



Finance Committee Packet
February 28, 2025

TABLE OF CONTENTS

Finance Committee Meeting Agenda 1

Finance Committee September 10, 2024, Minutes 2

December 2024 Finance and Administration Report..... 4

December 2024 Statement of Revenues and Expenses 5

December 2024 Statement of Net Assets 8

December 2024 Schedule of Cash and Investments 9

Final 2024 Volume Charts 10

Cyber Liability Insurance Proposal 14

Updated Travel and Entertainment Policy 45

2025 Volume Discussion..... 54



Finance Committee

Meeting Agenda

Friday, February 28, 2025
9:00 a.m. (PST)

Via Online Teleconference/connection instructions below

9:00 A.M. **CALL TO ORDER** – Chairperson, Debbie Willmann

- Roll call/Establish quorum
- Announcements
- Approve September 10, 2024, meeting minutes

FINANCIAL REPORT

- December 2024 Finance and Volume Report
- Review of Cyber-liability Insurance Proposal
- Review Updated Travel and Entertainment Policy
- 2025 Volume Discussion

NEW BUSINESS

10:00 A.M. **ADJOURN***

* Time is intended merely for guidance.

Join Zoom Meeting - Please contact Pam Ortega at pam@hassavocadoboard.com or +1 (949) 601-6517 for Zoom meeting login and meeting ID.

VISION: FRESH HASS AVOCADOS WILL BE AMERICA'S MOST POPULAR AND DESIRED FRUIT BY 2025. THE AVERAGE ANNUAL INCREASE IN THE VALUE OF THE FRUIT CONSUMED ON A PER PERSON BASIS IN THE U.S. WILL BE 6%.

MISSION: HAB STRENGTHENS THE GLOBAL AVOCADO INDUSTRY AND ITS STAKEHOLDERS IN OUR COLLECTIVE EFFORTS TOWARD MARKET DEVELOPMENT IN THE U.S. THROUGH LEADERSHIP IN NUTRITION, COMMUNICATIONS, BUSINESS SUPPORT TOOLS AND INFORMATION, AND SUSTAINABILITY PRACTICES THROUGHOUT THE SUPPLY CHAIN.



Finance Committee Meeting Minutes

Tuesday, September 10, 2024
2:00 p.m. PDT

An in-person meeting of the Finance Committee of the Hass Avocado Board (HAB) was held on Tuesday, September 10, 2024, at 2:00 p.m. with the following people present:

COMMITTEE MEMBERS PRESENT

Chris Henry, Committee Chair
Byron Talley
Debbie Willmann
Doug O'Hara
Gwen Jackimek
Rigo Perez
Will Carleton
Bob Schaar, ex officio

OFFICIALLY PRESENT

Kelly Robertson, USDA

STAFF PRESENT

Emiliano Escobedo
Robert Rumph
Silvia Standke

CALL MEETING TO ORDER

Committee Chair Henry called the meeting to order at 2:00 p.m. and thanked everyone for attending the meeting. He proceeded with roll call and established a quorum.

ANNOUNCEMENTS

Henry acknowledged there were no guests. He asked that the group respect the rules and only speak when called upon by him.

APPROVAL OF MAY 17, 2024 MEETING MINUTES

Henry directed the committee to page 2 of the packet and entertained the following motion:

MOTION: *The Finance Committee of the Hass Avocado Board approves the May 17, 2024, meeting minutes. (Willmann/O'Hara) Motion Adopted*

JULY 2024 FINANCE AND VOLUME REPORT

Henry directed committee members to turn to page 4 of the meeting packet. He then asked Rumph to talk about the July 2024 Finance and Volume Report. Rumph shared the report with the committee and answered questions. Henry thanked Rumph for the update. There were no further questions.

ANNUAL REVIEW OF CORPORATE SCHEDULE OF INSURANCE

Henry thanked Rumph and asked the committee to turn to page 14 of the meeting packet. Henry asked Rumph to share the 2025 Corporate Schedule of Insurance. Rumph stated that he is comfortable with the current policy coverage and that the only coverage not in effect is cyber insurance, but it is not required by USDA.

He stated that HAB's IT vendor is very good and has taken extreme measures to protect HAB's system. There was a request for a quote just to see what it would cost to include cyber insurance. There was no further discussion. Henry thanked Rumph and then entertained the following motion:

MOTION: *The Finance Committee of the Hass Avocado Board recommends the approval of the 2025 Schedule of Insurance. (Perez/Jackimek) Motion Adopted*

REVIEW AND APPROVAL OF THE 2025 DAVIS FARR LETTERS OF ENGAGEMENT

Henry thanked Rumph and asked the committee to turn to page 17 of the meeting packet. Henry asked Rumph to share the 2025 Davis Farr Letters of Engagement. Rumph explained the three letters. The handler audit, the nomination procedures, and the financial audit. Rumph added that Davis Farr is a specialized auditor who handles organizations like HAB. Once the committee and the board approve the letters, the future HAB chairperson and treasurer will be invited to attend the audit entrance and exit meetings audit to ensure the audit is carried out as outlined in the engagement letters. Escobedo explained that Davis Farr has been used by HAB for a few years but that recently, HAB went through a "Request for Proposal" and found that Davis Farr continues to be the best fit for HAB. He also explained that this is the time for the committee to decide if there is anything else that needs to be reviewed during the financial audit because the 2025 financial audit will be based on the scope of work included in the letter of engagement. There was no further discussion. Henry then entertained the following motion:

MOTION: *The Finance Committee of the Hass Avocado Board recommends the approval of the 2025 Davis Farr Letters of Engagement as presented. (O'Hara/Talley) Motion Adopted*

APPROVAL OF THE 2025 BUDGET

Henry asked the committee to turn to page 30 of the meeting packet and then turned the meeting over to Emiliano Escobedo. Escobedo reviewed the 2025 budget with the group and explained it in detail. The projected volume was discussed. He continued with the target ending reserves and talked about the USDA costs that will most likely increase. There was a question on the budget line "program management," and he explained what it is and what it includes. There was no further discussion. Henry thanked Escobedo and entertained the following motion:

MOTION: *The Finance Committee of the Hass Avocado Board approves the 2025 Budget with the revised numbers in the motion discussed. (Willmann/Carleton) Motion Adopted*

NEW BUSINESS

Henry stated that as the treasurer and working with Rumph, he commended Rumph for making the tough job look easy. There was no business.

ADJOURN

Henry thanked the committee members for attending the meeting and adjourned at 2:47 p.m.

Respectfully Submitted,

Silvia Standke
HAB, Sr. Manager of Operations



MEMORANDUM

DATE: December 5, 2024
TO: HAB Finance Committee
FROM: Robert M. Rumph
SUBJECT: Financial Report

FINANCIAL REPORT

Twelve Months Ended December 31, 2024 - Unaudited

HAB revenues = \$72.2 M dollars — up \$0.9 M from the same period prior year to date amount of \$71.3 M.

HAB net revenues = \$11.5 M dollars — up \$0.2 M from the same period prior year to date amount of \$11.3 M.

HAB reserves as of December 31, 2024, \$3.6 M up \$0.7 M from the \$2.9 M December 2023 ending amount.

Schedule of Cash & Investments as of December 31, 2024

Cash in bank — checking account = \$100,000
Cash in overnight sweep account = \$3,190,051
TOTAL CASH and INVESTMENTS = \$3,290,051

Statement of Net Assets, Revenue, and Expenditures as of December 31, 2024

Total assets \$9,241,038
Total liabilities = \$5,621,192
Total net assets (Reserves) = \$3,619,846
Total revenues = \$72,181,488
Total expenditures = \$71,379,988
YTD excess revenues over/(under) expenditures = \$801,500



**HASS AVOCADO BOARD
STATEMENT OF REVENUES AND EXPENSES- UNAUDITED
YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

REVENUES:	DEC 2024 YTD	% of Total	2024 BUDGET	% of Total	% of Annual Budget Realized
ASSESSMENT REVENUES - CALIFORNIA	\$ 8,452,146	11.7%	N/A	N/A	N/A
ASSESSMENT REVENUES - IMPORTS	\$ 63,353,586	87.8%	N/A	N/A	N/A
OTHER INCOME	\$375,756	0.5%	\$250,000	N/A	150.3%
TOTAL REVENUES	\$ 72,181,488	100.0%	\$ 71,500,000	100.0%	101.0%
					% of Annual Budget Realized
EXPENSES	DEC 2024 YTD	% of Total	2024 BUDGET	% of Total	% of Annual Budget Realized
REBATE PROGRAM					
REBATES - CALIFORNIA AVOCADO COMMISSION	\$7,184,177	10.1%	N/A	N/A	N/A
REBATES - COLOMBIA AVOCADO BOARD	\$1,584,790	2.2%	N/A	N/A	N/A
REBATES - CHILEAN AVOCADO IMPORTER ASSOCIATION	\$262,887	0.4%	N/A	N/A	N/A
REBATES - MEXICAN HASS AVOCADO IMPORTERS ASSOCIATION	\$48,780,137	68.3%	N/A	N/A	N/A
REBATES - PERUVIAN AVOCADO COMMISSION	\$2,907,633	4.1%	N/A	N/A	N/A
TOTAL REBATES	\$60,719,624	84.1%	\$60,562,500	84.7%	100.3%
NET REVENUE	\$11,461,864	15.9%	\$ 10,937,500	15.3%	104.8%
PROMOTION, RESEARCH, AND INFORMATION PROGRAMS					
COMMUNICATIONS	\$4,060,168	5.7%	\$4,092,127	6%	99.2%
NUTRITION	\$2,310,997	3.2%	\$2,449,933	3%	94.3%
BUSINESS SUPPORT TOOLS AND INFORMATION	\$840,450	1.2%	\$950,300	1%	88.4%
INDUSTRY ENGAGEMENT AND LEADERSHIP	\$928,767	1.3%	\$947,207	1%	98.1%
SUSTAINABILITY	\$541,002	0.8%	\$824,627	1%	65.6%
PROMOTION, RESEARCH, AND INFORMATION PROGRAMS SUBTOTAL	\$8,681,384	12.2%	\$9,264,195	13%	93.7%
ADMINISTRATION OF HAPRIO					
BOARD MEMBERS, OFFICE, STAFF, PROFESSIONAL SERVICES, EQUIPMENT/SUPPLIES	\$1,773,162	2.5%	\$1,882,681	3%	94.2%
ADMINISTRATION OF HAPRIO SUB-TOTAL	\$1,773,162	2.5%	\$1,882,681	3%	94.2%
OVERSIGHT					
USDA/OGC/PROGRAM REVIEW	\$205,818	0.3%	\$165,000	0%	124.7%
OVERSIGHT SUB-TOTAL	\$205,818	0.3%	\$165,000	0%	124.7%
TOTAL OPERATING EXPENSES	\$ 10,660,364	14.9%	\$ 11,311,876	15.7%	94.2%
TOTAL EXPENDITURES	\$71,379,988	100.0%	\$71,874,376	100.0%	99.3%
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$801,500		\$ (374,376)	-1%	-214.1%
TOTAL SALARIES AND BENEFITS (INCLUDED & ALLOCATED IN ADMINISTRATION AND PROGRAMS ABOVE)	\$ 3,663,917	5.1%	\$3,689,206	5.1%	99.3%



