



# RESPONSE TO REQUEST FOR PROPOSAL

JANUARY 18, 2022

*to provide INSURANCE BROKERAGE + CONSULTING SERVICES*



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# Introduction



Teresa,

Thank you for the opportunity to respond to Lightning eMotors, Inc.'s ("Lightning") RFP for brokerage services. We value the confidence you place in IMA as your potential risk management consultant and we feel strongly that IMA is uniquely qualified to serve as Lightning's insurance broker.

IMA Financial Group, Inc. ("IMA") provides more than just insurance. We offer our clients a unique blend of data-driven insights and world class capabilities that combine to produce solutions that go well beyond the basics.

At IMA, we are unwavering in our mission to **"Protect Assets and Make a Difference."** We believe this mission is aligned with Lightning's pursuit to make this a better world by reducing emissions from the transportation sector.

We are committed to understanding Lightning's business objectives in order to build holistic risk management program that best supports your goals. As a provider of specialty commercial EV's, Lightning faces a variety of unique risks – both large and small – that span across multiple industries. IMA specializes in providing best-in-class solutions tailored to meet your needs.

Our response to follow highlights our capabilities and solutions specific to Lightning, and we believe Lightning will find our approach to be of immense value as you look to match an insurance program with your objective goals.

We look forward to discussing our thoughts with you as you move through your decision-making process, and we are confident that we can drive significant value by combining IMA's resources, expertise, and services to help Lightning achieve its risk management goals.

Thank you,

A handwritten signature in black ink, appearing to read "Jason Buehler".

**Jason Buehler**  
*Executive Vice President*

A handwritten signature in black ink, appearing to read "Cooper Cohen".

**Cooper Cohen**  
*Risk Advisor*



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FOR LIGHTNING**

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# 1. EXPERTISE OF THE FIRM

(a) Provide an overview of the firm and experience in providing the full range of insurance services.

## IMA FAST FACTS

- + Incorporated in 1974
- + Headquartered in Denver
- + 2nd Largest Broker in Colorado
- + 3rd largest privately held broker in the country
- + 20th largest broker overall
- + Employee Owned
- + Over 1,700 employees – 300+ in Denver
- + Offices Across the Country Serving Clients in all 50 states
- + Global in Support, National in Reach, Local in Service
- + Premium placements of over \$5 billion annually
- + Revenues in excess of \$400 million
- + Client Retention Leads the Industry at 95%
- + 8% Revenues invested in value-added client services – twice the industry average of 3.8%
- + IMA has clients with physical operations, exposures, and/or employees in every state in the U.S. as well as in over 100 countries around the world
- + Colorado is our largest market presence in terms of clients, experience, and staff

## IMA, INC.

IMA, Inc. is a “**Full-Service Broker,**” meaning that we have the capabilities to provide all broker services in-house, direct to our clients; not by outsourcing to a third party. The services that IMA will provide Lightning throughout the year consist of the following:

### IMA Service Departments and Coverage Specialty Units

- + Insurance Consulting/Broking Services
- + Risk Management Consult Services
- + Enterprise Risk Management Consulting
- + Employee Benefits Consulting and Broking Services
- + Health Risk Management Services
- + Retirement Program Advisory Services
- + Loss Control Services
- + Claims Management Services
- + Contract Administration Services
- + Compliance Services
- + Alternative Risk Financing Services
- + Environmental Risks Specialty Unit
- + Executive Risks Specialty Unit
- + Data Privacy/Cyber Risks Specialty Unit
- + Aviation Risks Specialty Unit
- + Surety Bonding Specialty Unit
- + Global Risk Solutions
- + Online Service Center
- + Online Safety Training
- + Online Certificates Program
- + Passport – Online Risk Management and Insurance Warehousing Site
- + RMS System
- + MyWave

**(b) Highlight your experience in the following areas: automotive manufacturing, electric vehicle (EV), public companies, and SPAC-IPO. Describe also any other relevant sector expertise.**

IMA is one of the leading brokers in the country serving clients in the Advanced Manufacturing sector, including many of the leading EV companies in the market. Our collective knowledge and market intelligence in the EV space delivers better results in the form of coverage options and pricing flexibility. Most of our EV clients are publicly-traded and we highlight this expertise in our D&O summary.

EV companies require brokers that specialize in the space and understand the unique risk profiles these companies have, in order to design fit-for-purpose insurance programs. IMA's "Advanced Industries" practice has focused on helping companies like Lightning for the past 20 years and our reputation in the market is second to none. Having decades-worth of experience means we can deliver better advice and counsel to our clients.

As noted in our references, IMA counts Nikola Corporation, VIA Motors, ViewRay, and Kraton Corporation as clients in the EV and Advanced Manufacturing space, as well as others like Renewable Innovations and Sarcos Robotics as EV-related clients. We count 50+ middle-market advanced manufacturing companies as highly satisfied clients, including many in the state of Colorado.

In addition, IMA has deep public company experience, handling complex executive risk exposures for a variety of clients – from pre-IPO companies to multi-billion-dollar public corporations. The expertise of our team combined with our unique operating methodology results in state-of-the-art insurance program design that maximizes protection for both D&O personal assets and the Company balance sheet. Please find some client examples below that highlight our experience in this area.

**CLIENT ENGAGEMENT #1**

CLIENT: \$8 billion market cap FI-related Company

INCUMBENT BROKER: Lockton

**COMPANY SPECIFIC FACTS:**

- + Multi-billion dollar company with over 100 subsidiaries located around the world
- + Company had been performing well for several years, with strong financial flexibility
- + No history of D&O litigation

**ISSUES:**

- + Company believed its D&O program was in good shape, but an audit identified a number of material coverage deficiencies (*including no coverage for administrative or regulatory proceedings*)
- + With two weeks until program expiration, the incumbent broker had not yet secured the necessary coverage enhancements

**SOLUTION:**

- + IMA secured over 30 separate coverage enhancements with the exact same primary layer carrier (HCC), with no change in premium
- + IMA was able to secure enhanced renewal terms prior to expiration, allowing for a significantly improved renewal program

## CLIENT ENGAGEMENT #2

CLIENT: \$3 billion market cap Industrial Company

INCUMBENT BROKER: Aon

### COMPANY SPECIFIC FACTS:

- + Publicly-traded company with recent D&O litigation, including an SEC investigation

### ISSUES:

- + Company was dissatisfied with incumbent broker claim service
- + Existing D&O program was very dated and contained a number of significant coverage deficiencies

### SOLUTION:

- + IMA secured significantly enhanced program terms with leading public company D&O carriers (including XL on primary)
- + IMA negotiated total program renewal pricing which, combined with a \$0 fee, resulted in total savings of 21% (4Q21)

## PRIOR BROKER PROGRAM TERMS

- + 875K sub-limit for "investigative costs"
- + Current retention = \$2.5M
- + Aon Fee = \$85,000
- + Total program pricing (\$100M limit): \$1,339,489

## IMA PROGRAM TERMS

- + \$2M sub-limit for "investigative costs"
- + Renewal retention = \$2M
- + IMA Fee = \$0
- + Total program pricing (\$100M limit): \$1,126,403

## CLIENT ENGAGEMENT #3

CLIENT: \$3 billion market cap Energy Company

INCUMBENT BROKER: Aon

### COMPANY SPECIFIC FACTS:

- + Company completed a successful IPO at \$15.00 per share
- + D&O litigation filed shortly after the IPO
- + Leading up to the first post-IPO renewal, the company's stock was trading approximately 20% below the IPO price

### ISSUES:

- + Company had concerns with Aon's claim handling and general inattention
- + IPO D&O program contained a number of coverage deficiencies

### SOLUTION:

- + IMA secured over 40 separate coverage enhancements with the exact same primary layer carrier (XL)
- + IMA negotiated renewal pricing at a slight decrease over the expiring, despite the open claim
- + IMA immediately took over all claim handling responsibilities



## CLIENT ENGAGEMENT #4

CLIENT: \$1.2 billion market cap Industrial company

INCUMBENT BROKER: Marsh

### COMPANY SPECIFIC FACTS:

- + Well performing company with a strong balance sheet, stable management team, etc.
- + No history of material D&O litigation (couple nuisance claims)

### ISSUES:

- + Company had concerns with level of service received by incumbent broker (junior broker handling most day-to-day activities)
- + Current D&O program contains a number of coverage deficiencies and an unusually high retention

### SOLUTION:

- + IMA hired due to its "people" and "process"
- + Over 30 specific coverage deficiencies identified as addressable with the exact same carrier lineup

## PRIOR BROKER PROGRAM TERMS

- + Incumbent broker had very little working experience
- + Projected renewal premium: +20% to +25%

## IMA PROGRAM TERMS

- + IMA team comprised of senior-level individuals with decades of experience
- + Actual renewal premium: +9.4%



(c) Provide a brief bio for each member of the team who will work with the company's team, noting the day-to-day contacts. Note that we value diversity as a company and will take your team composition into account.



**JASON BUEHLER** | *Executive Vice President*

Jason is an Executive Vice President and the Director of Client Services for IMA of Colorado's Energy Practice dedicating all his time to the Energy Sector. Jason specializes in placing insurance for a variety of clients throughout the industry and has deep experience managing risk for businesses of all sizes. Jason joined IMA in 2002 after graduating from Kansas State University with a dual degree in General Business and Human Resource Management.

Jason had the great fortune of growing up within the energy business which has allowed him to bring vast industry knowledge to the IMA team. Jason is actively involved in many industry associations, sitting on the board of the Western Energy Alliance as well as committees for the Colorado Oil and Gas Association (COGA), helping to target emission reductions to combat global climate change. Jason has also spoken on insurance topics within energy for associations as well as industry functions.



**COOPER COHEN** | *Risk Advisor*

Cooper joined IMA in 2021 with over 5 years of insurance experience. Working to help clients alleviate pain, reduce costs, and improve their overall position as it relates to risk management. Utilizing IMA's vast resources, Cooper is concentrated on risk reduction strategies, program development, and service delivery for clients. Prior to joining IMA, Cooper worked as an International Insurance Underwriter helping US-based clients manage risk associated with their global operations. During that period, Cooper spent time at Lloyds of London as well as engaging with clients throughout Europe.

Cooper has a Bachelor of Business Administration degree in Finance and Entrepreneurship from the University of Notre Dame. Cooper holds designations as a Chartered Property Casualty Underwriter (CPCU), Associate in Risk Management (ARM), Associate in Insurance Services (AIS), and as a Commercial Lines Coverage Specialist (CLCS).



