



PROPOSAL OF INSURANCE

SPONSORED BY



FOR

Buffalo Wild Wings Franchise Owners

Excess Liability/Umbrella Program Comparison

Policy Effective: April 1, 2007

Date of Proposal: February 16, 2007

DAVID L. BRIDGES, CIC – SENIOR VICE PRESIDENT



**WACHOVIA
INSURANCE SERVICES**

4401 NORTHSIDE PARKWAY, SUITE 400
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**Franchised Restaurants
Risk Purchasing Group, LLC as of 2/22**

Limits of Umbrella Liability

- \$25,000,000 per Occurrence
- \$25,000,000 per Location Aggregate
(Policy limits are “per location” and not shared)
- \$5,000,000 Self Insured Retention (SIR)

Base Limit Requirement

\$5,000,000 Per Occurrence and Per Location Annual Aggregate

Coverage Premium

\$2,320 (per store) + State Surplus Lines Tax (3-5%) = **\$2,389 to \$2,436**
(Pricing requires minimum participation of 180 locations - lower participation level will result in changes to pricing or product offering)

** Commission percentage to be reviewed on an annual basis.

Annual Risk Purchasing Group Fees

Annual Fee has been eliminated by the Christensen Group.

Eligibility Guidelines

- Must be a Buffalo Wild Wings Franchised Restaurant
- Must be, and must have been, in satisfactory compliance for the prior two years with all applicable laws relating to food and alcohol service
(Eligibility is subject to approval and may be reviewed or altered at any time)

**National Association of Buffalo Wings Franchisees
Excess Liability Program**

Limits of Umbrella Liability

- \$25,000,000 per Occurrence
- \$25,000,000 per Location Aggregate
(Policy limits are “per location” and not shared)
- **We do not have a Self Insured Retention or the “no drop down” provision**

Example: Franchisee incurs a loss of \$6 million at one location. The Commercial General Liability pays \$1 million and the Primary Umbrella pays \$4 million exhausting the Umbrella aggregate. At a later date, another loss occurs at the same location. The Primary General Liability policy will have \$1 million remaining in its aggregate. The Primary Umbrella limit is exhausted. The Evanston policy will “drop down” to be excess of the remaining Primary Commercial General Liability policy aggregate. The remaining limit available under the Evanston per location aggregate is \$24 million.

Base Limit Requirement

\$5,000,000 Per Occurrence and Per Location Annual Aggregate

Coverage Premium

\$2,195 per store (Including State Surplus Lines Tax, Purchasing Group, Membership fees, Local, State and Federal taxes and fees) = \$2,195

(Pricing requires minimum participation of 180 locations - lower participation level will result in changes to pricing or product offering)

**10% Commission*

Annual Risk Purchasing Group Fees

Included

Eligibility Guidelines

- Must be a Buffalo Wild Wings Franchised Restaurant
- Must be, and must have been, in satisfactory compliance for the prior two years with all applicable laws relating to food and alcohol service

(Eligibility is subject to approval and may be reviewed or altered at any time)

Requirements

1. Completed Program/Membership application and full payment of annual premium
2. Meet FRRPG Eligibility Guidelines
3. Maintain minimum underlying coverage limits (must be A-, VII or better by AM BEST):

General Liability

(Including Prem/Ops and Products/Completed Ops. Per Location Basis)
\$1MM Per Occurrence and \$2MM General Aggregate Per Location

Automobile Liability

(Including Hired and Non-Owned)

\$1MM All Owned, Hired and Non-Owned

Employers Liability

\$1MM Accident/ \$1MM Aggregate/ \$1MM Disease

Liquor Liability (Per Location Basis)

\$1MM Per Occurrence and \$1MM Aggregate Per Location

Employee Benefit Liability

\$1MM per Occurrence and \$1MM Aggregate

Umbrella (Per Location Basis)

\$4MM Per Occurrence and \$4MM Aggregate Per Location

Requirements

1. Completed Program/Membership application and full payment of annual premium
2. Meet NABWF and Insurance Company Eligibility Guidelines
3. Maintain minimum underlying coverage limits (must be A-, VII or better by AM BEST):

General Liability

(Including Prem/Ops and Products/Completed Ops. Per Location Basis)
\$1MM Per Occurrence and \$2MM General Aggregate Per Location

Automobile Liability

(Including Hired and Non-Owned)