HASS AVOCADO BOARD
STATEMENT OF REVENUES AND EXPENSES- UNAUDITED
YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED

PROGRAM EXPENSES	DEC 2024 YTD	% of Total	2024 BUDGET	% of Total	% of Annual Budget Realized
COMMUNICATIONS					
PROGRAM MANAGEMENT	\$912,451	1.3%	\$901,647	1%	101.2%
CREATIVE CONTENT	\$160,248	0.2%	\$157,450	0%	101.8%
EVENTS	\$246,266	0.3%	\$260,000	0%	94.7%
ONLINE/WEBSITE/SOCIAL MEDIA	\$573,200	0.8%	\$575,000	1%	99.7%
NUTRITION AND RESEARCH PROMOTION	\$1,790,141	2.5%	\$1,804,580	3%	99.2%
STRATEGIC PARTNERSHIPS	\$104,522	0.1%	\$109,500	0%	95.5%
STRATEGY, ISSUES RADAR AND REPORTING	\$273,340	0.4%	\$283,950	0%	96.3%
COMMUNICATIONS PROGRAM SUB-TOTAL	<u>\$4,060,168</u>	5.7%	<u>\$4,092,127</u>	6%	99.2%
NUTRITION					
PROGRAM MANAGEMENT	\$781,188	1.1%	\$753,933	1%	103.6%
SCIENCE PIPELINE	\$1,329,060	1.9%	\$1,483,500	2%	89.6%
EVENTS	\$5,415	0.0%	\$9,000	0%	60.2%
STRATEGY, ISSUES RADAR AND REPORTING	\$195,333	0.3%	\$203,500	0%	96.0%
NUTRITION PROGRAM SUB-TOTAL	<u>\$2,310,997</u>	3.2%	<u>\$2,449,933</u>	3%	94.3%
BUSINESS SUPPORT TOOLS AND INFORMATION					
PROGRAM MANAGEMENT	\$372,714	0.5%	\$386,600	1%	96.4%
COMMUNICATIONS	\$53,414	0.1%	\$55,000	0%	97.1%
DATA SERVICES	\$50,127	0.1%	\$60,200	0%	83.3%
AVIS	\$50,163	0.1%	\$74,500	0%	67.3%
TRACK AND MONITOR	\$121,557	0.2%	\$120,000	0%	101.3%
RESEARCH AND INFORMATION	\$22,681	0.0%	\$25,000	0%	90.7%
CONSUMER INSIGHTS AND TRACKING STUDIES	\$169,795	0.2%	\$229,000	0%	74.1%
BUSINESS SUPPORT TOOLS AND INFORMATION PROGRAM SUB-TOTAL	<u>\$840,450</u>	1.2%	<u>\$950,300</u>	1%	88.4%



**HASS AVOCADO BOARD
STATEMENT OF REVENUES AND EXPENSES- UNAUDITED
YTD ACTUAL VS. BUDGET AND % OF ANNUAL BUDGET REALIZED**

	DEC 2024 YTD	% of Total	2024 BUDGET	% of Total	% of Annual Budget Realized
INDUSTRY ENGAGEMENT AND LEADERSHIP					
PROGRAM MANAGEMENT	\$624,610	0.9%	\$618,757	1%	100.9%
ANNUAL REPORT	\$0	0.0%	\$2,000	0%	0.0%
HAB PROMOTIONAL MATERIALS	\$1,648	0.0%	\$10,000	0%	16.5%
INDUSTRY MEETINGS AND EVENTS	\$99,586	0.1%	\$75,000	0%	132.8%
INDUSTRY WEBSITE	\$36,052	0.1%	\$42,000	0%	85.8%
OUTREACH	\$11,849	0.0%	\$15,000	0%	79.0%
COMMUNICATIONS	\$117,048	0.2%	\$134,450	0%	87.1%
BOARD LEADERSHIP DEVELOPMENT	\$37,974	0.1%	\$50,000	0%	75.9%
INDUSTRY ENGAGEMENT AND LEADERSHIP PROGRAM SUB-TOTAL	<u>\$928,767</u>	<u>1.3%</u>	<u>\$947,207</u>	<u>1%</u>	<u>98.1%</u>
SUSTAINABILITY					
PROGRAM MANAGEMENT	\$228,086	0.3%	\$239,627	0%	95.2%
STRATEGY	\$121,509	0.2%	\$150,000	0%	81.0%
RESEARCH	\$190,000	0.3%	\$425,000	1%	44.7%
AVOCADO SUSTAINABILITY CENTER	\$1,407	0.0%	\$10,000	0%	14.1%
SUSTAINABILITY PROGRAM SUB-TOTAL	<u>\$541,002</u>	<u>0.8%</u>	<u>\$824,627</u>	<u>1%</u>	<u>65.6%</u>
ADMINISTRATION OF HAPRIO					
FINANCIAL OVERSIGHT - AUDITING	\$34,839	0.0%	\$40,000	0%	87.1%
BOARD: TRAVEL, MEETINGS, ELECTIONS	\$351,916	0.5%	\$323,380	0%	108.8%
OFFICE RELATED (RENT, NETWORK, COMMUNICATIONS, & EQUIPMENT/SUPPLIES & SERVICES)	\$359,188	0.5%	\$385,840	1%	93.1%
PROFESSIONAL SERVICES AND CONSULTING	\$29,081	0.0%	\$52,800	0%	55.1%
LEGAL SERVICES	\$47,850	0.1%	\$42,000	0%	113.9%
CORPORATE INSURANCE	\$53,228	0.1%	\$62,000	0%	85.9%
SALARIES/WAGES/BENEFITS	\$873,013	1.2%	\$898,661	1%	97.1%
EDUCATION, TRAINING, CONFERENCES, SEMINARS	\$18,047	0.0%	\$48,000	0%	37.6%
CORPORATE GOVERNANCE	\$6,000	0.0%	\$30,000	0%	20.0%
ADMINISTRATION OF HAPRIO EXPENSES SUB-TOTAL	<u>\$1,773,162</u>	<u>2.5%</u>	<u>\$1,882,681</u>	<u>3%</u>	<u>94.2%</u>
USDA OVERSIGHT					
USDA USER FEE	\$205,818	0.3%	\$165,000	0%	124.7%
PROGRAM REVIEW	\$ -	0.0%	\$ -	0%	N/A
USDA OVERSIGHT SUB-TOTAL	<u>\$205,818</u>	<u>0.3%</u>	<u>\$165,000</u>	<u>0%</u>	<u>124.7%</u>



HASS AVOCADO BOARD
Statement of Net Assets - UNAUDITED
Previous Year Comparison

	31-Dec-24	31-Dec-23	Variance	% Change
Assets				
Current assets:				
Cash and investments	3,290,051	3,430,570	(140,518)	-4%
Receivables:				
California	7	-	7	N/A
Customs	5,643,681	5,243,738	399,943	8%
Interest	-	-	-	N/A
Leases	-	-	-	N/A
Miscellaneous	-	35,675	(35,675)	-100%
Prepaid expenses	2,897	4,610	(1,713)	-37%
Deposits	13,217	13,217	-	0%
Total current assets	8,949,854	8,727,810	222,044	3%
Noncurrent assets:				
Capital assets :				
Depreciable	394,728	502,214	(107,486)	-21%
Accumulated depreciation	(315,398)	(430,648)	115,251	-27%
Lease Asset	613,290	613,290	-	0%
Accumulated depreciation - Lease	(401,436)	(267,624)	(133,812)	50%
Total noncurrent assets	291,185	417,232	(126,047)	-30%
Total assets	9,241,038	9,145,041	95,997	1%
Liabilities				
Liabilities:				
Accounts payable	5,378,902	5,910,858	(531,955)	-9%
Lease Liability	242,290	384,061	(141,771)	-37%
Total liabilities	5,621,192	6,294,919	(673,727)	-11%
Net Assets				
Invested in capital assets, net of accumulated depreciation	-	-	-	N/A
Restricted for:				
Promotions, research and information	3,619,846	2,850,123	769,723	27%
Total net assets	3,619,846	2,850,123	769,723	27%
Total Liabilities and Net Assets	9,241,038	9,145,041	95,997	