**BRIAN MOTYKOWSKI** | *Vice President, Account Executive*

Brian has 20 years of experience in the insurance industry and joined IMA in 2015 as an Account Executive in the Technology and Manufacturing Industry Practice. With a broad range of experience, Brian is frequently able to find creative solutions to even the most complex insurance challenges with his extensive knowledge about the exposure's currently facing companies across many lines of coverage. Brian's primary responsibility is for coordination and delivery of all insurance and technical services across all of IMA's valued added services

Brian has a Bachelor of Arts in Marketing from Governors State University in University Park, IL and holds a designation as a Certified Insurance Counselor (CIC).



**GARRETT DROEGE** | *Director of Innovation + Strategy*

Garrett serves as Director of Innovation + Strategy for IMA. His role oversees IMA's national focus in the technology, life science and advanced manufacturing verticals. He is also co-managing IMA's insurtech investment and strategy with BrokerTech Ventures. Prior to his current role, he served as Executive Director of TechAssure Association, Inc., an international consortium of insurance agents/brokers specializing in technology-related risks. Previously he founded the Innovation Risk Practice at Wade & Associates, a NC-based insurance and risk management firm specializing in technology and life science risks.

Garrett's expertise includes Errors & Omissions, Cyber Liability and Technology Risk Management. Garrett is an alumnus of University of North Carolina at Wilmington and The Hartford School of Insurance. He was named to the *Charlotte Business Journal's* 40 Under Forty list and *Insurance Business America's* Young Guns of Insurance list. He holds the esteemed Chartered Property Casualty Underwriter (CPCU) and Certified Insurance Counselor (CIC) industry designations, among others.

He has been a featured keynote speaker for numerous organizations, including: Federal Bureau of Investigation, National Public Radio, CIO Magazine, Society of CPCU, Net Diligence, Healthcare Information & Management Systems Society (HIMSS), Information Systems Audit and Control Association (ISACA), North Carolina Technology Association and many more. Recently, Garrett led TechAssure to its first nomination and win for Insurance Network of the Year by *Insurance Business America* magazine. He was also named to the 2020 Hot 100 List – a group of the top 100 insurance professionals that have “moved the industry forward” over the past 12 months. Garrett also serves as an advisor and mentor to several technology startup companies and has extensive relationships with global accelerator programs and investors.



**BRENDA VINCENT** | *Vice President, Commercial Lines Leader*

Brenda joined IMA in 2019 and has over 35 years of experience in the insurance industry. Brenda is an insurance professional utilizing her extensive property and casualty insurance background to manage and design customized risk management programs. Brenda collaborates closely with business owners and insurance underwriters to develop strong insurance plans that meet short term risk management plans and long term financial goals. Brenda is an assertive leader driven to achieve operational efficiencies while maintaining a high-quality outcome.



**LAUREN KARAGOZIAN** | *Senior Vice President, Contractual Risk Practice Leader*

Lauren began her career in insurance with IMA in 2008. She is responsible for the review of contracts and the identification, communication, and education of risk exposures to clients. Lauren uses both her education and insurance designations to specialize in understanding contracts and subcontracts, energy industry MSA agreements and a multitude of other legal documents from different industries in which IMA is involved.

She has a Bachelor of Science degree from Wake Forest University, as well as a Juris Doctor and a Master of Business Administration from the University of Denver.

Lauren is a designated Associate in Risk Management (ARM) and a Construction Risk and Insurance Specialist (CRIS).



**CAROL RIGGS** | *Claims Manager*

Carol brings twenty plus years of strong claims handling and management experience since joining IMA in May of 2011. Her claims management abilities span workers' compensation, general liability, construction defect, property claims, property liability, and litigation supervision. Carol's claim knowledge along with her responsive customer service skills has been elemental in her current position as a Claim Team Manager within IMA's Claim Department.

Prior to joining IMA, Carol was responsible for managing a large staff of claim and underwriting professionals specializing in workers' compensation, general liability and property lines of insurance for another Denver brokerage firm. Prior to her brokerage experience, Carol spent sixteen years with State Farm Insurance Companies providing claim services and managing claim professionals including several years working as and managing fraud investigators. Her management responsibilities involved comprising detailed coverage analyses on complex coverage issues, implementing audits on workers' compensation and general liability claim handling, and coordinating catastrophe operations in several states.

Carol received her Bachelor of Science degree in Psychology from Colorado State University. In addition, she has completed the Charter Property and Casualty Underwriter (CPCU) and the Associate in Claims (AIC) designations. She is currently working on completing her Associates in Risk Management (ARM).



**AMY ROBERTS** | *Senior Account Manager*

Amy joined IMA in 2004, working in the marketing department. In 2010, she joined the Technology, Life Science, and Manufacturing Practice as an Account Manager. Amy performs review and consultation on clients' insurance programs including marketing and negotiating new and renewal programs, account management, client presentations and proposals, relationship development and assisting in growth and training of team members.

Amy has worked on such premier accounts as one of the largest payment card manufactures in the U.S., a premier manufacturer of sheds, and one of the largest co-location companies in North American. With such industry diversity, special emphasis is always on tailoring service to provide individual solutions to each IMA client.

In her 32 years in the insurance industry, Amy has also specialized in hospitality, construction, and diversified business, providing consulting, marketing, and account management.



**NATHAN MILLER** | *Risk Control Manager*

Nathan was a site safety representative for a large national mechanical contractor performing industrial plant turnarounds. Nathan is a subject matter expert in the area of construction defect and works with specialty sub-contractors such as electrical, plumbing, and other mechanical contractors. He has strong knowledge in OSHA and MSHA standards as well as DOT compliance.

Nathan has a Master's degree in Environmental, Health and Safety and is also a Certified Safety Professional (CSP). Nathan has over 14 years of experience in Risk Control consulting in the insurance industry.



**MARK WARE** | *National Practice Director, Advanced Industries*

Mark is an insurance industry veteran with over 23 years of proven experience as an underwriter and a broker, joined IMA in 2002 to lead our Technology, Life Sciences, and Manufacturing Industry Practice. His unique experience and expertise cross all industries and brings tremendous value to IMA clients by assisting them in managing and transferring their most challenging risks.

Mark has a Bachelor of Arts in Political Science from the University of Colorado, Boulder. Mark has been recognized by *Risk & Insurance* magazine as a Power Broker in 2010 and 2012, as well as receiving their Risk Innovator Award in 2009 for developing an insurance and risk management program for the human cellular and tissue-based industry. Mark is on the Board of Directors, and has also served as Chairman, of Tec Assure, a non-profit consortium of leading privately held insurance brokers that services more than 3,000 technology and life sciences companies worldwide.

(d) Describe your service team and how it will support the Company including the philosophy around structure and operations.

FUNCTION AND INCLUDED TEAM MEMBERS	MAJOR ACTIVITY	SERVICES
<b>Account Executives</b>		
<p><b>JASON BUEHLER</b> Executive Vice President</p> <p><b>COOPER COHEN</b> Risk Advisor</p> <p><b>BRIAN MOTYKOWSKI</b> Account Executive</p>	<p>Have overall responsibility for the effective performance of the team assigned to Lightning</p>	<ul style="list-style-type: none"> <li>+ Know your operations and objectives.</li> <li>+ Keep you aware of all IMA's services and capabilities, plus provide pertinent publications and invitations to IMA's seminars.</li> <li>+ Anticipate and respond quickly to problems.</li> <li>+ Monitor the program using the Client Service Plan to ensure its continuing responsiveness to your exposures.</li> <li>+ Assist in the review of Lightning's exposures to loss.</li> <li>+ Prepare an annual market analysis and forecast by line of coverage prior to renewal marketing. Include information about pricing, service trends, availability of markets and the longer-term direction of the market and insurers.</li> <li>+ Set timelines for the marketing process.</li> <li>+ Participate in program design &amp; insurance marketing.</li> <li>+ Respond promptly to questions from Lightning regarding insurance coverage and related issues.</li> <li>+ Keep Lightning informed of significant changes in market conditions that may affect Lightning insurance programs by providing early warning of pending rate, coverage or renewal problems, including significant changes in the financial status of insurers.</li> <li>+ Provide contract review and insurance services support and assist Lightning in the development of standards to be used for contract provisions and review, with assistance from Contract Administration.</li> </ul>
<b>Coverage Specialists</b>		
<p><b>SONJA GUENTHER</b> Workers' Compensation</p> <p><b>BRIAN BOVASSO</b> Managing Director, Executive Risk Solutions</p> <p><b>TIM BURKE</b> Data/Cyber Risks</p>	<p>Responsible for exposure assessment and insurance program design and marketing</p>	<ul style="list-style-type: none"> <li>+ Identification and evaluation of exposures to loss.</li> <li>+ Provide unbiased information regarding the most advantageous insurance markets from the standpoint of cost, service, coverage and security.</li> <li>+ Work with Lightning on program design, including analysis &amp; design of policy wording.</li> <li>+ Negotiate effectively with underwriters securing the broadest coverage at the best available cost.</li> <li>+ Meetings with underwriters to present specifications, explain and review the strategy for Lightning's insurance program, and negotiate terms and conditions.</li> <li>+ Presentation of a detailed coverage proposal prior to insurance renewal, outlining all markets contacted and their responses, as well as program comparisons and recommendations no later than 45 days prior to renewal.</li> </ul>

## Account Manager

<p><b>AMY ROBERTS</b> Senior Account Manager</p>	<p>Responsible for the day-to-day service to clients and of the insurance program</p>	<ul style="list-style-type: none"> <li>+ Monitor program on a continual basis to ensure its responsiveness to your exposures.</li> <li>+ Assist in preparation of materials, statement of values, specifications and underwriting data required by the insurers.</li> <li>+ Preparation of insurance coverage submissions to be used in marketing your account to underwriters, with a copy to Lightning prior to release to underwriters.</li> <li>+ Assist with carrier negotiations.</li> <li>+ Respond to Lightning's questions.</li> <li>+ Back up account executive on client oversight issues.</li> <li>+ Assist with proposal preparation and presentation.</li> <li>+ Create Summaries of Insurance for all coverages.</li> </ul>
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## Account Specialist

<p><b>COURTNEY JOHNSON</b> Senior Account Specialist</p>	<p>Responsible for the day-to-day administration of the insurance program</p>	<ul style="list-style-type: none"> <li>+ Verify the accuracy and adequacy of all binders, policies, policy endorsements, invoices, claim runs and other insurance related documents prior to delivery.</li> <li>+ Obtain binders, coordinate certificates of insurance and other coverage verification documents as required.</li> <li>+ Respond promptly to requests by Lightning.</li> <li>+ Insurance policy review and servicing.</li> <li>+ Provide Schedule of Insurance within 30 days of renewal.</li> <li>+ Deliver endorsements.</li> <li>+ Handle accounting functions.</li> <li>+ Check insurer invoices and audits for accuracy.</li> <li>+ Assist with cost allocations.</li> <li>+ Provide policies &amp; policy summaries to clients within 30 days of receipt.</li> </ul>
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## Account Representative