\$1MM All Owned, Hired and Non-Owned

Employers Liability

\$1MM Accident/ \$1MM Aggregate/ \$1MM Disease

Liquor Liability (Per Location Basis)

\$1MM Per Occurrence and \$1MM Aggregate Per Location

Employee Benefit Liability

\$1MM per Occurrence and \$1MM Aggregate

Umbrella (Per Location Basis)

\$4MM Per Occurrence and \$4MM Aggregate Per Location

Additional Requirements

- We will require five (5) years of carrier-generated, currently-valued (within 6 months) loss runs if there have been, in the past five (5) years:
 - A. Any single claims with incurred losses that exceed \$25,000

Additional Requirements

- We will require five (5) years of carrier-generated, currently-valued (within 6 months) loss runs if there have been, in the past five (5) years:
 - A. Any single claims with incurred losses that exceed \$100,000; or
 - B. Aggregate claims against any one underlying line in any year that

- List of all food or alcohol related allegations or violations for your franchise during the last 3 years.

General Provisions

One master policy will be issued in the name of:

Franchised Restaurants Risk Purchasing Group, Inc.

Certificates will be issued to each member as proof of coverage

Policy is subject to change (availability, coverage, premiums, eligibility).

Period of Entry

Each year members can elect to participate in FRRPG. For the policy effective 4/1/07, the deadline for receipt of the completed *application and payment in full* is

Thursday, March 15, 2007

exceeds \$250,000.

- We cannot write any store where the gross liquor revenues are greater than 55% of the total revenues.
- Franchisees can be added throughout the year. However the Minimum Premium for any term is \$750.
- List of all food or alcohol related allegations or violations for your franchise during the last 3 years.

General Provisions

One master policy will be issued in the name of:

National Association of Buffalo Wings Franchisees

Certificates will be issued to each member as proof of coverage

Policy is subject to change (availability, coverage, premiums, eligibility).

Period of Entry

Each year members can elect to participate in NABWF Program. For the policy effective 4/1/07, the deadline for receipt of the completed *application and payment in full* is:

Thursday, March 15, 2007

New Locations & New Franchisees

New entrants (new locations and new franchisees to the Buffalo Wild Wings system) must meet all FRRPG guidelines and requirements. Upon receipt of a completed application and payment in full (premium is calculated on a pro-rata basis), coverage will be provided, subject to approval.

Cancellation Clause

- At the member's request, coverage can be cancelled at any time, however, the policy's premium is 100% earned- no premium will be returned.
- There will be a one-year "re-entry" waiting period for any member who voluntarily leaves the FRRPG program and seeks to re-enter the program.

Premium Audit

This program does not contain an audit provision; the deposit premium is the final premium.

New Locations & New Franchisees

New entrants (new locations and new franchisees to the Buffalo Wild Wings system) must meet all underwriting guidelines and requirements. Upon receipt of a completed application and payment in full (premium is calculated on a pro-rata basis), coverage will be provided, subject to approval.

Cancellation Clause

- **At the member's request, coverage can be cancelled at any time, however, the policy's premium is 25% minimum earned. Cancellations subject to minimum earned and 10% short rate penalty.**
- No waiting period for "re-entry" for members who voluntarily leave the program.
- **If one location is deleted, the return premium will be calculated on a pro-rata basis.**

Example 1: Annual Premium - \$10,000
Cancellation less than 3 months after Inception
Return Premium is $(\$10,000 \times .75) = \$7,500$

Example 2: Annual Premium - \$10,000
Cancellation is 6 months after Inception
Return Premium is $(\$10,000 \times .50) - (\$10,000 \times .50 \times .10) = \$4,500$

Premium Audit

This program does not contain an audit provision; the deposit premium is the final premium.

Billing & Payment Terms

Payment in full is required for coverage to be bound.

Insurance Carrier(s):**AIG- Lexington Insurance Company (Non-Admitted)**

AM Best Rating:

A+ Superior (top rating tier)

XV Financial size \$2B or more (largest rating category)

*18 different insurance companies were approached for proposals

Benefits of Membership

- Offers a \$25,000,000 limit over a \$5,000,000 primary program
- Exclusive membership for Buffalo Wild Wings franchisees
- No warranty statements
- Broad coverage
- Low membership fees
- Buffalo Wild Wings customized risk control resources
- Competitive premiums

How to Apply

Complete FRRPG application (application will be available February 7, 2007)

Billing & Payment Terms

Payment in full is required for coverage to be bound.