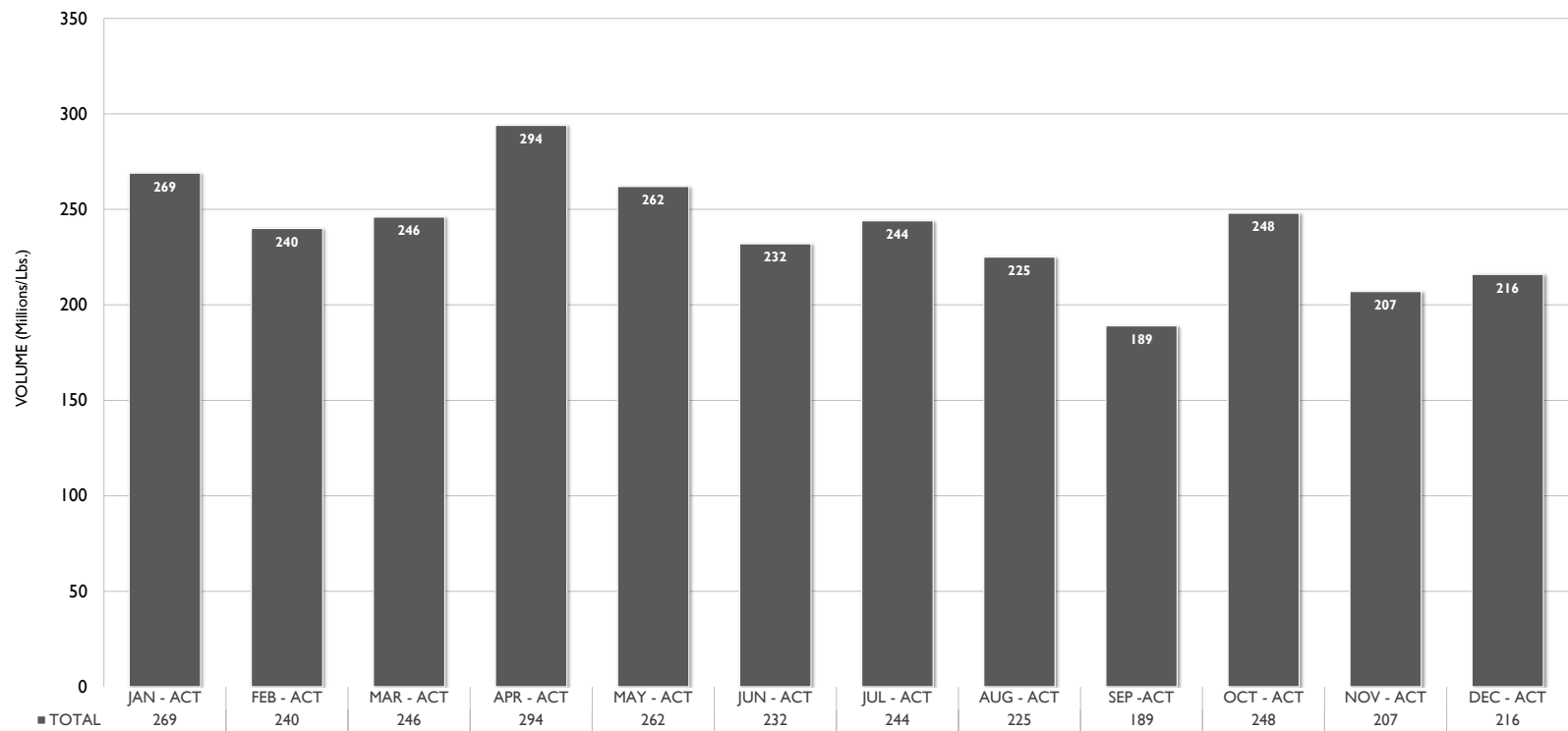


**Schedule of Cash & Investments
2024-12-31**

Purchase / Settlement Date	Maturity Date	Investment Type*	Institution	Term / Days	Cur. Est. Annual Yield	Ledger Balance	Current Market Value	Unrealized Gain (Loss)	Collateralization
			Checking Account						
N/A	Cash		Wells Fargo Bank		0.00%	\$100,000	\$100,000	\$0	FDIC/FEDERAL RESERVE BANK
N/A	Sweep Account		Wells Fargo Bank		4.50%	\$3,190,051	\$3,190,051	\$0	FDIC/FEDERAL RESERVE BANK
						<u>\$3,290,051</u>	<u>\$3,290,051</u>		

FDIC - Federal Deposit Insurance Corporation

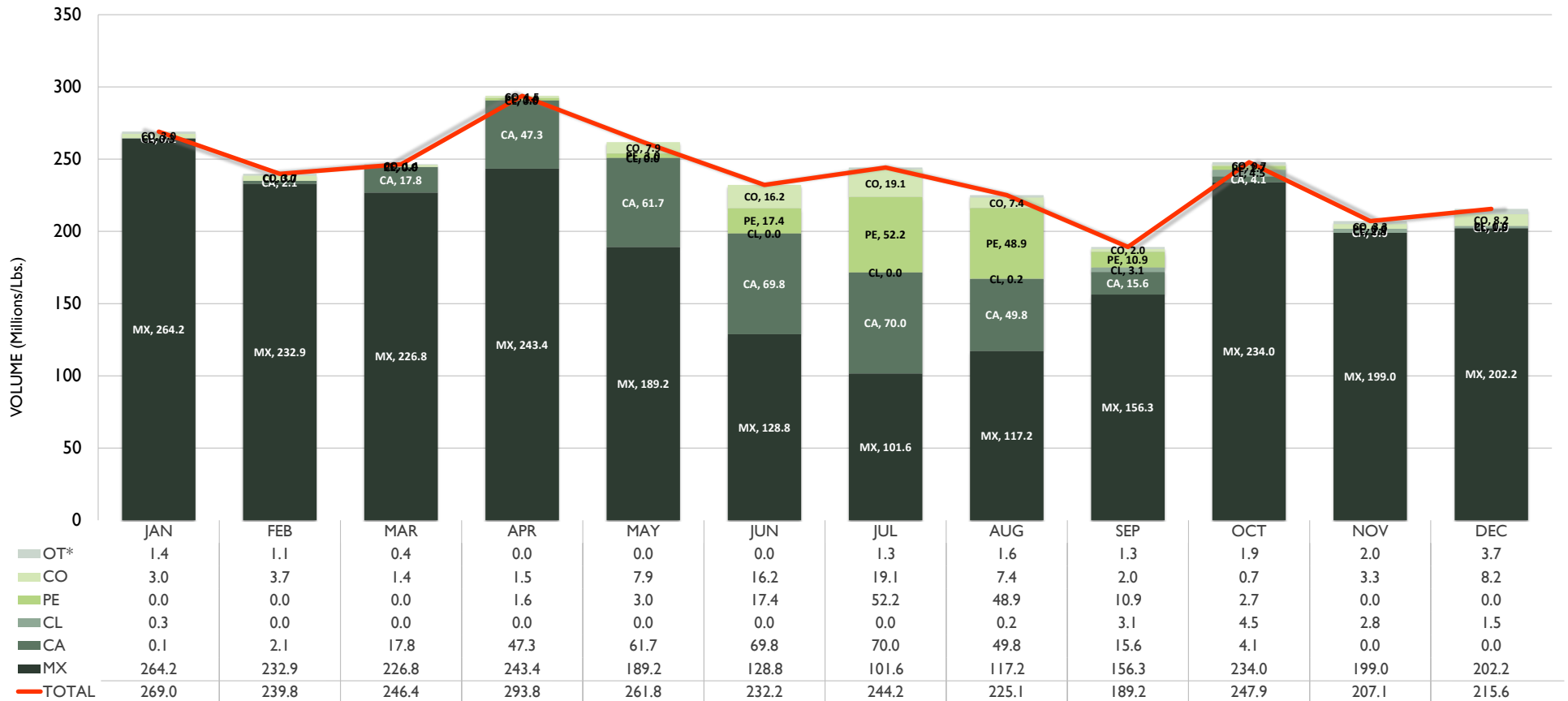
FEDERAL RESERVE - \$5,000,000 Collateralization secured through USDA



■ TOTAL

ASSESSABLE VOLUME	
Country Data	Volume (lb)
Subtotal California Hass	338,000,000
Subtotal Imported Hass	2,534,000,000
Mexico	2,296,000,000
Chile	12,000,000
Peru	137,000,000
Colombia	74,000,000
Others (DR & NZ)	15,000,000
ANNUAL TOTAL	2,872,000,000

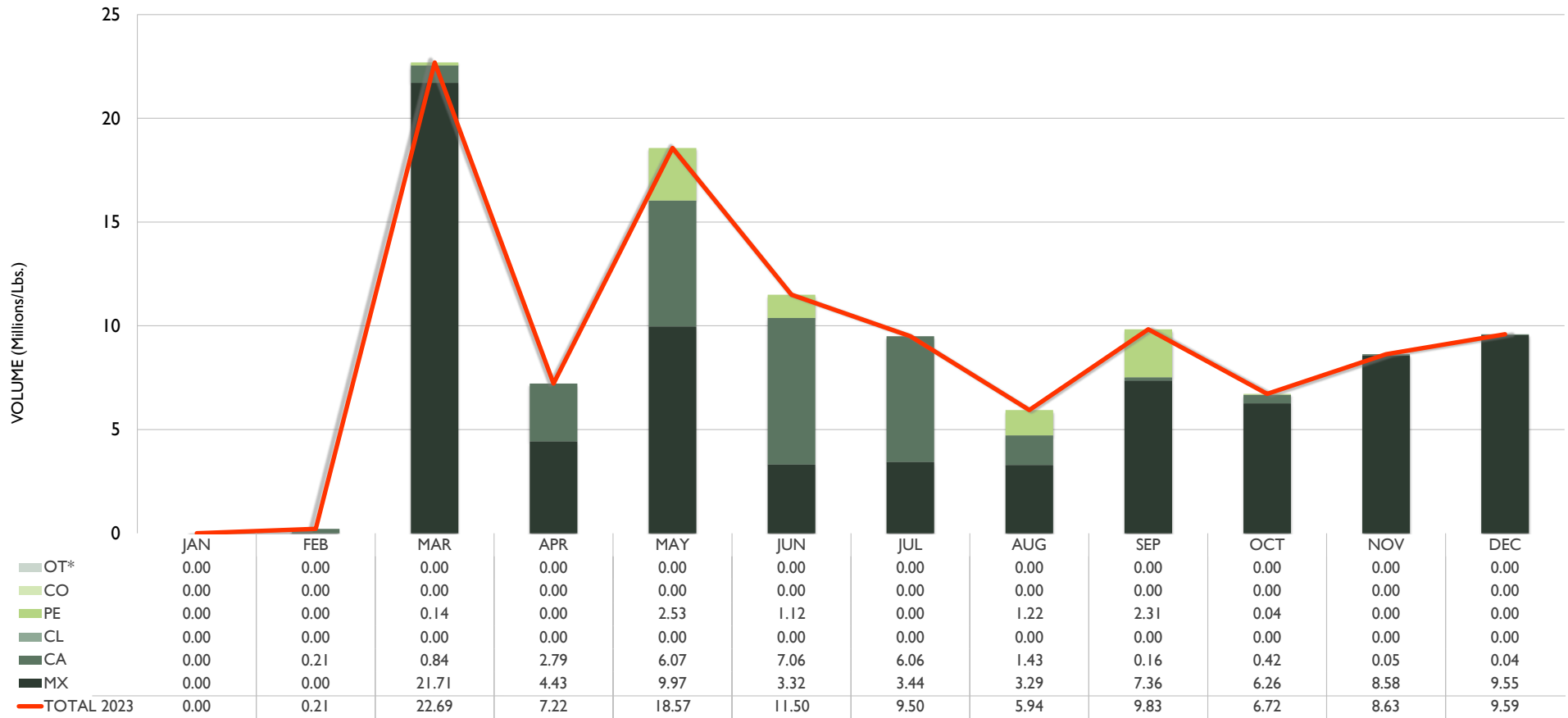
The Hass Avocado Board accepts no liability for the content of this report, or for the consequences of any actions taken on the basis of the information provided herein.