<p><b>PROCESSING ACCOUNTS DEPT.</b></p>	<p>Provide support to account managers for day-to-day service</p>	<ul style="list-style-type: none"> <li>+ Pre-renewal works – loss runs, applications, etc.</li> <li>+ Reviews and processes audits.</li> <li>+ Responsible for Experience Modification calculations.</li> <li>+ Assist with invoicing.</li> </ul>
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## Claims Account Executive

<p><b>CAROL RIGGS</b> Claims Manager</p>	<p>Assist in the coordination of a claims management program to meet your requirements</p>	<ul style="list-style-type: none"> <li>+ Assist Lightning in the collection and preparation of proofs of loss or claims reports and submitting of loss information to the underwriter.</li> <li>+ Coordinate with Lightning on claims investigation when requested, and as necessary, conduct post-loss visits to assist in proper claims preparation, salvage operations, temporary protection and negotiation of claims with adjusters.</li> <li>+ Act as Lightning's advocate in claims disputes and in obtaining loss settlements from insurance carriers.</li> <li>+ Obtain an updated five-year loss history each year from each insurer.</li> <li>+ Monitor status of claims as requested by Lightning.</li> </ul>
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## Loss Control Consultant

<p><b>NATHAN MILLER</b> Risk Control Manager</p>	<p>Coordinate loss control activities for Lightning</p>	<ul style="list-style-type: none"> <li>+ Assist in the identification and evaluation of loss exposures as requested, including comparative data regarding other public entities that share the size and scope of Lightning, and provide loss prevention strategies to reduce said exposures.</li> <li>+ Work with Lightning to evaluate the effectiveness of its current loss prevention program and make recommendations on how to address any deficiencies found to strengthen the overall program.</li> <li>+ When requested, perform premise inspection of properties together with Lightning's Risk Management staff for identifying employee and public safety hazards. Provide recommendations for correction of identified hazards.</li> <li>+ When requested, develop and assist in the presentation of loss prevention training and education programs.</li> <li>+ Provide monthly newsletters.</li> <li>+ Assist with training material and videos as needed.</li> </ul>
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## Contract Administration

<p><b>LAUREN KARAGOZIAN</b> SVP, Contractual Risk Practice Leader</p>	<p>Review insurance provision and indemnity language</p>	<ul style="list-style-type: none"> <li>+ Analyze current contract language with respect to insurance policy provisions.</li> <li>+ Evaluate insurance requirements and indemnification agreements with contracting entities.</li> <li>+ Evaluate tracking methods for maintaining agency/contractor insurance compliance.</li> <li>+ Develop customized contracting compliance forms and insurance requirement checklists.</li> <li>+ Renovate contract insurance provisions and synchronize with your compliance forms.</li> </ul>
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## Certificates Processing Unit

<p><b>POOL OF 20 INDIVIDUALS</b></p>	<p>Issue certificates of insurance</p>	<ul style="list-style-type: none"> <li>+ Process all certificate requests within a 24-hour period or as otherwise directed.</li> </ul>
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**+ WATCH VIDEO:  
 IMA'S SERVICES AND  
 SOLUTIONS FOR LIGHTNING**

## IMA'S INTEGRATION WITH LIGHTNING'S RISK MANAGEMENT TEAM

IMA's overall approach to managing risk with Lightning will be for our team to become an integration of Lightning's risk management department. The ERM framework facilitates the ease in which IMA can fit into the areas that supplement and complement the risk management needs of our clients.

We believe there are seven ways to treat risk. Insurance is the most reactionary and expensive method. We want to help our clients with the first six ways... which will in turn make insurance more efficient (cheaper) and effective (broader). By helping our clients manage risk, both insurable and non-insurable using the full spectrum of risk management techniques, we want to turn risk into a competitive advantage for our clients thus making their business better (more profitable).

We view the seven ways as follows:



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IMA'S RISK MANAGEMENT  
SOLUTIONS FOR LIGHTNING

| TECHNIQUE                          | COMMENTS   | IMA RESOURCES   |
|------------------------------------|--|---|
| Avoidance                          | Avoidance could take the form of passing on an opportunity and outright just not do something. Subcontracting work is a form of avoidance although it does not remove 100% of the risk.  | Subcontractor Prequalification, Contract Risk Management  |
| Awareness                          | Awareness, in and of itself, is considered a control as functions within Lightning or individuals can modify their decision making and behavior based on being more knowledgeable. By raising awareness of the risk, individuals close to the risk can often think of new methods to mitigate the risk that are specific and fit within Lightning's processes and culture.   | IMA ERM, IATs / Emerging Risks, Training and Development  |
| Assume                             | Lightning could assume the identified risk in a conscious manner. This is effective after risk is identified and assessed (i.e. quantified) as all "eyes are wide open." Conversely, Lightning could assume a risk unintentionally for which IMA refers to as "accidental self-insurance."   | IMA ERM, Mergers & Acquisitions Practice, Predictive analysis of impact of larger retentions, Contract Risk Management    |
| Mitigate Frequency                 | Efforts to prevent the risk event from occurring.  | Loss Control - Risk Score, Peer Practices, Perception Survey, Forensic Architect, IMA Cyber Risk Hub, KRIs, Total Rewards |
| Mitigate Severity                  | Efforts to prevent the financial consequences after a risk event has occurred.   | Workers' Compensation Care Coordinator, Forensic Architect, Legal Claims Advocacy, Predictive Claim Models                |
| Non-Insurance Contractual Transfer | Non-insurance contractual transfer through the use of hold harmless and indemnity agreements. Does not insulate 100% of the risk to Lightning and is only as good as the quality of the contract and funds available to rectify the financial consequences.  | Contractual Risk, Management Service, Subcontractor, Prequalification   |
| Insurance                          | Risk Transfer/Risk Retention and Risk Financing mechanisms that could include captives. All designed to finance the loss after a risk event.<br><b>Note:</b> A key objective with a captive will be structuring a mechanism to create a guaranteed cost structure for the general liability, auto liability and workers compensation. IMA, working together with Lightning, is confident this can be accomplished. | Tailored and Proactive Coverage Review, TCoR Reduction, Alternative Risk Financing, IMA ERM                               |

## (e) Describe your claims management team and how you would manage and process claims.

### CLAIMS MANAGEMENT SERVICES

Claims management is one of the most effective means of lowering the Total Cost of Risk for clients. IMA's experienced Claims Management Team advocates on behalf of our clients to close claims, lower reserves, negotiate coverage disputes and, where claims are not successfully settled, to influence the selection of counsel and monitor the progress of litigation where the insurer is defending our client's interests.

Lightning's IMA Claims Advocate will be **Carol Riggs**. Carol's role is to represent your interests, while communicating between all parties, assuring that the necessary information flows effectively and is timely. One of the first initiatives would be to perform an Open Claims analysis and engage in helping you close out the respective claims as efficiently as possible.



**CAROL RIGGS**  
*Claims Manager*

Where IMA clients are defendants in insured claims litigation, the IMA Claims Advocates participates in review of the pleadings to confirm that appropriate defenses are asserted, participates in consultations between the client's counsel and the carrier's assigned adjuster, and explores with the client the identification of relevant facts that must be brought to the attention of counsel and may impact the development of counter claims, cross claims and third-party claims.

IMA has a claims management department of 25 plus individuals whose sole responsibilities is to consult with our clients and advocate on their behalf with insurance companies, TPAs and other related parties.

IMA's claims advocates first course of action is to request information on all claims and set up a claims summary meeting with our client in addition to establishing claims handling procedures on a go forward basis. Effective claims management is an integral part of any organization's risk management program. A strong claims management plan will provide direction to reduce your total cost of risk and ultimately impact your bottom line. Below are a few highlights of our approach:

### IMA CLAIMS MANAGEMENT

- + **Communication:** Clients count on the IMA claims group for responsiveness and accessibility.
- + **Dedicated claims specialists:** We understand the nuances and buried meanings of policy language. We recognize the hurdles, pitfalls and delays that can impact resolution.
- + **Innovative, fresh ideas:** We stay continually abreast of industry trends and best practices.
- + **Qualified expertise:** Solid advice from professionals with experience as loss adjusters in every type of claim situation.
- + **Quick and appropriate claims resolution:** We will work diligently with the carrier and to ensure expedient resolution of claim issues.
- + **Relationships with all major carriers:** We'll ensure quality service and experienced claims handling.
- + **Results:** We see the big picture. We achieve the best possible outcomes.

IMA Claims will conduct claim reviews, audits and file reviews with each carrier, TPA and/or past carriers, to ensure all open claims are being handled proactively and according to the special claim handling instructions. The frequency of these claims reviews will be what Lightning deems necessary. We expect daily interaction and weekly discussions.

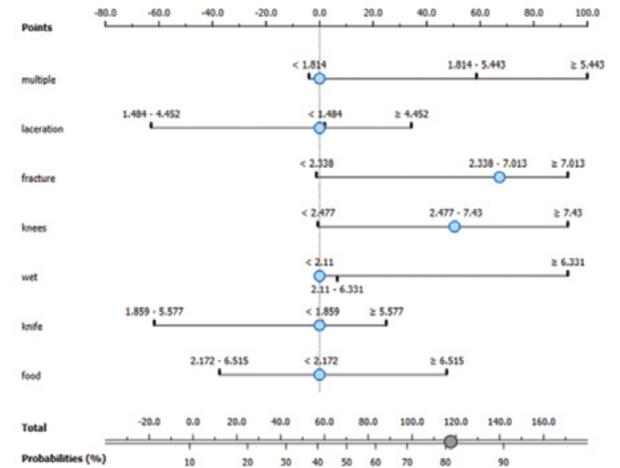
Claim reviews have historically been about carving out time to talk to the adjuster about individual claims over a certain threshold. Ideally this discussion would be about information that is not already in the adjusters notes and/ or to check to make sure the adjuster is hitting their marks in trying to resolve the claim favorably and expeditiously.

A flaw in this process is reviewing claims that have already reached a certain threshold. By using predictive analytics to implement proactive measures before a claim matures, Lightning will be able to lower their total cost of risk for losses within Lightning’s deductible or retention.

**SAMPLE CLAIMS REPORTING:**

Certain claims start as large losses due to the nature of the claim, will be large claims regardless of any intervention and develop 3x the original incurred. However, other claims appear to be ‘minor’ claims for a period and then grow unexpectedly into large claims.