Insurance Carrier(s):**Evanston Insurance Company (Non-admitted)**

\$10 million excess of \$5 million

AM Best Rating: A Stable Size: XII over \$1 billion

Ace Westchester (Non-admitted)

\$15 million excess of \$10 million

AM Best Rating: A+ Size: XV over \$2 billion

Benefits of Participation

- Offers a \$25,000,000 limit over a \$5,000,000 primary program
- Exclusive for Buffalo Wild Wings franchisees
- Broad coverage
- Risk Purchasing Group fees included in premium
- Loss Control Services
- Competitive premiums
- Strengthens NABWF
- This program belongs to you the member, not someone else

How to Apply

Complete NABWF application (application will be available February 19, 2007)

Fax or email completed application to:

Joe Blee

Christensen Group
11100 Bren Road West
Minnetonka, MN 55343

Toll Free: 1-800-923-4088

Phone: 952-653-1017

Fax: 952-653-1117

Email: jblee@cg-iri.com

*Deadline for receipt of completed applications and payment in full is
Thursday, March 15, 2007*

THE INFORMATION CONTAINED IN THIS ILLUSTRATION IS
DESCRIPTIVE ONLY. THE PRECISE COVERAGE AFFORDED IS
SUBJECT TO THE TERMS, CONDITIONS AND EXCLUSIONS OF THE
POLICIES AS ISSUED.

Fax or email completed application to:

Wachovia Insurance Services in care of
NABWF

1201 Roberts Blvd.
Suite 110
Kennesaw, GA 30144

Email : HannahT@namgllc.com

Phone Number : 678-797-5161

Fax Number : 678-797-5171

*Deadline for receipt of completed applications and payment in full is
Thursday, March 15, 2007*

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Compensation Policy

Transparency regarding our sources of income is critical to maintaining the confidence of our clients. Wachovia Insurance Services, Inc. receives the majority of its remuneration for insurance placement or related services from commissions paid by insurance companies or fees paid by the client.

All forms of our compensation are described below.

- **Commission**

Commissions are paid to us by the insurer for the placement or renewal of insurance policies, day-to-day servicing of the account, claims handling and other services. Commission are generally determined as a percentage of premiums but can also include specified dollar amounts per policy. Commission rates differ by type of policy and insurer. In some instances, insurers may pay us contingent commissions based on factors that are not client-specific including total premium volume, aggregate loss experience or other measures. Generally, we do not know if an insurer will pay us such commission or the amount until after the end of the insurer's underwriting year.

- **Fee**

Fees we receive from the client are agreed to in writing by us and the client for the placement of insurance, account servicing, claims handling, and other client services. If the client pays us a fee, we will accept no other compensation from the insurer without written consent of the client.

- **Vendor Payments**

Wachovia Insurance Services receives payments from vendors (other than insurance companies) for placement of products and services, program oversight, and day-to day servicing of the account.

- **Interest**

Wachovia Insurance Services receives interest income on insurance monies in our bank accounts. If we finance or assist with the financing of your insurance premiums, Wachovia Insurance Services may receive income from the premium finance company.

- **Expense Reimbursement / Administrative Service Fee**

Occasionally, insurance companies will pay Wachovia Insurance Services fees to help defray the costs of training and education or to provide services on their behalf for the client. These services can include policy issuance, record retention, risk control, data reporting, or other services not reflected in normal policy commission rates. We may provide these services directly or through a third party.

In the event insurance is placed through a Wachovia Insurance Services-affiliated company, including wholesale insurance broker E-Risk or Besso Limited, that entity will also receive compensation.

If you have any questions or require more information regarding our compensation for the placement of insurance or other client services, please contact your client executive or local office manager. We will disclose to our clients, upon request, all commission or other compensation we receive while acting on our clients' behalf.

Insurance Company Financial Information

Wachovia Insurance Services Insurance Company Monitoring

As a benefit to our clients, Wachovia Insurance Services, Inc. has a rigorous and disciplined process to monitor the financial strength of insurance companies whose products we sell. This is accomplished through Insurance Company Financial Strength Committees, made up of representatives from Wachovia Insurance Services and Wachovia Corporation's Legal, Compliance, and Operational and Credit Risk Management areas. There are three committees, one for each major line of business: 1) Property & Casualty, 2) Life and Health, and 3) Annuities. Each Committee meets at least quarterly.