ASSESSABLE VOLUME

Country Data	Volume (lb)
Subtotal California Hass	338,000,000
Subtotal Imported Hass	2,534,000,000
Mexico	2,296,000,000
Chile	12,000,000
Peru	137,000,000
Colombia	74,000,000
Others (DR & NZ)	15,000,000
ANNUAL TOTAL	2,872,000,000

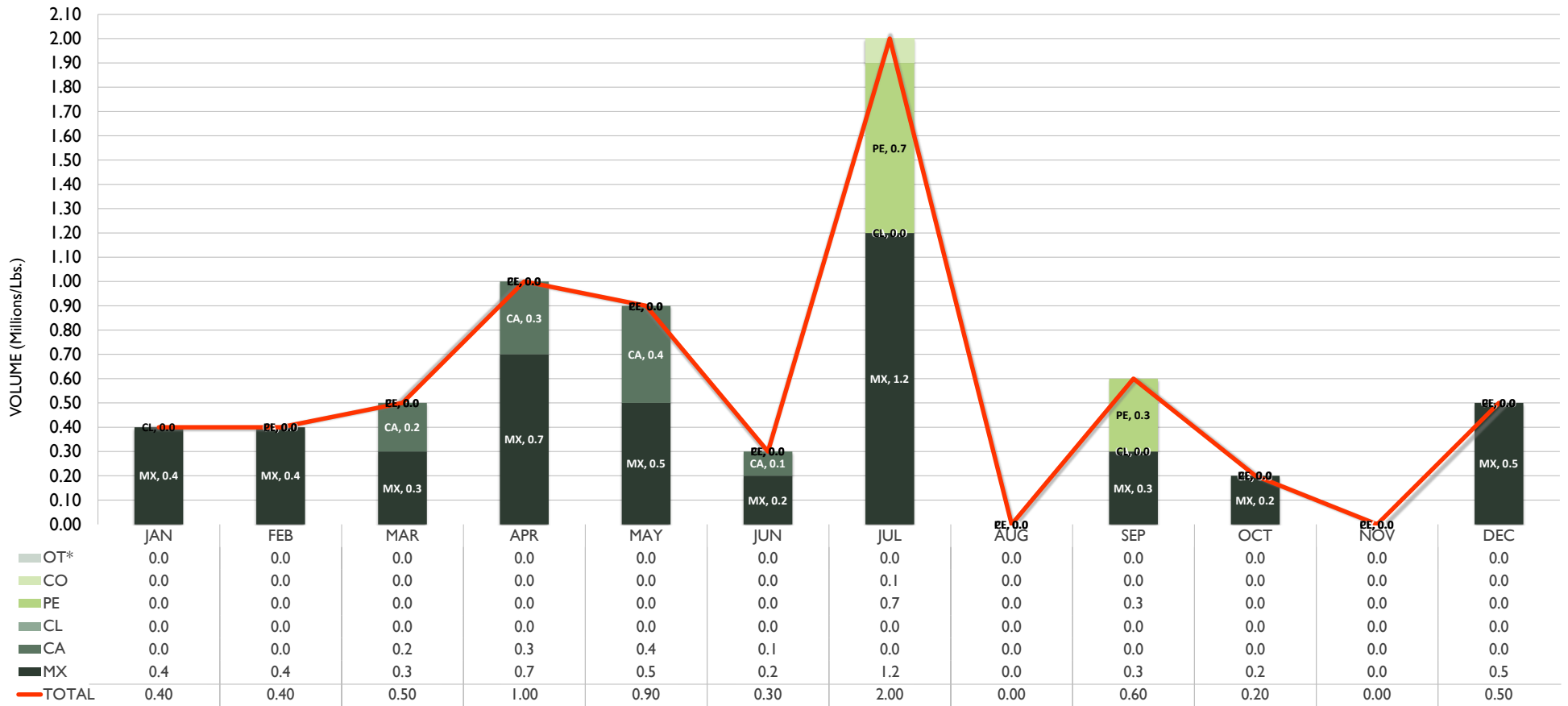
The Hass Avocado Board accepts no liability for the content of this report, or for the consequences of any actions taken on the basis of the information provided herein.



Country Data	2024 YTD	2023
Subtotal California Hass	25,100,000	18,600,000
Subtotal Imported Hass	85,300,000	77,400,000
Mexico	77,900,000	69,700,000
Chile	-	-
Peru	7,400,000	7,700,000
Colombia	-	-
Others (DR & NZ)	-	-
TOTAL	110,400,000	96,000,000

*California organic volume reported by CA handlers, unaudited.

The Hass Avocado Board accepts no liability for the content of this report, or for the consequences of any actions taken on the basis of the information provided herein.



Country Data	YTD Volume (lb)
Subtotal California Hass	1,000,000
Subtotal Imported Hass	5,800,000
Mexico	4,700,000
Chile	-
Peru	1,000,000
Colombia	100,000
Others (DR & NZ)	-
YTD TOTAL	6,800,000

*California export volume reported by CA handlers, unaudited.

The Hass Avocado Board accepts no liability for the content of this report, or for the consequences of any actions taken on the basis of the information provided herein.



PROPOSAL

Prepared for

Hass Avocado Board

www.bbrown.com





Insurance Presentation for:
Hass Avocado Board
Policy Period: TBD

Presented by:

Mark Zahoryin

Brown & Brown Retail Insurance Services

18100 Von Karman Ave, Ste 850

Irvine, CA 92612

Phone: (714)221-1800

License No. 0F56560

www.bbrown.com

Thank you for inviting us to develop and present a Risk Solution Program to you. We welcome the opportunity to become involved with your company. We have worked to identify your needs and concerns, and to develop a program for your insurance. Brown & Brown, Inc. is among the top 10 largest insurance brokers worldwide.¹ The company provides a variety of insurance products and services to corporate, institutional, professional and individual clients. Headquartered in Daytona Beach, Florida, Brown & Brown was founded in 1939. Following a merger in 1993, the company became publicly traded on Nasdaq. In 1998, the company became listed on the New York Stock Exchange (NYSE: BRO), and joined the S&P 500 in 2021. Brown & Brown handles clients' premiums in excess of \$20 Billion annually and has 8,000+ retail teammates.

While size is not the sole criteria for choosing an insurance agent, it does enable us to offer our clients clout in the marketplace and unmatched service capability.

Please feel free to visit our website at www.bbrown.com.

This brief description of insurance coverage is being provided as an accommodation only and is not intended to cover or describe all policy terms. In the event of difference, the policy will prevail. For more complete information on the scope and limits of coverage please refer to the policy document.

¹ As listed in Business Insurance magazine, July 2022 edition

No matter how comprehensive or price competitive your insurance program is, it is still people who must service it to insure that coverage will respond when needed.

Mark Zahoryin
Account Executive

Phone: (714)221-1827
Fax: (714) 221-4196
Mark.Zahoryin@bbrown.com

Mark Zahoryin will oversee all aspects of your program.

Katia Thomas
Account Manager

Phone: (714)221-1844
Fax: (714) 221-4196
Katia.Thomas@bbrown.com

Katia Thomas will assist with the daily servicing of your account, including endorsements, certificate requests, client services, program design, accounting, quality assurance and market relationships.

Feel free to contact anyone on this list if you have questions or concerns regarding your insurance policy.

Premium Summary

Premium as proposed:

Line of Coverage	\$1M Quote	\$2M Quote	\$3M Quote	\$5M Quote
Cyber Liability	\$7,969.00	\$11,059.00	\$14,462.00	\$20,591.00
Surplus Lines Taxes and Fees	\$265.18	\$363.45	\$471.66	\$666.56
Wholesaler's Broker Fee	\$400.00	\$400.00	\$400.00	\$400.00
Embedded Security Fee	\$370.00	\$370.00	\$370.00	\$370.00
Total	\$9,004.18	\$12,192.45	\$15,703.66	\$22,027.56

**25% of the premium and surplus lines taxes/fees is fully earned at inception;
100% of all other fees are fully earned at inception.**

Quotes valid thru 3/29/25

Payment Options:

- Check – Please make your check payable to Brown & Brown Retail Insurance Services
- Premium Finance, available upon request.
- Epay – There is a 3.5% fee if using a credit card and a \$3 fee for ACH.
Here is the link: <https://bbsocal.epaypolicy.com/>
- Check by Fax – No Fee
- Wire Transfer – We do not charge a fee for this. However, your bank might charge one.

This proposal is based upon the exposures to loss made known to the Agency. Any changes in these exposures (i.e., new operations, new products, additional states of hire, etc.) need to be promptly reported to us in order that proper coverage(s) may be put into place.