By identifying claims early that have risk factors that lead to bad outcomes, we can develop a strategy that focuses on the highest risk claims with the goal of minimizing the probability of bad outcomes. An interesting example of one of the tools our Complex Risk team uses to assess the risk associated with a reported claim is a variable slide tool that allows Lightning to see the probability of a claim becoming a large claim based on the key words found in the adjuster notes and claim descriptions. These key words in the description either increase or decrease the probability of that claim being a large loss.



| CLAIM NUMBER | ACTUAL TOTAL INCURRED | MODEL PREDICTION | MODEL PROBABILITY |
|--------------|-----------------------|------------------|-------------------|
| 7B7287372B   | 13,150                | Small Claim      | 12%               |
| 7B7287112B   | 22,000                | >25K             | 87%               |
| 7B7287963B   | 1,048                 | Small Claim      | 38%               |
| 7B7287442B   | 45,258                | >25K             | 58%               |
| 7B7287689B   | 3,589                 | Small Claim      | 5%                |
| 7B7287542B   | 23,645                | Small Claim      | 21%               |
| 7B7287349B   | 12,611                | >25K             | 77%               |
| 7B7282958B   | 9,500                 | Small Claim      | 35%               |
| 7B7287477B   | 735                   | Small Claim      | 0%                |
| 7B7287255B   | 8,287                 | Small Claim      | 0%                |
| 7B7287700B   | 150,248               | >25K             | 70%               |
| 7B7255853B   | 32,848                | Small Claim      | 37%               |
| 7B7287225B   | 110,590               | >25K             | 54%               |
| 7B7284899B   | 21,295                | Small Claim      | 9%                |
| 7B7287795B   | 131,796               | Small Claim      | 23%               |
| 7B7287711B   | 58,975                | Small Claim      | 37%               |
| 7B7287772B   | 14,995                | Small Claim      | 1%                |
| 7B7287402B   | 102,004               | Small Claim      | 35%               |
| 7B7287813B   | 21,487                | >25K             | 82%               |
| 7B7287995B   | 101,901               | >25K             | 59%               |

IMA routinely provides a process improvement consulting for handling new and open claims. As your broker and risk management partner, IMA's Claims Team will be more than happy to custom design a written process that will meet Lightning's exact claims process needs inclusive of the following:

## CLAIMS LIFECYCLE

### PRIOR TO CLAIM

- + Review current claim program by line of coverage
- + Develop custom reporting procedures
- + Assign designated adjusters
- + Pre-determine settlement goals and consultative amounts
- + Defense counsel selections

### REVIEWING COMPLEX CLAIMS

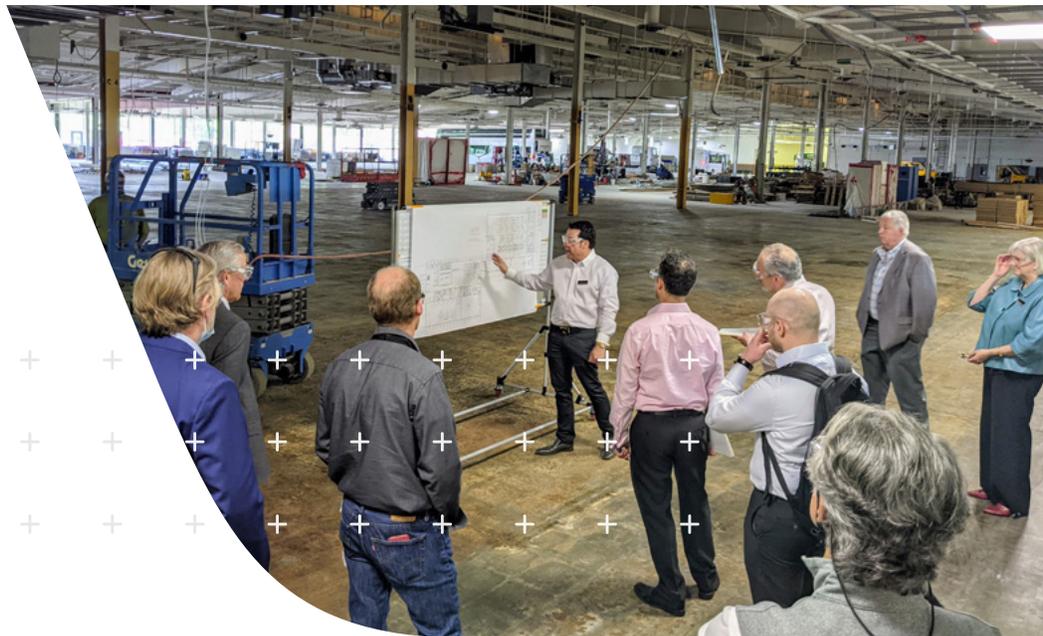
- + Review all claim facts with you
- + Identify any potential coverage issues
- + Determine your desired outcome
- + Strategize with you to develop an action plan
- + Respond promptly, advise and advocate

### CONTROLLING CLAIMS

- + Provide proactive claims updates
- + Development of clear and concise action plans with your carriers
- + Provide written claim summaries
- + Ensure claim adjusters are proactively managing outcomes

### CONCLUDING THE CLAIM

- + Important to communicate potential settlement prior to claim closure
- + A good claim is a closed claim
- + Continually monitor and revise protocols



(f) Describe the systems and technology you would plan to use. Highlight any proprietary systems or models.

As one of the most tech-forward brokers in the industry, technology is integral to IMA's identity. In our mission to become "the Broker of the Future," IMA has dedicated innovation teams working throughout the enterprise to deliver the best technology experience to our clients and associates available. We deploy the most modern tech stack in the industry to allow our clients to be more efficient and in better control of your insurance and risk management programs. With over 120 systems and applications deployed, our technology investment is 2x the national average compared to other brokers.

From day one, IMA clients are able to customize their technology journey with us to create the experience they want – not simply the one offered. From digitalized submissions and renewals to ERM platforms to fully connected digital claims and accident reporting – IMA is unique in our ability to bring a myriad of technology platforms to our clients to better serve them. Some highlights of various platforms clients may incorporate into their service plan include, but are not limited to:



- + **Indio** – We eliminate PDFs to be completed at renewal. Our renewal platform, Indio, allows clients to update their information digitally – dramatically reducing repetitive application completion and potentially costly-errors.
- + **TrustLayer** – For clients with large certificates of insurance schedules, we deliver an online compliance platform to help our clients gain oversight on their clients, vendors and partners.
- + **Highwing** – IMA's proprietary market submission platform enables clients to receive the maximum number of options and increase carrier interest, which results in a more competitive program for our clients.
- + **CSR24** – Our client self-service portal enables clients quick access to their policy data, service requests and key contacts.
- + **Aclaimant** – A digitized incident reporting platform that brings accident reporting and claims management into one platform.
- + **Power BI** – We utilize a customized version of Microsoft Power BI to help unlock our data and allow us to make smarter recommendations for clients in the areas of coverage design, carrier recommendations and claims experience.

As noted above, IMA not only invests in the latest technology for our clients and associates, we also have an innovation team that has successfully spun out entire companies that originated from IMA in-house technology. Highwing is an example of this. Now a successful insurtech in its own right, Highwing was born in IMA Labs and helps our team (and now other brokers) make smarter insurance submissions to the marketplace.

IMA is also an active participant in the technology ecosystem. As owner-members of BrokerTech Ventures, IMA helps emerging insurance technology startups build solutions and products that benefit brokers and their clients. Through its accelerator program and VC fund, BrokerTech Ventures is moving the entire industry forward and IMA is a proud supporting partner of these efforts. IMA also has its own fund, IMA Invest, that we utilize to invest in emerging companies that promise a more efficient insurance experience.

(g) Describe strategies and options for the company in the areas of loss control, safety, and compliance.

## LOSS CONTROL + SAFETY CONSULTING

IMA's Risk Control Department is staffed with 20 experienced safety and health professionals with over 125 years of combined experience. Clients of IMA enjoy access to this team of consultants, which is one of the largest in the region. We believe that this will be a critical risk management service for Lightning.

Our Risk Control Department prides itself on developing unique and customized solutions for its clients, and does this by taking the time to understand your business and developing relationships throughout middle and upper management. The goal is to become a trusted advisor and partner in your loss prevention program. The background of the risk control team includes professional safety consultants in the area of clinical risk management, fire prevention, driving and fleet safety, property management safety, and compliance experts in the area of OSHA and DOT. We utilize a Client Service Plan in which we decide with you how our services can best be used during the course of the year and how we can leverage value-added services available from our insurance carrier partners as well. This Client Service Plan is then used as a score card at the end of the year to document the delivery of value-added services.

Additionally, IMA has deep experience with lithium battery technology and corresponding storage practices. This technology continues to evolve and what works today may be replaced by another, better approach tomorrow. IMA Risk Control monitors evolving employee and property protection practices as well as government regulations to share with our clients. In addition to real-world practical experience, IMA's on-going research includes such recognized third-party resources such as NFPA 855 (Sprinkler Protection for Energy Storage Systems i.e. Lithium batteries,) FM Global, OSHA, and U.S Department of Transportation (DOT) Hazardous Materials Regulations (HMR; 49 C.F.R., Parts 171-80.)



Below are some ideas for services that may augment Lightning's existing Safety and Loss Prevention Initiatives.

**+ Benchmark Operations and Identify Areas for Improvement**

Utilize IMA's exclusive RiskScore<sup>SM</sup> audit tool to benchmark various divisions or business units and perform an "Exposure Analysis" on your operations against loss prevention best practices (an iPad application).

**+ Lean on IMA (IMA On-Site)**

Augment your current Safety personnel with IMA's local Safety Professionals. OSHA, Property Loss, and Fleet Safety training is available from IMA's team of 20 Safety Advisors.

**+ Motivate/Expand Safety Culture with Accountability**

Tap into IMA for Safety Perception Surveys and Safety Accountability programs to integrate acquisitions and cultivate a healthy safety culture.

**+ Deploy Risk Management Software Tools**

Improve efficiency by using IMA's Risk Management Center as a Portal for Incident Tracking, Managing SDS, and Learning Management system capabilities.

**+ Provide Strategic Advice and Transfer Best Practices**

Utilize recurring, strategic thought sessions with your IMA Risk Control Advisor to compare field observations with corporate initiatives, and benefit from the transfer of knowledge amongst IMA's other utility and municipality clients.

**+ Leverage Technology to Drive Results and Maximize ROI**

Explore Pre-employment Screening, Fleet Telematics, Fatigue Management for Drivers and Lone Worker GPS to control first dollar claim costs. Learn from IMA on how to deploy "tablet based" safety audits using the latest technology.

**+ Assist with Large Loss Investigations and Compliance or Insurance Inspections**

Respond and provide manpower during critical events and keep you abreast of regulatory changes.



## TECHNOLOGY SOLUTIONS FOR CLIENTS – IMA RISK MANAGEMENT CENTER

The IMA Risk Management Center is a unique web-based software suite of safety and risk management tools designed to empower your organization's risk prevention efforts. It is easy to access and use, and provides a cost-effective risk reduction and safety center for your entire organization across all departments and locations.

