

Phylos Case Study

Timeline

JUNE 28, 2022

- Mina Mishrikey (Merida Capital) introduced Eric Schneider (AlphaRoot) to Barbara Peachey, VP of Finance (Phylos)

JULY 26, 2022

- Initial Call between AlphaRoot and Phylos

SEPTEMBER 30, 2022

- Barbara Peachey sent over current policies and previous applications to so AlphaRoot could conduct a program audit

OCTOBER 7, 2022

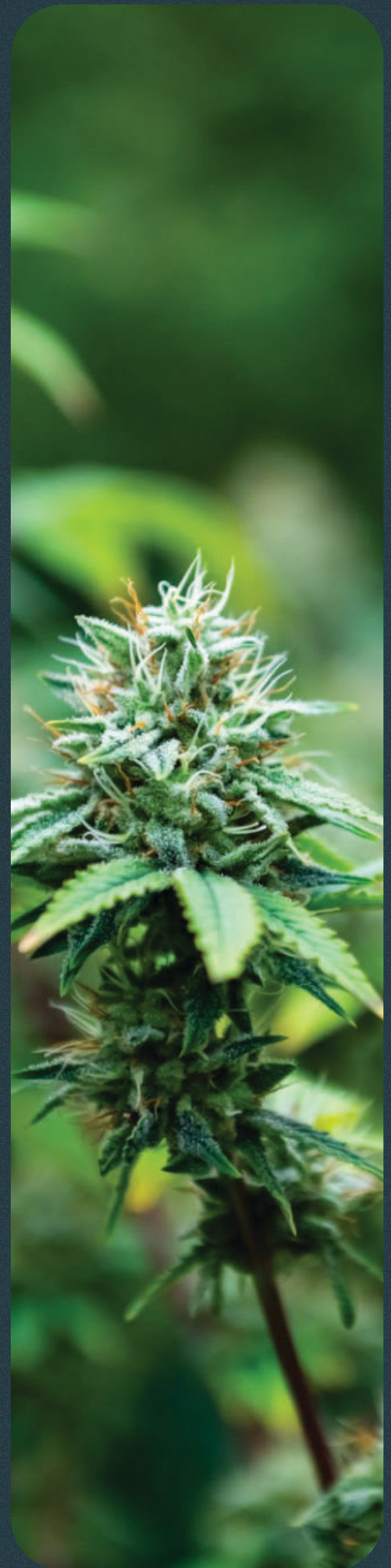
- Program Audit presented and next steps were determined.
- AlphaRoot pointed out multiple deficiencies in the current program and guidance on additional coverages that were not currently maintained.
- It was mutually agreed upon that AlphaRoot take over representation and now act as the sole Broker of Record for Phylos for the 2022-2023 renewal.
- Renewal Process initiated for 12/28/2022 - 2023 period

DECEMBER 15, 2022

- Renewal proposal presented.

DECEMBER 28, 2022

- Coverage bound for 2022-2023 year.