Notes:

1. We want to make sure that the annual change in the board of directors is not deemed to be a “Change of Control.” Section VII, Subsection C (on page 29 of 36) states that if there is a change in control, that it will limit the scope of coverage for any cyber events or losses that occur after the change in control. Please talk with the broker and make sure that the change in the board every December will not be considered a “Change of Control.” Assuming the broker agrees, then see if they can put some language in the final policy clearly addressing this point.
 - a. **The UW has stated that this would not be a true change of ownership therefore no need to waive change of control or issue an endorsement.**

2. It is my understanding that HAB receives all assessment revenue and then distributes it accordingly to the various commissions and associations. Thus, HAB is holding millions of dollars in trust for the various associations. We need to see that the insurance covers (up the coverage limit) any bad actor accessing and initiating improper distributions of those funds held in trust. That would be considered a “Financial Fraud”, which is a covered item in Section I.E (on page 3 of 36). However, there are various exclusions and limitations on this coverage. Specifically, Section VI. C (on page 27 of 36) carves out an exclusion for certain types of financial fraud. This is also further limited by the “Invoice Manipulation Coverage” endorsement and the “Funds Transfer Fraud Coverage” endorsement. What concerns me is Section 3 of the Funds Transfer Coverage Fraud endorsement, which states that Losses shall not include “amounts of income lost . . . whose Funds or Securities are under the care, custody, or control of the Insured Organization.” Does this mean that there is no coverage for these funds held in trust if a bad actor either (i) causes HAB to send money to a fraudulent organization that HAB believes is a legitimate commission or association or (ii) somehow accesses and distributes those funds to itself or another organization? Please check with the broker to find out the scope and extent of coverage for funds that HAB collects and holds in trust for distribution to the associations.
 - a. **Our amendatory endorsement adds funds in the insured’s CCC:**
 - i. **Funds or Securities** includes **Funds or Securities** that are owned by, **or under the care, custody or control of, the Insured Organization.**

3. My other comment is with respect to HAB’s (or the USDA or the federal government’s) intellectual property rights. Again looking at Section VI. C (on page 27 of 36), it appears that any fraud that causes a loss of intellectual property is excluded from coverage. Please ask the broker if that is correct. If so, is there any type of endorsement that will cover a loss of intellectual property?
 - a. **This exclusion is tied exclusively to insuring agreement(s) IE.1 and I.E.2, and they are not able to provide a carveback for this coverage.**

Embedded Security Endorsement added:

Embedded Security means the cybersecurity loss control and risk management tools, included as part of At-Bay's cybersecurity risk management solution. Embedded Security offerings include:

- At-Bay Stance™ Exposure Manager. A purpose-built platform that provides regular scans to identify your IT assets, scans for vulnerabilities, prioritizes actions based on threat intelligence, and showcases a unified risk dashboard.
- At-Bay Stance™ Managed Security. Managed Security may include, but is not limited to, the following: risk advisory services; preferred pricing and select subsidized offerings on third-party risk management tools, solutions, and services; mitigation and implementation services; and other cyber loss control and risk management tools and resources.

Eligibility, rules, and limitations will vary based on your risk profile and security requirements. For details and instructions on how to activate your Exposure Manager account and for a current list of the Embedded Security offerings that may be available to you please visit: at-bay.com/embedded-security.

Embedded Security offerings may be provided by At-Bay Insurance Services, LLC, its affiliates, or other third parties and may require the Named Insured to enter into a separate agreement with the relevant company. For the avoidance of doubt, it is the sole discretion of the Named Insured to engage with any of the Policy's Embedded Security offerings and such engagement has no impact on the premium or fees charged under this Policy.

- Training/support:

- At-Bay Stance Exposure Manager: an easy to use dashboard that all insureds will have access to help them identify their exposures, and provide clear instructions of what to do to fix them.
- At-Bay Stance Managed Security: access to on-demand experts (direct access to our cyber security team) who can advise on a wide range of security services and issues.
- At-Bay Response and Recovery: We've added an in-house response and recovery team to our response panel in the event of a covered breach.
- At-Bay Security Partner Network: Access to discounts on security products and solutions from our trusted vendors. Our partners include Cloudflare, 1Password, Pax8, and more.
- Article from At Bay: <https://www.at-bay.com/articles/introducing-stance/>
 - <https://www.at-bay.com/security/>
 - <https://www.at-bay.com/security/exposure-manager/>

Stance Financial Fraud Endorsement added:

Increases Social Engineering and Computer Fraud limits to \$500k if loss occurs via an email account which is actively monitored by At-Bay Stance Fraud Defense.

Additional Financial Fraud Sub-Limit(s) is only effective when At-Bay Stance Fraud Defense is activated within your At-Bay Stance account. Learn more: www.at-bay.com/stance-financial-fraud-enhancement.

Subjectivities

Renewal is subject to the following:

- Signed & Dated At-Bay Application
- Signed CA D-1
- Payment
- Bind Request

Coverage cannot be considered bound until a binder has been received.

Action required to unlock \$250,000 Additional Financial Fraud Sub-Limit(s):

To receive the Additional Financial Fraud Sub-Limit(s) of \$250,000 you must activate At-Bay Stance Fraud Defense within your At-Bay Stance account by connecting your existing Microsoft 365 or Google Workspace instance. If At-Bay Stance Fraud Defense is not activated then the Included Financial Fraud Sub-Limit(s) in ITEM 6. E.1. and E.2. will apply. For instructions on how to activate At-Bay Stance Fraud Defense, visit: www.at-bay.com/stance-financial-fraud-enhancement

Named Insured

The following are named insureds on your policies:

Hass Avocado Board

Please verify the accuracy of each name on this list and update if needed.

Location Schedule

Loc #	Bldg. #	Address	Description
-	-	25212 Marguerite Parkway, Suite 250 Mission Viejo, CA 92692	Mailing Address

Cyber Liability - \$1M

Coverage:

Cyber Liability, subject to policy terms, provisions, conditions, definitions, and exclusions.

Coverage Form: Claims Made

Insuring Agreements:	Inclusion:	Sub-Limits of Insurance:	Retentions:
A. Information Privacy			
A.1. Information Privacy Liability	Included	\$1,000,000.	\$15,000.
A.2. Regulatory Liability	Included	\$1,000,000.	\$15,000.
A.3. Event Response and Management	Included	\$1,000,000.	\$15,000.
A.4. PCI-DSS Liability	Included	\$1,000,000.	\$15,000.
B. Network Security			
B.1. Network Security Liability	Included	\$1,000,000.	\$15,000.
B.2. Event Response and Recovery	Included	\$1,000,000.	\$15,000.
C. Business Interruption			
C.1. Direct Business Interruption	Included	\$1,000,000.	\$15,000.
C.2. Contingent Business Interruption	Included	\$1,000,000.	\$15,000.
D. Cyber Extortion			
D.1. Cyber Extortion	Included	\$1,000,000.	\$15,000.
E. Financial Fraud			
E.1. Social Engineering	Included	\$250,000.	\$15,000.
E.2. Computer Fraud	Included	\$250,000.	\$15,000.
F. Media Content			
F.1. Media Liability	Included	\$1,000,000.	\$15,000.
F.2. Media Event Response	Included	\$1,000,000.	\$15,000.

Increase your Financial Fraud Sub-Limit(s) by activating At-Bay Stance Fraud Defense	
Included Financial Fraud Sub-Limit(s) ITEM 6. E.1 and E.2	\$250,000.
Additional Financial Fraud Sub-Limit(s) with Stance Fraud Defense Activated*	\$250,000.
Total Financial Sub-Limit(s) with Stance Fraud Defense Activated	\$500,000.
<p>*By activating At-Bay Stance Fraud Defense you get the Additional Financial Fraud Sub-Limit(s) as shown above, otherwise the Included Financial Fraud Sub-Limit(s) in ITEM 6. E.1. and E.2. will apply. Please refer to your Stance Financial Fraud Enhancement Endorsement for specific terms and conditions.</p> <p>Additional Financial Fraud Sub-Limit(s) is only effective when At-Bay Stance Fraud Defense is activated within your At-Bay Stance account. Learn more: www.at-bay.com/stance-financial-fraud-enhancement</p>	

Insuring Agreement:	Inclusion:	Sub-Limit of Insurance:	Retention:
G. Reputational Harm			
G.1. Reputational Harm	Included	\$1,000,000.	\$15,000.

Reputational Harm Indemnity Period:
180 days.

System Failure Policy Form:	Inclusion:
Contingent and Direct System Failure:	Included
System Failure Coverage Details:	Value:
Direct System Failure Limit:	\$1,000,000.
Contingent System Failure Limit:	\$1,000,000.
System Failure Waiting Period:	8 hours.
Contingent Non-IT Provider Business Interruption Limit	\$1,000,000.
Contingent Non-IT Provider System Failure Limit	\$1,000,000.

Ransomware Event Coverage Details:	Value:
Ransomware Event Sub-Limit Endorsement	
Ransomware Sublimit	Full Limit

Full Limit means full coverage amount - \$1,000,000

Claims Made Dates:	Date:
Retroactive Date	Not Applicable
Continuity Date	Inception
Prior and Pending Litigation Date:	Inception

Cyber Liability - \$2M

Coverage:

Cyber Liability, subject to policy terms, provisions, conditions, definitions, and exclusions.

Coverage Form: Claims Made

Insuring Agreements:	Inclusion:	Sub-Limits of Insurance:	Retentions:
A. Information Privacy			
A.1. Information Privacy Liability	Included	\$2,000,000.	\$15,000.
A.2. Regulatory Liability	Included	\$2,000,000.	\$15,000.
A.3. Event Response and Management	Included	\$2,000,000.	\$15,000.
A.4. PCI-DSS Liability	Included	\$2,000,000.	\$15,000.
B. Network Security			
B.1. Network Security Liability	Included	\$2,000,000.	\$15,000.
B.2. Event Response and Recovery	Included	\$2,000,000.	\$15,000.
C. Business Interruption			
C.1. Direct Business Interruption	Included	\$2,000,000.	\$15,000.
C.2. Contingent Business Interruption	Included	\$2,000,000.	\$15,000.
D. Cyber Extortion			
D.1. Cyber Extortion	Included	\$2,000,000.	\$15,000.
E. Financial Fraud			
E.1. Social Engineering	Included	\$250,000.	\$15,000.
E.2. Computer Fraud	Included	\$250,000.	\$15,000.
F. Media Content			
F.1. Media Liability	Included	\$2,000,000.	\$15,000.
F.2. Media Event Response	Included	\$2,000,000.	\$15,000.