The Risk Management Center is right for any organization that wants to proactively manage their risk exposures and develop effective workplace safety programs to reduce claims, losses, and associated costs.

The goal of any risk management program is to reduce risks and injuries, while improving profitability.



### The Risk Management Center enables employers to:

- + Efficiently Manage Your Hazard Communication Program and Safety Data Sheets
- + Access a best-practices safety and HR library of written policies and procedures
- + Train employees efficiently and effectively with a multitude of bilingual PowerPoints and E-learnings
- + Manage certificates of insurance to limit liability and risk
- + Create job descriptions and modified duty programs

## CUSTOMIZED SAFETY EDUCATION

### Safety Leadership Training

- + It is evident that Lightning strives to be innovative and ahead of the curve. This training goes beyond safety compliance and trains leaders within the organization on why safety matters and how to effectively change or enhance a safety culture. IMA Risk Control can deliver this training to your company and it is customizable based on your needs.

### Emergency Response Drills & Training

- + We can help establish, or improve your current, written emergency action plan. In addition we can participate in drills whether they be table-top or in person.
- + This is an area that affects many of our manufacturing and distribution clients who find their programs are lacking or not as robust to survive an event. We can help turn this around and ensure you are prepared and can handle an event at any scale.

### Interactive Safety Training

- + Augment your safety training with training delivered by IMA's Certified Safety Professionals. Base regulatory, competent person and train-the-trainer safety training programs are supported through handouts, demonstrations, exercises and videos.

### Driver Safety

- + Employees driving on company business is the second-highest source of claims. Any type of driver can expose a company to substantial financial liability. Defensive driving education, MVR review programs, Driver Monitoring and Substance Abuse Testing can be tailored to assist in management of fleet safety.

## OSHA INSPECTIONS

IMA Risk Control's understanding of OSHA's role during the inspection allows IMA to expedite the inspection process for Lightning, in the event of an OSHA inspection. The longer OSHA is on site, the more exposure an organization faces as it relates to penalties and fines.

IMA works through what options are available to the employer. IMA Risk Control's success in vacating citations, negotiating favorable terms and reducing penalties for clients is available to all IMA business partners as a value-added proposition.

## CLIENT + INSURANCE CARRIER ADVOCACY

When an insurance carrier requests a loss control visit, whether in-person, over the phone, or virtual, IMA Risk Control's role is to be involved in every aspect of the visit. We work with the carrier on the client's behalf to ensure recommendations and unnecessary site visits are limited. The purpose is to ensure your time is well spent and your efforts are meaningful.

## ADDITIONAL SERVICES

IMA Risk Control will work with Lightning to develop a customized Risk Control plan that includes the complementary services listed above. In addition to these services and resources, IMA Risk Control offers on-site trainings and program administration including:

| LIVE TRAININGS  | CUSTOMIZED PROGRAMS, AUDITS + ASSESSMENTS   |
|---|---|
| <ul style="list-style-type: none"><li>+ Instructor-led Safety Training/Webinars</li><li>+ Supervisor Safety Training</li><li>+ OSHA 10 or 30</li><li>+ Forklift Train-the-Trainer Certification</li><li>+ Defensive Driver Education</li><li>+ Base Regulatory Training</li><li>+ H2S Awareness</li><li>+ Fall Protection</li><li>+ Confined Space</li><li>+ Lockout/Tagout</li><li>+ Handling Chemicals/HazCom</li></ul> | <ul style="list-style-type: none"><li>+ OSHA/DOT Compliance Audits</li><li>+ Safety Management/Accountability Programs</li><li>+ Safety Engagement/Incentive Tools</li><li>+ Return-to-Work Programs</li><li>+ Recurring Site/Facility Safety Audits (iPad forms)</li><li>+ Safety Committee Participation</li><li>+ Industrial Hygiene Monitoring (3rd party)</li><li>+ Fleet Safety Program/Driver Performance Metrics and Telematics</li><li>+ Behavior Based Safety Observation Programs</li><li>+ Personal Protective Equipment Assessment (PPE)</li><li>+ Lockout/Tagout Assessment</li><li>+ Facilitate Property Reviews with Insurance Carriers</li><li>+ Online Safety Training/Streaming Videos</li></ul> |

## (h) Describe how you are different than your competitors.

We are truly different than other brokers, and our associates and clients come to IMA because of this difference...not in spite of it. IMA relies on industry leading expertise and resources/services as well as a passion for protecting assets and making a difference for our clients, our associates, and our communities. We do not rely on our name, or a "list" of clients from around the country, to validate our capabilities.



+ WATCH VIDEO:  
THE IMA DIFFERENCE IS THE  
BEST FIT FOR LIGHTNING

IMA reinvests profits in our service model to drive meaningful results for our clients, this allows IMA to continually achieve organic growth in the uppermost tier of Business Insurance's Top 100 U.S. Brokers. In contrast, many large insurance brokers drive shareholder value through acquisitions and expense reductions (including client services). Not IMA, historically we are not an acquirer of businesses, rather we focus on true organic growth while continually reinvesting in our service model.

### ORGANIZATIONAL STRUCTURE, SIZE + EXPERTISE DIFFERENTIATORS

- + **Employee Ownership Structure** – Our employee ownership structure is the cornerstone of our success. Employee ownership is a crucial difference between IMA and other private or public insurance brokers. That structure has enabled us to maintain a model focused on service and value, rather than simply sales.
- + **One IMA/One Profit Center** – We are unique because IMA does not operate under a charge-back model. Clients get access to enterprise-wide resources to find the best intellectual capital within the organization. Our associates are unencumbered by profit center barriers in delivery services to our clients.
- + **IMA's size** is the right balance with a perfect mix between the ability to provide cutting-edge insurance expertise, international services and risk management analytical tools with the ability to serve as a super-size integrated, outsourced risk management support department.



#### BUSINESS STRENGTH

Over \$400 Million  
in Revenue



#### CARRIER RELATIONSHIPS

Over \$5 Billion in Premium  
Placed Annually



#### EMPLOYEE OWNED

1,700+ Owners Focused  
on Clients' Success



#### IMA FOUNDATION

Community Focused



#### CLIENT FOCUSED

95% Client Retention Rate



#### GLOBAL REACH

Clients in all 50 States +  
Over 100 Countries

## WHY EMPLOYEE OWNERSHIP MATTERS TO LIGHTNING?

IMA is one of the fastest growing and largest brokers/consultants in the U.S., and our ownership structure is the cornerstone of our success. Employee ownership is a crucial difference between IMA and other private or public insurance brokers. Our ownership structure has enabled us to maintain a model focused on service and value rather than simply sales.

The following results from our ownership structure are critical for Lightning to understand:

### + Reinvestment in Our Company

IMA has always maintained the belief that reinvesting profits into talent, services or resources will ensure stronger client relationships and help retain clients on a long-term basis. We are not constrained to deliver excessive profits on a quarterly basis to ensure viability. Reagan Consulting, the largest insurance consulting firm, recently performed a national survey of the top 350 brokers. The survey was performed to provide benchmarks for best practices and services provided to accounts generating a minimum of \$250,000 in annual premiums. The resulting data indicated that the typical independent brokers invest 3.8% of revenues into value added services, while IMA invests 8%. In other words, IMA invests more than 2 times the national average into value added services & resources for its clients. This fact is due to our ownership structure and service philosophy.

### + Attracting + Retaining Talent

Our business is essentially the delivery of intellectual capital, and the competition for attracting and retaining talented individuals is fierce. Offering employees ownership is a key advantage in this competition and is a major selling point for employment at IMA. From your perspective, each IMA employee that works with you will have a vested interest in working with you, and we believe this translates into better service. Our culture naturally attracts talented people who are enabled to be innovators.

### + Perpetuation Planning

The founders of IMA had the foresight and vision to create this ownership structure as a plan for continuation that avoids becoming a public company or being sold to another broker. When either of these scenarios occurs, it usually causes the sellers to reduce staff or services in order to improve profitability for the impending sale. These changes impact all clients.

IMA's ownership structure has allowed us to perpetuate internally through an organic system without making structural changes. It has enabled us to remain independent and continue to reinvest in staff and resources for our clients as opposed to potentially selling and causing major service disruption to our clients.

### + Ownership Culture

Ultimately, owners think differently about the services and products they deliver to clients. As an employee-owned organization, IMA associates have a personal stake in maintaining successful partnerships with our clients. This fosters a positive culture that our clients feel through superior service.



## COMMITMENT TO DIVERSITY, EQUITY, + INCLUSION

IMA has been focused on Diversity, Equity & Inclusions initiatives for the last 2.5 years and has made additional headway in the last year. We have formalized our corporate goals and made significant accomplishments in these initiatives. The following outlines our mission, focus areas and accomplishments:

### DEI MISSION

IMA will cultivate and embrace IMA's diverse and inclusive culture as we work to protect assets and make a difference for our associates, clients and communities.

### DEI VISION

IMA will celebrate the unique backgrounds of IMA associates and clients to establish an inclusive culture and create an unbridled difference in our community.

### KEY FOCUS AREAS

- + **TALENT** – improve IMA's practices related to building, retaining and advancing a diverse workforce.
- + **CULTURE** – ongoing diversity awareness education to truly make IMA the most welcoming place it can be for its associates, clients and community partners.
- + **COMMUNITY** – commitment to supporting and serving diverse communities through volunteerism, financial support and building employment pathways.
- + **CLIENT** – to benefit IMA clients through different perspectives on products and services and expand the diversity of IMA's client base.

### KEY DEI ACCOMPLISHMENTS

- + Founding member of Colorado Inclusive Economy, a collection of business leaders who guide the creation of new processes to build a more diverse workforce and rebuild Colorado's economy in a way that works for all.
- + Leader of Colorado Companies United Against Racism, a pledge by CEOs to advance racial equality and to be measured by company actions and initiatives.
- + Incorporated a monthly speaker series featuring IMA associates and outside experts to discuss relevant topics in diversity, equity and inclusion.
- + Established corporate and local DEI Committees with nearly 50 associates setting goals, establishing policies and creating partnership opportunities.
- + Provided required and ongoing DEI education for all associates.
- + Formalized a corporate position to support all DEI initiatives.



+ WATCH VIDEO:  
IMA'S APPROACH TO DEI

## IMA'S COMMUNITY INVOLVEMENT

One of our guiding principles as an organization is to support and share generously within the communities in which we do business. IMA team members tutor students, deliver meals to the elderly, fund raise for cultural institutions, support the United Way, build homes, work to improve early childhood education, adopt schools, donate to reduce homelessness and volunteer at dozens of local organizations. This is demonstrated through the examples of our leadership, as well as the financial contributions of our corporation and the time dedicated by our employees. Of course, we do these things not for acclaim, but because we live, work, learn and play in our communities.

