiple plaintiff suits arising out of related **Wrongful Employment Practices**, and our liability shall apply only to the remaining percentage of such **Defense Costs**.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.