Increase your Financial Fraud Sub-Limit(s) by activating At-Bay Stance Fraud Defense	
Included Financial Fraud Sub-Limit(s) ITEM 6. E.1 and E.2	\$250,000.
Additional Financial Fraud Sub-Limit(s) with Stance Fraud Defense Activated*	\$250,000.
Total Financial Sub-Limit(s) with Stance Fraud Defense Activated	\$500,000.
*By activating At-Bay Stance Fraud Defense you get the Additional Financial Fraud Sub-Limit(s) as shown above, otherwise the Included Financial Fraud Sub-Limit(s) in ITEM 6. E.1. and E.2. will apply. Please refer to your Stance Financial Fraud Enhancement Endorsement for specific terms and conditions.	
Additional Financial Fraud Sub-Limit(s) is only effective when At-Bay Stance Fraud Defense is activated within your At-Bay Stance account. Learn more: www.at-bay.com/stance-financial-fraud-enhancement	

Insuring Agreement:	Inclusion:	Sub-Limit of Insurance:	Retention:
G. Reputational Harm			
G.1. Reputational Harm	Included	\$2,000,000.	\$15,000.

Reputational Harm Indemnity Period:
180 days.

System Failure Policy Form:	Inclusion:
Contingent and Direct System Failure:	Included
System Failure Coverage Details:	Value:
Direct System Failure Limit:	\$2,000,000.
Contingent System Failure Limit:	\$2,000,000.
System Failure Waiting Period:	8 hours.
Contingent Non-IT Provider Business Interruption Limit	\$1,000,000.
Contingent Non-IT Provider System Failure Limit	\$1,000,000.

Ransomware Event Coverage Details:	Value:
Ransomware Event Sub-Limit Endorsement	
Ransomware Sublimit	Full Limit

Full Limit means full coverage amount - \$2,000,000

Claims Made Dates:	Date:
Retroactive Date	Not Applicable
Continuity Date	Inception
Prior and Pending Litigation Date:	Inception

Cyber Liability - \$3M

Coverage:

Cyber Liability, subject to policy terms, provisions, conditions, definitions, and exclusions.

Coverage Form: Claims Made

Insuring Agreements:	Inclusion:	Sub-Limits of Insurance:	Retentions:
A. Information Privacy			
A.1. Information Privacy Liability	Included	\$3,000,000.	\$15,000.
A.2. Regulatory Liability	Included	\$3,000,000.	\$15,000.
A.3. Event Response and Management	Included	\$3,000,000.	\$15,000.
A.4. PCI-DSS Liability	Included	\$3,000,000.	\$15,000.
B. Network Security			
B.1. Network Security Liability	Included	\$3,000,000.	\$15,000.
B.2. Event Response and Recovery	Included	\$3,000,000.	\$15,000.
C. Business Interruption			
C.1. Direct Business Interruption	Included	\$3,000,000.	\$15,000.
C.2. Contingent Business Interruption	Included	\$3,000,000.	\$15,000.
D. Cyber Extortion			
D.1. Cyber Extortion	Included	\$3,000,000.	\$15,000.
E. Financial Fraud			
E.1. Social Engineering	Included	\$250,000.	\$15,000.
E.2. Computer Fraud	Included	\$250,000.	\$15,000.
F. Media Content			
F.1. Media Liability	Included	\$3,000,000.	\$15,000.
F.2. Media Event Response	Included	\$3,000,000.	\$15,000.

Increase your Financial Fraud Sub-Limit(s) by activating At-Bay Stance Fraud Defense	
Included Financial Fraud Sub-Limit(s) ITEM 6. E.1 and E.2	\$250,000.
Additional Financial Fraud Sub-Limit(s) with Stance Fraud Defense Activated*	\$250,000.
Total Financial Sub-Limit(s) with Stance Fraud Defense Activated	\$500,000.
*By activating At-Bay Stance Fraud Defense you get the Additional Financial Fraud Sub-Limit(s) as shown above, otherwise the Included Financial Fraud Sub-Limit(s) in ITEM 6. E.1. and E.2. will apply. Please refer to your Stance Financial Fraud Enhancement Endorsement for specific terms and conditions.	
Additional Financial Fraud Sub-Limit(s) is only effective when At-Bay Stance Fraud Defense is activated within your At-Bay Stance account. Learn more: www.at-bay.com/stance-financial-fraud-enhancement	

Insuring Agreement:	Inclusion:	Sub-Limit of Insurance:	Retention:
G. Reputational Harm			
G.1. Reputational Harm	Included	\$3,000,000.	\$15,000.

Reputational Harm Indemnity Period:
180 days.

System Failure Policy Form:	Inclusion:
Contingent and Direct System Failure:	Included
System Failure Coverage Details:	Value:
Direct System Failure Limit:	\$3,000,000.
Contingent System Failure Limit:	\$3,000,000.
System Failure Waiting Period:	8 hours.
Contingent Non-IT Provider Business Interruption Limit	\$1,000,000.
Contingent Non-IT Provider System Failure Limit	\$1,000,000.

Ransomware Event Coverage Details:	Value:
Ransomware Event Sub-Limit Endorsement	
Ransomware Sublimit	Full Limit

Full Limit means full coverage amount - \$3,000,000

Claims Made Dates:	Date:
Retroactive Date	Not Applicable
Continuity Date	Inception
Prior and Pending Litigation Date:	Inception

Cyber Liability - \$5M

Coverage:

Cyber Liability, subject to policy terms, provisions, conditions, definitions, and exclusions.

Coverage Form: Claims Made

Insuring Agreements:	Inclusion:	Sub-Limits of Insurance:	Retentions:
A. Information Privacy			
A.1. Information Privacy Liability	Included	\$5,000,000.	\$15,000.
A.2. Regulatory Liability	Included	\$5,000,000.	\$15,000.
A.3. Event Response and Management	Included	\$5,000,000.	\$15,000.
A.4. PCI-DSS Liability	Included	\$5,000,000.	\$15,000.
B. Network Security			
B.1. Network Security Liability	Included	\$5,000,000.	\$15,000.
B.2. Event Response and Recovery	Included	\$5,000,000.	\$15,000.
C. Business Interruption			
C.1. Direct Business Interruption	Included	\$5,000,000.	\$15,000.
C.2. Contingent Business Interruption	Included	\$5,000,000.	\$15,000.
D. Cyber Extortion			
D.1. Cyber Extortion	Included	\$5,000,000.	\$15,000.
E. Financial Fraud			
E.1. Social Engineering	Included	\$250,000.	\$15,000.
E.2. Computer Fraud	Included	\$250,000.	\$15,000.
F. Media Content			
F.1. Media Liability	Included	\$5,000,000.	\$15,000.
F.2. Media Event Response	Included	\$5,000,000.	\$15,000.

Increase your Financial Fraud Sub-Limit(s) by activating At-Bay Stance Fraud Defense	
Included Financial Fraud Sub-Limit(s) ITEM 6. E.1 and E.2	\$250,000.
Additional Financial Fraud Sub-Limit(s) with Stance Fraud Defense Activated*	\$250,000.
Total Financial Sub-Limit(s) with Stance Fraud Defense Activated	\$500,000.

*By activating At-Bay Stance Fraud Defense you get the Additional Financial Fraud Sub-Limit(s) as shown above, otherwise the Included Financial Fraud Sub-Limit(s) in ITEM 6. E.1. and E.2. will apply. Please refer to your Stance Financial Fraud Enhancement Endorsement for specific terms and conditions.

Additional Financial Fraud Sub-Limit(s) is only effective when At-Bay Stance Fraud Defense is activated within your At-Bay Stance account. Learn more: www.at-bay.com/stance-financial-fraud-enhancement

Insuring Agreement:	Inclusion:	Sub-Limit of Insurance:	Retention:
G. Reputational Harm			
G.1. Reputational Harm	Included	\$5,000,000.	\$15,000.

Reputational Harm Indemnity Period:
180 days.

System Failure Policy Form:	Inclusion:
Contingent and Direct System Failure:	Included
System Failure Coverage Details:	Value:
Direct System Failure Limit:	\$5,000,000.
Contingent System Failure Limit:	\$5,000,000.
System Failure Waiting Period:	8 hours.
Contingent Non-IT Provider Business Interruption Limit	\$1,000,000.
Contingent Non-IT Provider System Failure Limit	\$1,000,000.

Ransomware Event Coverage Details:	Value:
Ransomware Event Sub-Limit Endorsement	
Ransomware Sublimit	Full Limit

Full Limit means full coverage amount - \$5,000,000

Claims Made Dates:	Date:
Retroactive Date	Not Applicable
Continuity Date	Inception
Prior and Pending Litigation Date:	Inception

Terms, Conditions and Exclusions included, but not limited to: (Applicable to all options)

Form Title:	Form Identification:	Form Edition Date:
Cyber Insurance Policy Declarations	AB-CYB-004	12/2024
Cyber Insurance Policy	AB-CYB-001.2	08/2023
Terrorism Risk Insurance Act Disclosure	AB-CYB-002	03/2022
Service of Process Endorsement	AB-CYB-029.2	12/2023
Reputational Harm Insuring Agreement	AB-CYB-034	03/2022
AmWINS Amendatory Endorsement	AB-CYB-AMWINS-002	12/2024
California Punitive Damages Amendatory Endorsement	AB-CYB-CA	03/2022
War Exclusion	AB-CYB-121	10/2024
Infrastructure Exclusion	AB-CYB-122	10/2024
PCI-DSS Betterment Coverage (\$25,000)	AB-CYB-081	03/2022
Contingent Bodily Injury Coverage (Sub-Limit)	AB-CYB-068	03/2022
Invoice Manipulation Coverage	AB-CYB-059	05/2024
Funds Transfer Fraud Coverage	AB-CYB-061	03/2022
CryptoJacking & Utility Coverage (Full Limits)	AB-CYB-067	03/2022
Breach Costs Outside (Additional Limit)	AB-CYB-069	11/2024
OFAC Exclusion Endorsement	AB-CYB-095	03/2022
Government Action & Licensing Exclusion	AB-CYB-096	03/2022
Amendment to Pollution and Nuclear, Biological, and Chemical Contamination Exclusions Endorsement	AB-CYB-097	03/2022
Biometric Privacy Violation Exclusion	AB-CYB-098	08/2023

Business Interruption Waiting Period Endorsement	AB-CYB-084	05/2023
Contingent and Direct System Failure (for use with Business Interruption Waiting Period Endorsement)	AB-CYB-085	05/2024
Contingent Non-IT Provider System Disruption (for use with Direct and Contingent System Failure Endorsement)	AB-CYB-117	05/2024
Embedded Security Endorsement	AB-CYB-111	05/2023
Stance Financial Fraud Enhancement	AB-CYB-124	01/2025

Important Notices & Disclaimers

Disclaimer: This proposal presented is based upon the exposures to loss made known to the agency. Any changes in these exposures (i.e. new operations, new products, additional state of hire, etc.) need to be promptly reported to our agency in order that proper coverage(s) may be put in place.