**Our culture was founded upon community involvement by our CEO, Rob Cohen.** As a result of his initial efforts, IMA has created the following programs to support our communities:

- + **The IMA Foundation:** The IMA Foundation was created to formally provide financial support in the communities in which we live and serve. Currently the foundation funds numerous charitable projects annually.
- + **The IMA Community Action Committee (CAC):** IMA employees formed the Community Action Committee (CAC), which facilitates opportunities for employees to support and volunteer with organizations, both during and after business hours.

## I MAKE A DIFFERENCE DAY

IMA's mission to make substantial change for the cities it supports was on display during I Make a Difference Day when nine communities came together at once to make lasting improvements. Associates rolled up their sleeves and flew the IMA flag to show that corporate responsibility is everyone's responsibility.

IMA employees, families and friends donated approximately 1,500 hours across the country. It was the annual event's largest showing. Most importantly, IMA showed kids we care, beautified cultural icons and supported the disadvantaged.

*I Make a  
Difference Day*

IMA'S BUSINESS MODEL REVOLVES AROUND PEOPLE.  
WE KNOW OUR GREATEST ACHIEVEMENTS OCCUR  
WHEN WE WORK TOGETHER.



(i) Outline the transition plan if you are selected to represent the Company.

| LIGHTNING eMOTORS, INC. + IMA                                       |              | IMA ONLY   |
|---|--------------|--|
| Written RFP Presentation due  | 1/18         |  |
| Oral RFP Presentation   | 2/3          | IMA to analyze existing program structure and coverage terms, and develop a list of go-forward program changes                                     |
| Broker Selection + Notification                                     | WEEK OF 2/14 | IMA to file "broker of record" letter and begin initial discussions and vetting process with multiple leading carriers                             |
| Business Review to discuss Marketing Strategy + Annual Service Plan | WEEK OF 2/21 | IMA to meet with Lightning to discuss detailed D&O Renewal Strategy  |
| Risk Assessment Completed with IMA Risk Control                     | WEEK OF 2/28 | IMA to host meeting(s) between Lightning and select public-company D&O underwriters IMA to negotiate and present D&O primary layer renewal options |
|   | WEEK OF 3/7  | Send pre-renewal document to Lightning   |
| Send completed request for renewal to IMA                           | WEEK OF 3/21 |  |
|   | WEEK OF 3/28 | IMA Proprietary D&O Submission to Marketplace  |
| Carrier Risk Engineering Visits <i>(if necessary)</i>               | APRIL        | IMA to negotiate and present D&O excess layer renewal options  |
| Lightning to confirm final D&O renewal program                      | 5/5          | Pre or Post D&O Renewal: Discuss renewal strategy, timing, etc. for EPL and Fiduciary Liability renewals   |
|   | 5/6          | <b>D&amp;O Renewal Date</b>  |
|   | WEEK OF 5/16 | Receive Preliminary P&C Quotes from Carriers   |
| IMA Presents Market Responses and Program Options                   | WEEK OF 5/30 |  |

|  |              |   |
|--|--------------|---|
| Lightning Selects Successful P&C Carriers and Program Design                                 | WEEK OF 6/6  | Continued Negotiating in Marketplace  |
|  | WEEK OF 6/13 | IMA Finalizes P&C Negotiations with Selected Carriers                       |
|  | WEEK OF 6/20 | IMA to issue COIs, Auto ID Cards, Invoices etc.                             |
| 2022-2023 Property & Casualty Insurance Program<br><i>Placement Complete Eff. 07/01/2022</i> | 7/1          | Fiduciary Liability Renewal Date  |
|  | WEEK OF 7/18 | IMA Delivers Insurance Summaries  |
|  | 7/31         | EPL Renewal Date  |
|  | WEEK OF 8/1  | IMA Delivers policies electronically  |
| *On Going Risk Control Visits<br>*On Going Contract Review Service                           | ON GOING     | IMA to discuss D&O program with Lightning Board of Directors (as requested) |
| *Execute Agreed to Service Plan  | TBD          |   |

Exact dates depend on the Lightning corporate calendar

(j) Provide a summary of any litigation, arbitration, mediation regulatory proceedings adjudicated or settled cases that your firm has been subject to within the last three years involving services your firm provided as an insurance broker.

In the course of regular business IMA is involved in various legal proceedings, to protect the confidentiality and privacy of our clients and partners, it is our policy to not comment on open or closed proceedings.

## 2. POST-SPAC TRANSACTION CONSIDERATIONS

- (a) Provide an overview of any major areas of consideration for our Board of Directors and management on insurance we may need such as but not limited to D&O insurance and excess liability insurance.

### CURRENT D&O ENVIRONMENT

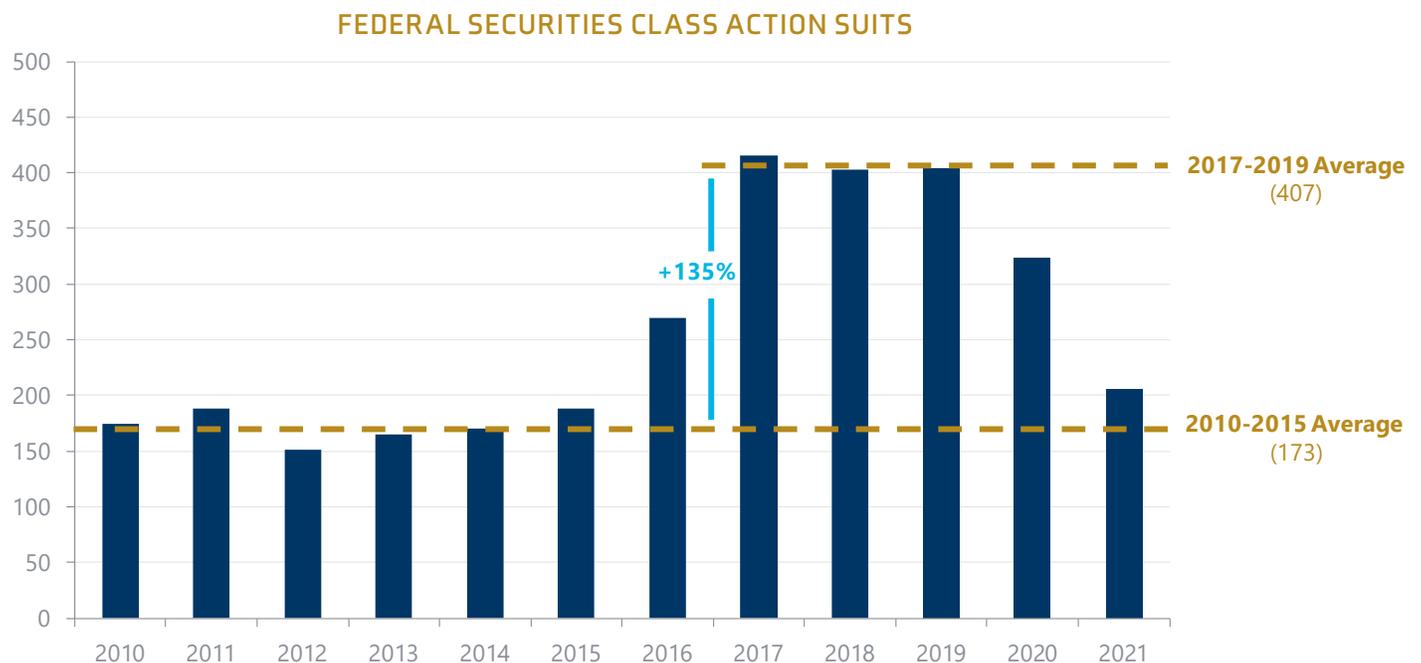
The D&O marketplace for public companies has been somewhat challenging over the last couple years, particularly for companies associated with more challenging spaces (i.e., IPOs, de-SPACs, etc.). Key trends and developments we continue to monitor include the following:

- + D&O litigation remains elevated over historical levels, but recent trends are encouraging
  - Certain areas (including IPOs and SPACs) do continue to see elevated litigation
- + D&O carrier losses increased noticeably in 2017 but appear to be leveling off
- + D&O coverage disputes remain a concern and support the need for a broad scope of coverage

The following information includes additional details for each of the above three topics regarding the current D&O marketplace, all of which should be considered when planning for a 2022 renewal.

### D&O LITIGATION: FREQUENCY

- + Federal Securities Class Action Litigation has been elevated for five straight years, beginning in 2016.
- + 2020 litigation rates decreased 19.8% from 2019 but were still rather elevated over the historical average.
- + Filings fell another 36% in 2021, with a full-year total of 206 filings. This is still above the historical average, but not by much.

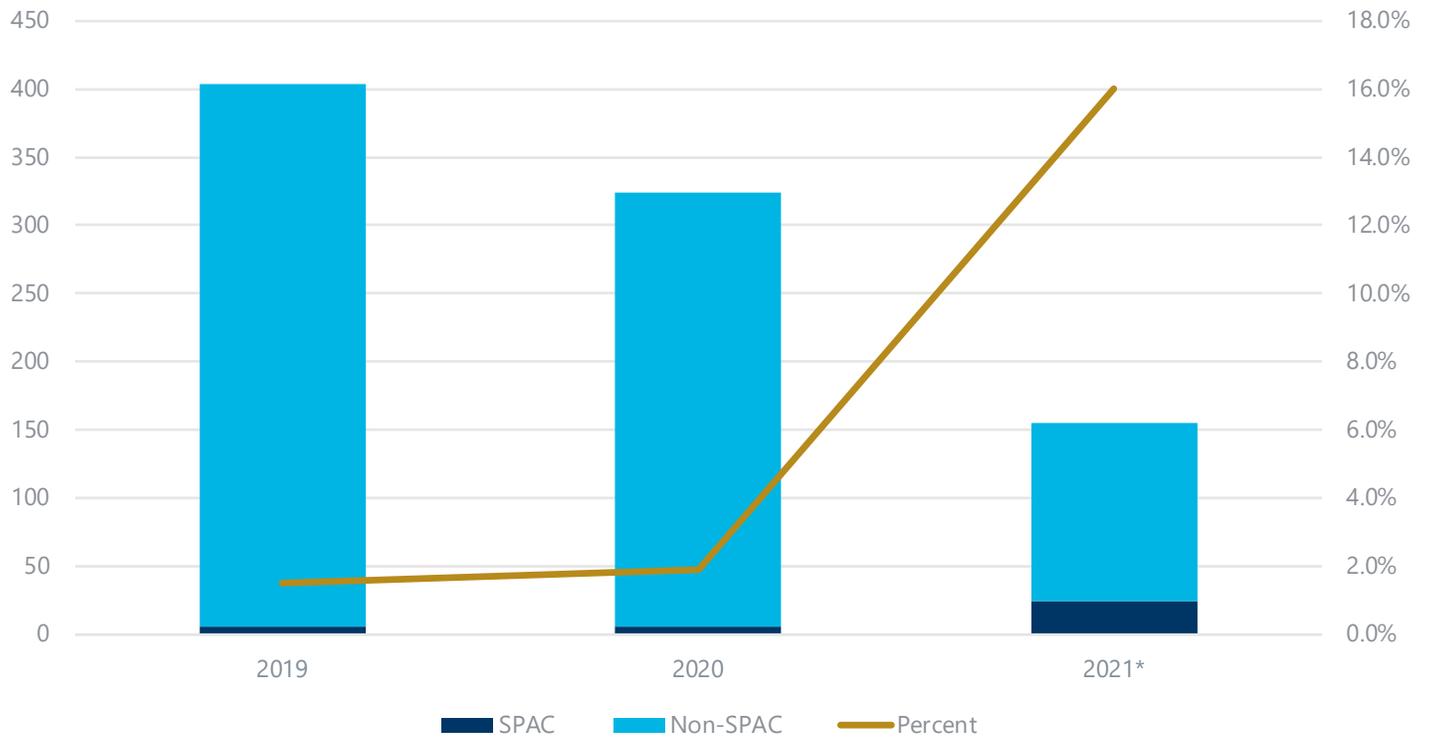


Sources: Stanford Law School Securities Class Action Clearinghouse; IMA Executive Risk Solutions