Based on analysis of quarterly statutory financial results, ratings provided by independent rating agencies, and financial analysis by Committee members, the Committees approve insurance companies with which our sales professionals may place new and renewal business. The Committee also seeks to identify insurance companies whose financial strength is deteriorating so that we may recommend appropriate proactive action. The Committees are supported by Dowling Risk Analysis, a third-party vendor that specializes in providing analysis and consultative services regarding financial strength of insurance companies to insurance agents and brokers. Although we take these actions to monitor financial strength of insurance companies, Wachovia Insurance Services does not guarantee performance of any insurance company.

At a client's request, Wachovia Insurance Services occasionally may place business with insurance companies not approved by the Committees. Most typically, these cases would involve specialized products or undersupplied markets where availability of insurance coverage from approved insurance companies is limited. In these cases, the client is required to sign an acknowledgement stating that the insurance company does not meet Wachovia Insurance Services' normal ratings standards and that Wachovia Insurance Services does not guarantee performance of any insurance company.

When insurance companies are removed from approved status, typically due to concerns over financial strength or lack of competitive products, the Committee works with Wachovia Insurance Services to communicate this decision to all affected parties. Plans are designed and implemented to ensure the orderly migration of affected clients to alternate insurance companies.

Objective Assessments Help Insurance Buyers Make Informed Decisions

AS YOUR INSURANCE BROKER, ONE OF OUR OBJECTIVES IS TO PROVIDE YOU WITH INFORMATION AND ASSESSMENTS PUBLISHED BY RATING AGENCIES ON THE FINANCIAL STABILITY OF THE INSURERS CURRENTLY UNDERWRITING YOUR COVERAGES, OR OF THOSE INSURERS WE RECOMMEND YOU CONSIDER.

WACHOVIA INSURANCE SERVICES USES INFORMATION PUBLISHED BY INDEPENDENT RATING AGENCIES A.M. BEST AND STANDARD & POOR'S, AMONG OTHER FACTORS AS DESCRIBED ABOVE, TO DECIDE WHICH INSURERS TO RECOMMEND.

Insurance Company Financial Information – continued

Wachovia Insurance Services Recommendation Guideline

Financial Strength Ratings

A.M. Best Rating	S&P Rating	Rating Agency Assessment	Wachovia Insurance Services Recommendation
A++ A+	AAA	Superior	Recommended, Very Strong
A A-	AAA AA AA-	Excellent	Recommended, Strong
B++ B+	A+ A A-	Good	Acceptable w/ reservations
A.M. Best Rating	S&P Rating	Rating Agency Assessment	Wachovia Insurance Services Recommendation
B B-	BBB+ BBB BBB-	Fair, Vulnerable to adverse conditions	Not recommended
C++, C+	BB+ BB BB-	Marginal, Financial security may be adequate	Unacceptable
C, C-	B+ B B-	Weak, vulnerable	Unacceptable
D, E, F	CCC CC C	Poor, Extremely Vulnerable or Failed	Unacceptable

Insurance Company Financial Information – continued

Financial Size Ratings

A.M. Best also assigns categories to insurance companies to indicate levels of statutory surplus and related funds. While financial size is not solely indicative of an insurer's financial stability, Wachovia Insurance Services advises clients to select insurance companies with a minimum Financial Size Rating of VII (*\$50 million to \$100 million adjusted surplus funds*).

AM Best Financial Size Category	Adjusted Policyholder Surplus (in millions)	AM Best Financial Size Category	Adjusted Policyholder Surplus (in millions)
I	Less than \$1	IX	\$250 – \$500
II	\$1 - \$2	X	\$500 - \$750
III	\$2 – 5	XI	\$750 - \$1,000
IV	\$5 - \$10	XII	\$1,000 - \$1,250
V	\$10 - \$25	XIII	\$1,250 - \$1,500
VI	\$25 - \$50	XIV	\$1,500 - \$2,000
VII	\$50 - \$100	XV	Above \$2,000
VIII	\$100 - \$250		

Disclaimer

The description of the proposed coverage is a convenient summary and not a replication of the insurance policy. Such summary is provided to facilitate your understanding of the proposed program. Please refer to the actual policy for specific terms, conditions, limitations, and exclusions that will govern in the event of a loss. A specimen copy of the policy is available for review prior to the binding of coverage.

In evaluating your exposures to loss, we depended on information provided by you. If there are other areas that need to be evaluated prior to binding of coverage, please bring these areas to our attention. Should any of your exposures change after coverage is bound, notify us immediately.