The proposal contains only a general description of the coverage(s) and does not constitute a policy/contract. This brief description of insurance coverage is being provided as an accommodation only and is not intended to cover or describe all policy terms. For more complete information on the scope and limits or coverage, please refer to the policy document.

The proposal includes, but is not limited to, the terms, exclusions and conditions listed. For complete policy information, including exclusions, limitations and conditions, refer to the policy document.

Unless otherwise noted, defense costs are included in the limit of liability.

Non-Admitted Carrier

Taxes: See Premium Summary

Fees: See Premium Summary

Minimum Earned Premium: 25 %

Early termination of coverage may result in a short rate penalty.

Higher Limits may be available upon request ▼ Premiums may be subject to audit

Premiums include Terrorism Coverage

This proposal is based upon the exposures to loss made known to the Agency. Any changes in these exposures (i.e., new operations, new products, additional states of hire, etc.) need to be promptly reported to us in order that proper coverage(s) may be put into place.

Please read your policy for specific details.

A.M. Best Rating Summary

The Insurance Company(ies) Providing Coverage has(have) the following A.M. Best* Financial Rating:

Policy Type	Carrier	Rating	Admitted/Non-Admitted
Cyber Liability	At-Bay Specialty Insurance Company	A- VIII	Non-Admitted

***Rating Guide:** **A++ to C - Stability Rating-Highest to Lowest Rating**
 XV to I - Assets/Surplus Rating-Largest to Smallest

General Rating:

These rating classifications reflect A.M. Best’s opinion of the relative position of each company in comparison with others, based upon averages within the Property-Casualty insurance industry. They are reflective of overall company services and standing within the industry.

Rating Key:

Secure Ratings		Vulnerable Ratings			
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under State Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation

Financial Size Category

The financial Size Category is an indication of the size of an Insurer and is based on reported Policyholders' surplus plus conditional or Technical Reserve Funds, such as mandatory securities valuation reserve, other investment and operating contingency funds and/or miscellaneous voluntary reserves in liabilities.

Financial Size	Category
Class I	Up to \$1,000,000
Class II	\$1,000,000 to \$2,000,000
Class III	\$2,000,000 to \$5,000,000
Class IV	\$5,000,000 to \$10,000,000
Class V	\$10,000,000 to \$25,000,000
Class VI	\$25,000,000 to \$50,000,000
Class VII	\$50,000,000 to \$100,000,000
Class VIII	\$100,000,000 to \$250,000,000
Class IX	\$250,000,000 to \$500,000,000
Class X	\$500,000,000 to \$750,000,000
Class XI	\$750,000,000 to \$1,000,000,000
Class XII	\$1,000,000,000 to \$1,250,000,000
Class XIII	\$1,250,000,000 to \$1,500,000,000
Class XIV	\$1,500,000,000 to \$2,000,000,000
Class XV	\$2,000,000,000 or More

The A.M. Best Guide is the guidebook the insurance industry uses to determine the financial stability of an insurance company. A copy of the Best's Guide report on the insurance companies quoted is available for your review.

While we strive to be certain that your insurance is placed with reputable, highly rated insurance companies, we have no way of guaranteeing the financial accuracy of the Best's Guide or the financial stability of any insurance company.

For these reasons, we recommend that you take into account the financial stability of all the insurance companies prior to making your selection as to who will write your insurance.

Make Brown & Brown, Inc. aware of any and all incidents *immediately* after they occur, whether it be an auto accident, a theft, slip & fall, even a minor incident that appears will have no future activity. Do not wait for a police report.

Gather as much concrete information as possible. For example, police reports, company incident reports, conversation logs, medicals and pictures - anything that may assist in the handling of your claim. Send this information either by mail, e-mail or fax to:

Brown & Brown Insurance Services of CA, Inc.

2 Park Plaza, Suite 440,
Irvine, CA 92614
(714) 221-4196 fax

If you have any questions or incur any problems, please call our office and we will be glad to assist in any way we can.

What is an Audit?

Policies which use fluctuating values as the exposure basis, i.e.: payroll or sales are subject to an audit. The company may visit your business to examine your records or ask you to complete a voluntary "mail in" audit. If at the time of the audit your exposures are different from what you estimated at the time your policy was written, you will receive a return premium credit or an additional premium billing.

If you subcontract any work, it is essential that the subcontractor provide you with a Certificate of Insurance indicating that insurance coverage is in place for General Liability, Workers Compensation, and Automobile Liability. If at the time of audit you do not have evidence of insurance from your subcontractors, you will be charged an additional premium for the payroll of the subcontractor on your policies. We recommend you require subcontractors to carry insurance via a contract.

Audits that generate an additional premium are due upon receipt. It is important that you review audits as soon as you receive them and advise us of any discrepancies in the exposures immediately so that we may inform the insurance carrier. If payment of the audit is not received by the insurance company on a timely basis, your coverage may be canceled and could adversely affect the future placement of insurance coverage.

We recommend that you review the actual exposures as compared to your estimated exposures quarterly and advise us of any significant variance.

Understanding the Claims Made Policy

What is a Claims-Made Policy?

The claims-made insurance policy provides financial protection for all claims presented during the current policy year, providing the claim occurred after the prior acts date.

To understand the claims-made policy, we will define:

Current Policy Year:

The policy year begins on the effective date shown on the policy and expires on the expiration date also shown on the policy. The policy's effective and expiration dates change with yearly renewal of the policy. The "prior acts" or "retroactive date" remains the same, so you are protected for incidents that occurred in prior years by the current policy.

Prior Acts or Retroactive Date:

This is the date (shown on your policy) that dictates if a claim is eligible to be covered. Any claims occurring after this date, presented during the current policy year, are eligible for coverage by your current policy.

Supplemental Extended Reporting Period (Tail coverage):

Should the policy be cancelled or non-renewed, you are entitled to purchase insurance protection for any claim which may be after the cancellation date. The premium which is charged for this insurance is based upon the number of years you have been insured (prior acts years) and the limits purchased.

Compensation Information

Compensation. In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or “pooled”) with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

If an intermediary is utilized in the placement of coverage, the intermediary may or may not be owned in whole or part by Brown & Brown, Inc. or its subsidiaries. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services is derived from your premium payment, which may on average be 15% of the premium you pay for coverage, and may include additional fees charged by the intermediary.

Questions and Information Requests: Should you have any questions, or require additional information, please contact this office at 1-800-228-7975 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry/>



Travel & Entertainment Policy

Amended & Approved by the Board: 0X/XX/2025

Approved by USDA 0X/XX/2025

HASS AVOCADO BOARD TRAVEL EXPENSE POLICY

This policy supersedes the previously approved Hass Avocado Board Travel and Entertainment Expense Policy.

I. General

The Hass Avocado Board (HAB) will reimburse Members and Staff for all reasonable and necessary expenses incurred in connection with travel on authorized Board business which are approved as activities in support of the Act and Order. Members and Staff are responsible for complying with this Policy. Members and Staff submitting expenses that are not in compliance with this policy risk delayed, partial, or forfeited reimbursement. Members and Staff are expected to use prudent business judgement regarding expenses covered by this Policy.

HAB will limit reimbursement of travel expenses specified under this policy for up to one day prior to the day of the event/function, the night of the event/function, and if necessary, an additional day after the last event/function attended. Reimbursement for any additional days will require written pre-approval with justification, such as evidence that no flights are available at a reasonable hour.

2. Policy Application

- A. Hass Avocado Board Members, Board Alternates and Committee Members will be governed by this policy and will be referred to as “Member” throughout this document.
- B. The term “Staff” refers to employees of the Hass Avocado Board.
- C. The term “Executive Director” refers to the Hass Avocado Board’s Chief Executive.
- D. The Hass Avocado Board will be referred to as “Board” throughout this document.
- E. The term “Officer” refers to an Officer of the Board (Chairperson, Vice Chairperson, Treasurer, or Secretary).
- F. Business meal refers to a meal consumed by a Member or Staff when traveling on HAB Business or when HAB related business is discussed during the meal. Business meals are subject to daily allowance limits established under Section 6 (Meal Allowance) of this policy. The purchase of alcoholic beverages is permitted as part of business meals.
- G. Entertainment refers to a meal or beverage consumed with a guest(s) or a group of staff for a valid business purpose. Entertainment does not count toward the daily allowance established under Section 6 (Meal Allowance) of this policy. Alcoholic beverages are permitted as part of entertainment.
- H. Group meals refers to a meal consumed at HAB hosted events to which all members and staff are invited. Group meals do not count toward the daily allowance established under

Section 6 (Meal Allowance) of this policy. Alcoholic beverages are permitted as part of group meals.

3. Pre-Approvals for Travel

- A. Pre-approval should be done via e-mail to the appropriate person for approval. The pre-approval should include the business purpose, expense, justification, comparatives, or reasoning if appropriate.
- B. All staff travel, except for travel included in annual plans and budgets adopted by the Board, must be pre-approved by the staff member's immediate supervisor, Executive Director, or an Officer of the Board.
- C. The Executive Director will obtain pre-approval for travel from the Chairperson. If the Chairperson is not available another Officer may review and approve the travel.
- D. All Member travel, except for approved meetings, must be pre-approved by the Board Treasurer. If the Board Treasurer is unavailable, another Officer may review and approve the travel.
- E. Board Treasurer, the Treasurer will obtain Pre-approval from the Chairperson or another Officer.