## D&O LITIGATION: SPAC-RELATED CLAIMS

- + SPAC-related D&O litigation was uncommon in 2019 and 2020, accounting for only six claims in each of those years.
- + In 2021, SPAC-related filings increased significantly, with a total of twenty-four filings through the first 3Qs of the year.
- + On a percentage basis, SPAC-related filings have gone from 1.5%-2% of all claims in 2019/2020 to 16% through September 2021.

SPAC-RELATED FILINGS AS A PERCENTAGE OF TOTAL (2019-2021)



Sources: Stanford Law School Securities Class Action Clearinghouse; IMA Executive Risk Solutions

## (b) Provide an overview of your approach to insurance renewal.

IMA currently services and places insurance for a variety of EV and other automotive clients, including other vertically integrated operators similar in size, scope, geography and operations. That said, we recognize that all clients are different in how they approach risk and insurance. IMA's first step will be to listen to Lightning's needs, expectations, and goals in order to interpret your risk management philosophy and develop a strategic plan over the short and long-term.



+ WATCH VIDEO:  
IMA'S EXECUTIVE RISK  
SOLUTIONS FOR LIGHTNING



### STRATEGIC RENEWAL PLAN

Given the limited options and insurance carrier choices available to your industry we would recommend the formal process start six months before renewal. We recognize that isn't possible for this renewal cycle but we believe that our expertise will allow for a shortened learning curve so that a quick time frame will not cause any negative outcomes for Lightning. Regardless of the timing, IMA will go through a formalized Strategic Renewal Process. This is a funnel down approach that looks at market conditions, company projections, loss data analysis, key terms and conditions, incumbent carrier's attitudes, outside carriers' presence and then challenge the current program. This process is designed to stress test the current program and carriers, ensuring due diligence on Lightning's program is completed.

The objective is to underwrite the program before the underwriters to fully understand the question and concerns before the underwriters have thought of them. Doing this allows the implementation of strategies to address questions and concerns on a proactive basis.

IMA will perform all preparation required for this meeting and will come furnished with recommendations.



### ESTABLISH THE MARKETING STORY

A marketing story will be crafted that is supported by discussions with the Lightning management team. Data analysis provided by IMA's Risk Financing group will provide the quantitative support needed to achieve marketing goals.

The Marketing Story is a supported, cohesive message to the marketplace that demonstrates why Lightning is deserving of the program design that is requested. The goal is to structure the program and take it to the marketplace with a specific end-game in sight. The alternative and inferior method is providing the insurance marketplace with their needed data and letting them dictate the outcome, which is likely the approach you are currently seeing.



## CREATE "ABOVE AND BEYOND" SUBMISSIONS



In evaluating if a company is a candidate to put the insurance carriers' assets at risk, the underwriter will assess the potential risk and the measures currently taken by the prospective insured to prevent or mitigate loss. If there is any uncertainty in their evaluation because of lack of information or conflicting information, the underwriter is in a difficult position and likely won't be aggressive in providing favorable terms and conditions and pricing. It is the broker's job to eliminate uncertainty from the equation so the underwriter can be aggressive.

IMA actually developed a custom Digital Insurance Application Portal specifically for our clients. Due to the limited and fragmented marketplace of insurance carriers working with companies with the majority issuing policies in the excess & surplus lines marketplace, capturing accurate data for underwriting has been a major challenge. At the same time, it created undue burden on our client to provide information to multiple underwriters via multiple applications. Our streamlined system has allowed us to maintain complex schedules of insurance, property values, fleet schedules and other information relevant that ensures accuracy and a comprehensive submission for underwriters from a single source.

IMA submissions not only provide the underwriters with the data they need to rate and assess the quality of the insured, but will also include an underwriting analysis for all components of the submission, including financial reports and commentary to support the credit risk underwriting and actuarial commentary to positively impact the loss projections for deductible/SIR retained losses. IMA will anticipate the needs of the underwriter, credit analyst and actuary and look to assist them in doing their job.



## PRESENT + NEGOTIATE

After establishing Lightning's strategic marketing plan and goals, IMA develops the Lightning marketing story and constructs a submission that supports both. IMA will then strategize on the best way to present the submission to the marketplace.

The strategy will involve face-to-face meetings between the IMA Service Team and the insurance community. IMA always encourages its clients to take an active role in the marketing process recognizing they can tell their story better than anyone. This role will include providing operational, safety, and risk management presentations or discussions with carrier decision makers. Given how busy the Lightning management team is, IMA will work to prioritize and develop a reasonable schedule for underwriter meetings.



## RENEWAL PRESENTATION

A typical renewal presentation will provide layers of information, including an Executive Summary of the program that highlights differences, positives and negatives. The next layer will be Summary Information provided in a context to allow side-by-side comparisons to Lightning's options and to expiring programs.

The third layer is detailed information about the terms, conditions and financial make-up. This information will include all the preparation detail to accurately answer any question or concern. It will include actual wording of endorsements and program agreements.

IMA's job is to help Lightning make informed business decisions about the insurance program structure they purchase, and to bring multiple options when applicable. Additionally, IMA will bring information, benchmarking and analytics to assist in making an informed decision.



## BIND + DOCUMENT

After final negotiations and decision to bind the program is executed. The binding instructions and detailed information regarding the insurance marketplace feedback learned throughout the marketing process will be documented. The value of this documentation is for future recall to continue to build on framing the insurance marketplace as it relates to Lightning.



## CELEBRATE + RELATE

Once a successful carrier is selected, it is imperative the client maintain a positive working relationship with their carrier partners. IMA always suggests a 'closing dinner' with the Lightning management team upon completion of the renewal. If agreeable to Lightning, IMA will schedule annual meetings with incumbent carriers to develop institutional and personal relationships.

(c) Provide a description of your approach on D&O insurance and any internal support resources you would have for the company.

IMA Executive Risk Solutions is a world-class team of professionals focused on providing thoughtful advice, a unique legal perspective, a broad range of insurance solutions, and excellent service to our valued clients. Our professionals have deep experience handling complex executive risk exposures for a variety of clients – from pre-IPO companies to multi-billion dollar corporations.

| IMA EXECUTIVE RISK SOLUTIONS |  |
|------------------------------|--|
| Team Depth                   | Our Executive Risk Solutions practice group is a team of over 20 professionals, each with a vast amount of experience.   |
| Tailored Programs            | IMA is the only broker in the industry with a comprehensive approach to program design and structure that is backed by cutting-edge <b>data &amp; analytics</b> and an <b>innovative legal approach</b> .  |
| Claim Advocacy               | Dedicated legal and claims staff that assist with all claim related matters, including claim communication, coverage interpretation and settlement facilitation. We work seamlessly with you and your outside counsel to ensure successful claim resolution. |
| Market Prowess               | IMA has strong, strategic partnerships with all carriers in the Executive Risk space. IMA places over \$5 billion in premium annually, and we have direct access to the top at all carriers.   |
| Thought Process              | We examine various claim examples, loss modeling and peer benchmarking, along with a creative coverage approach, in order to secure state-of-the-art program terms for our clients.  |
| Client Education             | We educate our clients on litigation trends and changes in rules/regulations that might impact exposures. We hold IMA University events and host small gathering peer conversations on “hot industry topics and trends.”                                     |

## WHAT DIFFERENTIATES US?



### OUR PEOPLE

The depth and expertise of our team is second to none.



### OUR PROCESS

We bring a thoughtful, comprehensive, data-driven approach to every single program we place.



### OUR RESULTS

The expertise of our team combined with our unique operating methodology results in state-of-the-art insurance program design that maximizes protection for both D&O personal assets and the Company balance sheet.

## NATIONAL LEGAL AND CLAIMS FACILITY

At IMA, we have created a Legal and Claims team dedicated to assisting our clients and brokers with executive liability issues and claims, in order to maximize policy performance. Leading this effort is **Travis Murtha**, an attorney with 15 years experience dealing with insurance and executive liability claim issues in various capacities.



**TRAVIS MURTHA**  
*Director of ERS Claims*

### Our Legal and Claims practice is responsible for, among other things:

- + Helping our clients and brokers understand the complex executive liability claim issues that may arise, including review and drafting of policy language
- + Serving as policyholder advocates regarding coverage and claims disputes with the carriers
- + Conducting training sessions that ensure we consistently deliver value-added service

We are frequently engaged post-claim, and have a favorable track record of enhancing claim resolution in these situations. **With D&O litigation having been filed against Lightning and its CEO/CFO (Shafer), we would look to immediately take over all claim handling and begin a direct line of communication with outside counsel and top-level staff on the carrier side, in order to set the stage for a favorable resolution.**

IMA has also developed relationships with several of the leading law firms in the area of executive liability insurance. When appropriate, we can access the talent and resources of a particular law firm to assist us. While it is neither economical nor sensible to do so for every claim, we recognize that circumstances may arise where it would be beneficial to obtain an outside legal opinion.

### IMA LEGAL AND CLAIMS PHILOSOPHY

- + Value-added service, at no additional cost
- + Client advocate
- + Collaboration
- + Leverage relationships
- + Deliver positive results

### TRADITIONAL CLAIMS SERVICING BY OTHER BROKERS

- + Pass through only
- + Lack of specific coverage expertise
- + No value-added service
- + Additional cost
- + No or limited external relationships



**BRIAN BOVASSO** | *Managing Director, Executive Risk Solutions*

Brian joined IMA in 2013 as Director of Executive Risk. He specializes in D&O and related executive liability insurance, and is responsible for client consultation and relationships, insurance program design and implementation, insurance carrier relationships and strategic business development. In addition to representing publicly-traded companies, Brian's practice focuses on pre-IPO companies, Private Equity & VC firms, financial institutions and other companies with complex risk profiles. At IMA, Brian has secured coverage for principals from some of the leading private equity firms in the world, including Warburg Pincus, Trilantic Capital Partners, Riverstone, Yorktown Partners and Deerfield Capital Management. Prior to joining IMA, Brian served most recently as the IPO D&O practice leader within Aon's Financial Services Group.