Improved Insurance Program by Working

with AlphaRoot

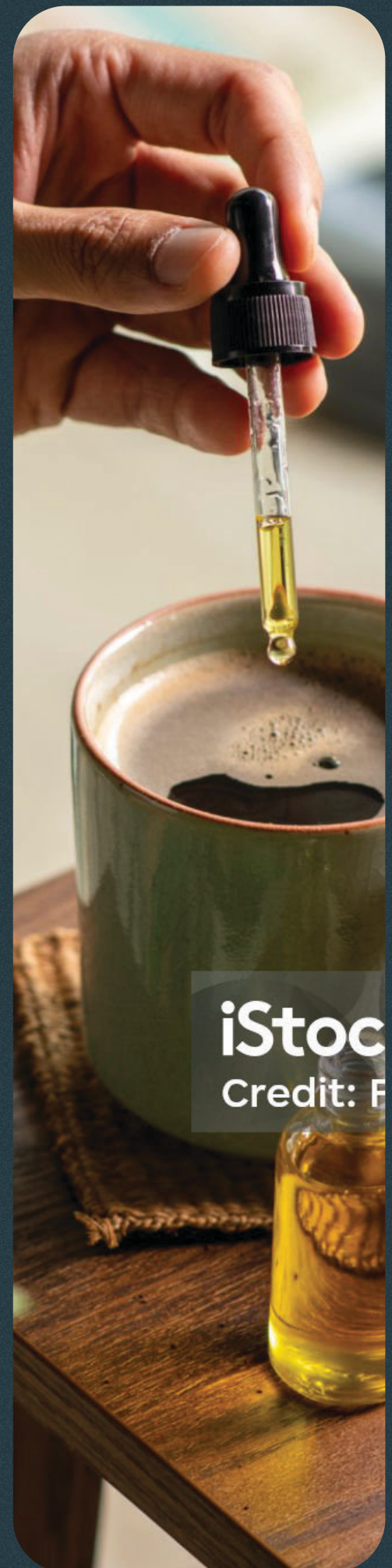
MANAGEMENT LIABILITY

- 1 Crum and Forster (Current Insurance Carrier)
 - Last years Total Cost for 1M D&O / EPLI ONLY (Shared Aggregate Limits)
\$42,546.34
 - Renewal Quote Total Cost 1M D&O / EPLI / Fiduciary (Shared Aggregate)
\$47,277.75
- 2 Scale Underwriting (New Insurance Carrier)
 - Renewal Quote Total Cost 1M D&O / EPLI / Fiduciary (Shared Aggregate)
\$34,817.24
 - Renewal Quote Total Cost 1M D&O / EPLI / Fiduciary (Separate Aggregate)
\$39,598.22

Besides Scale being less expensive it has better overall coverage. Scale is a partner of AlphaRoot's and AR is the exclusive retail broker with direct access to Scale's program.

A few important things to note.

- 1 C&F has a bankruptcy exclusion
- 2 Scale has 1M in additional Side A D&O and C&F has only 500K
- 3 Scale has a 75K retention on the D&O while C&F has a 125K retention
 - Out of pocket cost in the event of a claim is 50K less



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4 Scale Separate aggregate limit option

Shared Vs. Separate Aggregate

- A separate aggregate is more advantageous because in the event of a claim one claim does not erode the limit for the other coverages.
- For example, If there is a D&O Claim that is over 1M and you have separate limits, it will not erode the aggregate for EPLI and Fiduciary. If you have shared limits and you have a claim that is over 1M the entire policy will be exhausted.
- Separate Agg policies are slightly more expensive, but the value is very worth the cost.

GENERAL LIABILITY, PROPERTY COVERAGE AND PRODUCT LIABILITY

1 Cannasure (Insurance Carrier)

Last years Total Cost for GL/Prop

- **\$42,546.34**
- Important to note that the policy period for this was less than 1 year, 289 days to be exact.
3/14/2022 – 12/28/2022
- Annualized Cost:
~ **\$18,549.30**

2 SafeHerb (New Insurance Carrier)

Renewal Quote total cost for GL/Prop

- **\$11,402.30**

Renewal Quote total cost for GL/Prop and Product Liability

- **\$25,494.48**



Summary

Phylos ended up binding the below options:

MANAGEMENT LIABILITY

- 1 Scale Underwriting
- 2 Renewal Quote Total Cost 1M D&O / EPLI / Fiduciary (Separate Aggregate)
\$39,598.22

GENERAL LIABILITY, PROPERTY COVERAGE AND PRODUCT LIABILITY

- 1 SafeHerb
- 2 Renewal Quote total cost for GL/Prop and Product Liability
\$25,494.48



Both carriers were new to Phylos's insurance program. AlphaRoot was able to enhance coverage on the management liability substantially and still save Phylos ~7.6K (\$47,277.75 - \$39,598.22). If Phylos did not add product liability coverage, we would have saved them an additional ~7K (\$18,549.30 - \$11,402.30)

Phylos was able to add product liability this year comfortably because we were able to save them enough capital overall when you contemplate the entire program. We enhanced their program substantially and kept the overall spend basically the same.