4. Transportation

A. Personal Vehicle

- I. Members and Staff who utilize personal vehicles for business purposes are required to have a valid driver's license. Mileage will be reimbursed at the current allowable IRS rate. When a personal vehicle is used for Board business, it must carry the minimum insurance coverage required by law for bodily injury and property damage. Staff using their own personal vehicles for business shall be reimbursed for their actual miles traveled above and beyond their normal commute only. Members and Staff are responsible for all parking fines and moving violation tickets.

B. Rental Vehicle

- I. In general, an intermediate or smaller car is the car type within policy; however, the size and type of the rental car should be appropriate for the number of people in the car and the road conditions on which it will be used. In-car navigation systems and electronic toll payment options for rental cars are considered reimbursable. All other convenience options, e.g. satellite radio, are considered non-reimbursable.
- 2. ~~When renting cars in the US, it is not necessary to purchase rental car insurance as the HAB maintains rental car coverage.~~ When renting a car domestically or internationally, it is advisable~~necessary~~ to purchase insurance at the time of the rental. To maximize cost

savings, Members and Staff should refuel rental cars prior to returning. Gasoline for rental car use will be reimbursed as long as gasoline for the car rental is purchased under a self-service option. Rental car “pre-pay” options will not be reimbursed.

C. Local Transportation/ Travel

1. The most efficient form of transportation should be used to get to and from hotels, airports and other destinations.
2. Allowable methods of transport include shuttles, cabs, ride share and public transportation. Car service is allowed only if the total cost is comparable to that of a cab/ride share fare.

D. Air Travel

1. All reimbursable air transportation must originate and terminate within the United States. Any air travel originating from outside the United States must be justified and explained with full documentation on the pre-approval request. Hass Avocado Committee members domiciled outside the United States shall be reimbursed for air travel originating and terminating from their domicile outside the United States.
2. In order to optimize cost savings for HAB, travel arrangements should be arranged at least seven days in advance for domestic travel and fourteen days in advance for international travel. Flight insurance is encouraged and is a reimbursable expense to cover unforeseen expenses resulting from medical, family emergencies, accidents, and flight cancellations. All Members and Staff are encouraged to search for the lowest available restricted but changeable fare, rather than fully-refundable fare. HAB will reimburse Members and Staff for any justifiable flight changes.
3. All Members and Staff must fly coach for total air travel less than 3 hours within the United States, Mexico, or Canada. For total air travel longer than 3 hours within the United States, Mexico, or Canada, Members and staff are permitted to fly upgraded economy or equivalent, but not business class. For international travel to countries to other than Mexico or Canada, Members and Staff are permitted to fly business class for on trips exceeding six hours. First class air travel is not reimbursable. Personal miles or points may be used to upgrade to a higher-class service, or the traveler may opt to pay personally for an upgrade.
4. Airline receipts from the carrier shall be included with the expense report form. Travel agent receipts submitted must be accompanied by the airline receipt and include the E-ticket number and record locator for the flights in order for HAB to verify records. Travel Agent Invoices submitted without proper back-up will not suffice and may delay reimbursement.
5. HAB will reimburse airline baggage fees for up to 1 standard checked bag. Pre- approval to check additional bags at HAB expense with written justification may be approved.

6. HAB will reimburse airline fees associated with seat selection at time of check-in, priority boarding and on air Wi-Fi costs during flight.
7. When Members are attending other HAPRI association meetings during the same period as HAB events/functions, HAB will reimburse 50% of the air travel related expenses.

5. Lodging

- A. In cities where the HAB has contracted with a specific hotel, Members and Staff will book a room at the contracted hotel. In cities where there is more than one contracted hotel, the Members and staff may choose among contracted hotels. When travel schedules require early hotel check in and additional hotel charges are incurred, the additional charges are considered reimbursable.
- B. In cities where HAB does not have a contracted hotel, or all contracted hotels are sold out, the lodging selected must not exceed the maximum nightly rates (before taxes and fees) listed below:
 - \$450 metropolitan areas ~~and international locations, including New York City, Los Angeles, Washington D.C. and International locations.~~
 - \$350 All other U.S. locations.
- C. At times, when demand is high and hotels are sold out, the hotel rooms still available are priced higher than the HAB's stated maximum rate. In this case, Members and Staff will book the most reasonable option and retain a record of why the maximum rate was exceeded and submit for pre-approval. If a Member or Staff must cancel a hotel reservation, they should do so through the site/method through which the reservation was originally booked. Members should plan early to avoid cancellation fees. A "no-show" charge is not reimbursable unless it results from unavoidable circumstance.
- D. In certain circumstances it may be desirable and cost efficient to use alternate forms of lodging such as Airbnb, VRBO, rentals and others. These alternate accommodations may be used when the total cost of the stay (including booking and cleaning fees but excluding taxes and other fees) is comparable to the nightly rates published above for the same number of nights.
- E. Exclusions -- certain research and promotional HAB hosted events (for example ANSA meetings, media and influencer events) may not fall under the nightly rate limit stated under item 2. In such cases the total lodging cost will be covered in the board approved budget and business plan.

6. Meal Allowance

- A. Members and Staff will be reimbursed up to a daily maximum of \$150.00 per claimant excluding applicable taxes and a maximum gratuity of 20%. The maximum includes any daily combination of meals, snacks, minibar, and beverages. Members and Staff should ask for separate checks to avoid

exceeding the \$150.00 daily maximum. Itemized receipts are required to support all meal expenses, including meals charged to the hotel room.

- B. When a member or staff attends a HAB hosted group meal, the meal will count against the daily allowance. The deductions from the daily allowance are as follows: If the group meal is breakfast, deduct 25% from the daily allowance, if the group meal is lunch, deduct 25% from the daily allowance and if the group meal is dinner deduct 50% from the daily allowance.

7. Seminars, Conferences & Conventions

- A.—Members must obtain pre-approval prior to attending a seminar, conference, lecture, or other event of a business nature. Attendance by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.

8. Miscellaneous

A. Incidentals:

The Board will reimburse, with a receipt when possible, the following items:

- 1. Internet, and facsimile expenses related to Board business.
- 2. Laundry and dry-cleaning services when traveling on Board business for more than five consecutive days.
- 3. Tolls, parking, porter and baggage handling tips.

B. International Travel

- 1. International travel by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.
- 2. All expenses must be shown in U.S. dollar values. The currency exchange rate that will be accepted by the HAB is from the US Treasury Department's Financial Management Services as well as the daily exchange rates listed on receipts and/or credit card statements. Use the "Comments" section of expense report to indicate foreign currency exchange rates used.

9. Travel Expense Reports

- A. Falsification of a travel expense report will be brought to the Board's attention.
- B. Expense reports should be submitted to the HAB finance department after completion of each trip, and within a reasonable amount of time, not to exceed 3 months. Electronic submission is preferred for processing.

- C. If obtained, a copy of the pre-approval and supporting documentation must be submitted with the travel expense report form.
- D. A receipt must be submitted for any expense over \$20. The hotel invoice or folio are insufficient supporting documentation for room charges, please include itemized receipts for room charges and meals.
- E. It is preferable for travelers to submit original receipts; however, if originals are not submitted, the traveler must retain original receipts for at least three years in case of an audit. Original receipts are receipts for cash expenses or hard-copy printouts from electronic sources, such as for airfare or lodging. If a receipt is unavailable or lost, a written statement is required by the claimant providing the reason and detail of the expenditure.
- F. All meal and entertainment expenditures subject to reimbursement must include:
 - Names of people in attendance and relationship to HAB.
 - Business purpose - In the case of Board functions, an invitation to Board functions will suffice.
 - Place where the expense took place.
 - Date of expense.
 - Amount to be reimbursed.
- G. A member or staff that expenses a meal instead of attending a HAB hosted group meal should include an explanation in the Travel Expense Report.

10. Travel Expense Form Approvals

- A. If the traveler is Staff, the expense report form shall be approved by the Staff member's immediate supervisor, or the Executive Director. If the Executive Director is not available, the expense report form can be approved by the Board Chairperson or Board Treasurer.
- B. If the traveler is the Executive Director, the expense report form shall be approved by the Board Chairperson or the Board Treasurer.
- C. If the traveler is an officer, the expense report form must be reviewed and approved by the Board Chairperson. If the Board Chairperson is unavailable, another Officer may review and approve the form.
- D. If the traveler is the Board Chairperson, the expense report form must be reviewed and approved by the Board Treasurer first. If the Board Treasurer is unavailable another Officer may review and approve the form.

- E. If the traveler is a Member, the expense report form must be approved by the Board Treasurer first. If the Board Treasurer is unavailable, another Officer may review and approve the form.

11. Exclusions

The following expenses are not reimbursable:

- A. In-room mini-bar alcohol purchases.
- B. Personal expenses (movies, games, spa visits, golf outings, optional social activities.)
- C. Traffic and/or parking violation fines, towing charges, legal fees, or other payments resulting from illegal actions.
- D. Vehicle fuel purchases when mileage is being reimbursed.
- E. Repairs to personal vehicles.
- F. Family members' and guest expenses,' including room service or extra hotel charges for additional guests.
- G. Laundry service unless the trip is longer than five days.
- H. Lunches and dinners without a primary business purpose. The fact that lunchtime or dinnertime is a convenient time to meet does not convert a personal expense to a business expense.
- I. First-class fare.
- J. Tips in excess of 20%.
- K. Travel accident insurance premiums.

12. Covid Stay Exclusion

- A. The following guidance is for members and staff members who believe they have been in contact with a person with COVID while traveling on authorized board business or have tested positive for COVID while traveling on authorized board business.

If the member or staff person cannot travel home due to COVID exposure or infection and needs to extend their stay while traveling on authorized board business, HAB will reimburse members and staff for their hotel, travel, and meal expenses for a period of up to 10 days from the date diagnosis was received from a valid test or date of exposure. Expenses must be submitted in accordance with the Hass Avocado Board Travel Policy. HAB will also reimburse any airline ticket change fees incurred because of the extended stay period.

To qualify for reimbursement for a COVID STAY EXCLUSION, the member or staff person must document their exposure to COVID including the date, place, and time of the exposure and how they were notified of the exposure. A positive COVID test taken by a third-party health professional during the travel period will also be accepted as proof to qualify for a COVID STAY EXCLUSION reimbursement.

The expenses incurred under the COVID STAY EXCLUSION will be reviewed and approved per this policy.