Brian holds a Bachelor of Arts from Creighton University and Juris Doctorate from Creighton University School of Law.



**SHANE VALPEY** | *Vice President, Executive Risk Solutions*

Shane is a member of IMA's Executive Risk Solutions group. Shane manages a portfolio of accounts and is directly responsible for the day-to-day brokerage duties, including pre-renewal preparation, placement negotiations and claims advocacy.

Previous to being a broker, Shane has 19 years of prior management liability underwriting experience with The Chubb Corporation and Arch Insurance Group, most recently managing Arch's Executive Assurance Group (all commercial public companies, private companies, financial institutions/financial services, alternative asset companies) for the Western Region.

Shane's specialization includes Directors and Officers Liability, Employment Practices Liability, Fiduciary Liability, Errors & Omissions, Fidelity, Kidnap & Ransom, and other related management liability coverages. Areas of particular focus include public company, Fortune 1000, energy (utilities, E&P, midstream), technology, life sciences, defense, manufacturing, retail, homebuilders, financial institutions and more complex placements (distressed/bankruptcy scenarios, M&A, IPOs, etc.)

Shane graduated from California Polytechnic State University at San Luis Obispo with a Bachelor of Science in Business Administration and Management Information Systems.



**TRAVIS MURTHA** | *Director of ERS Claims*

Travis joined IMA in 2015 in a hybrid role handling professional liability program placement as well as assisting clients engaged in complex coverage disputes. His primary area of expertise is in public D&O and related executive liability insurance, including privacy liability, employment practices, fidelity and fiduciary claims. He is responsible for assisting clients with insurance program design and implementation, insurance carrier relationships and executive liability claims resolution. In addition to representing publicly-traded companies, Travis also works with pre-IPO companies, Private Equity & VC firms, financial institutions and other companies with complex risk profiles.

Prior to joining IMA, Travis held roles as Associate Attorney with Senter Goldfarb & Rice LLC and Wood Ris & Hames, P.C., as well as Vice President at Aon Financial Services Group. He is an active member of the Colorado and Denver Bar Associations.

Travis holds a Bachelor of Arts degree from Skidmore College, as well as a Juris Doctorate from the Vermont School of Law.



(d) Discuss key exposures and unique risks that our company faces.

## D&O PROGRAM ANALYSIS

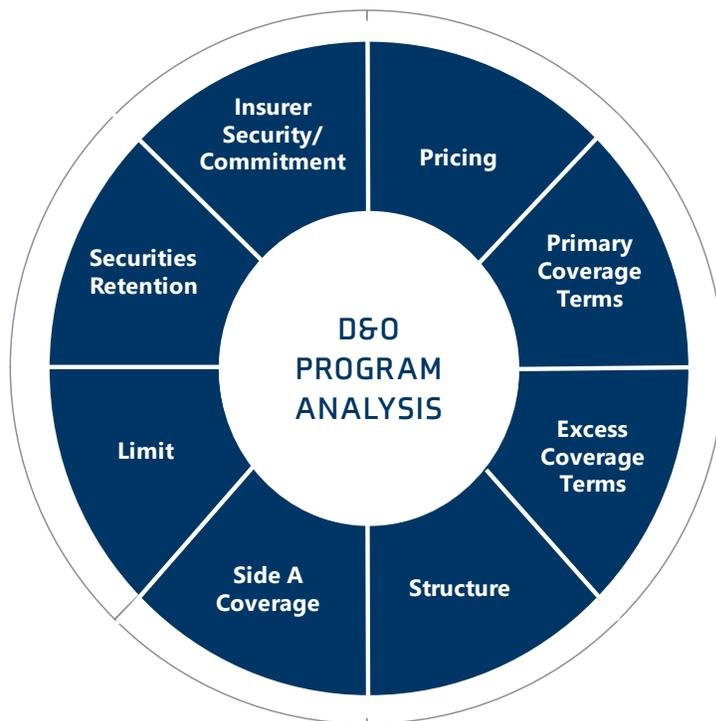
IMA is the only broker in the industry with a comprehensive approach to D&O program design and structure that is backed by cutting-edge **data & analytics** and an **innovative legal approach**.

Our proprietary analysis covers the following eight areas of a D&O program:

- + Primary Layer Coverage
- + Excess Layer Coverage
- + Side A Layer Coverage
- + Counterparty Risk
- + Program Structure
- + Pricing
- + Retention
- + Limit

IMA's objective approach to D&O program analysis, design and structure allows our clients to enjoy the benefits of state-of-the-art program terms, designed to maximize protection of both corporate and personal assets.

Every D&O renewal begins with a comprehensive analysis of the existing program structure, in order to create a strategy and roadmap for the upcoming renewal.



The following pages include an overview of our analysis of the current ZEV D&O insurance program, along with supporting information on key elements of our program review.

## LIGHTNING'S CURRENT D&O PROGRAM

### TOTAL LIMIT:

\$15,000,000 Aggregate (\$10M 'ABC' / \$5M Side A 'DIC')

### RETENTIONS:

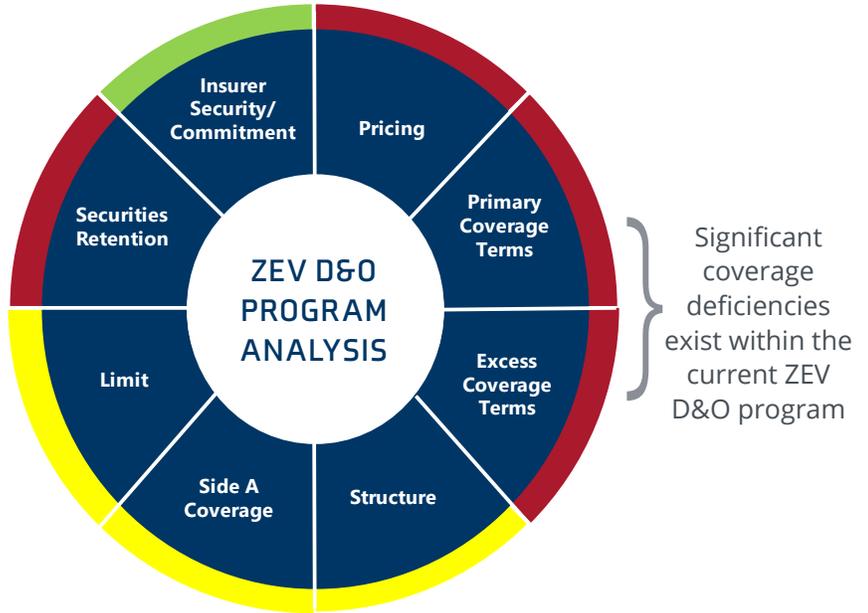
\$0 Non-Indemnifiable Claims

\$250,000 Investigative Demands

\$15,000,000 All Other Claims

### POLICY PERIOD:

May 6, 2021 to May 6, 2022



|   |   |        |
|---|---|--------|
| <b>Hudson</b><br>\$5M Limit<br>\$391,900                        | } Dedicated 'Side A' limit can either respond as excess coverage or as primary coverage on a "drop down" basis. |        |
| AWAC<br>\$5,000,000 Limit<br>\$1,305,815 Annual Premium (80.0%) | \$250K sub-limit for "Investigative Costs"  |        |
| AXA XL<br>\$5,000,000 Limit<br>\$1,632,263 Annual Premium       | \$250K sub-limit for "Investigative Costs"  |        |
| <b>No Retention</b>   | <b>Retention</b>  |        |
| Side A  | Side B  | Side C |

- Below Industry Standards
- Meets Industry Standards
- Exceeds Industry Standards

## D&O COVERAGE ANALYSIS

IMA believes that D&O is first and foremost a legal consideration, and secondarily (but not insignificantly) a financial consideration.

Securing the necessary scope of coverage in a D&O program is crucial in today's environment.

- + IMA has created a proprietary, 240-point "coverage scorecard" to analyze and compare D&O program options
- + The D&O coverage scorecard also includes a "best in class" column to "score" each distinct coverage provision
- + With D&O litigation remaining elevated, securing the necessary scope of coverage has never been more important



| ABC Corp.<br>Directors' & Officers' Liability Insurance  | XL Specialty Insurance Company (Non-IMA Broker)<br>August 1, 2017 to August 1, 2018 | Best in Class | XL Specialty Insurance Company (IMA)<br>[12-month policy period] | Best in Class |
|--|---|---------------|--|---------------|
| <b>Admitted Paper</b>                                    | Yes   |               | Yes  |               |
| <b>Finan. Strength Rating (A.M. Best / S&amp;P)</b>      | A / A+  |               | A / A+   |               |
| <b>Limit of Liability</b>                                | \$10,000,000  |               | \$10,000,000   |               |
| - Sub-limit for Derivative Claims                        | Yes (\$250K)  |               | No   |               |
| <b>Retentions</b>  |   |               |  |               |
| - Is retention reimbursed if Securities Claim Dismissed? | No  |               | Yes  |               |
| <b>Side A Trigger</b>                                    |   |               |  |               |
| Does BK/FI automatically trigger Side A?                 | Yes (if due to "financial insolvency")  |               | Yes (if DIP or due to "financial insolvency")                    |               |
| Advancement if Company fails/refuses to indemnify?       | Yes   |               | Yes  |               |
| Presumptive Indemnification                              | Yes   |               | Yes  |               |
| <b>Rescission Hurdle</b>                                 |   |               |  |               |
| Reliance Waiver  | Yes   |               | Yes  |               |
| "True and accurate" waiver                               | Yes ("true, accurate and complete")   |               | No   |               |
| Materiality Waiver                                       | No  |               | No   |               |
| Non-Rescindable Language (A v. ABC)                      | Yes (Side A, only after premium has been paid)                                      |               | Yes (ABC)  |               |
| - "Restatement" Exclusion?                               | Yes   |               | No   |               |
| What is Relied On?                                       | "Application"   |               | "Application"  |               |
| <b>Definition of Application</b>                         |   |               |  |               |
| Actual Application                                       | Yes   |               | No   |               |
| Public Filings   | Yes (last 12 months SEC filings)  |               | No   |               |
| - Carve-back for 302 certification                       | No  |               | n/a  |               |
| <b>Severability</b>                                      |   |               |  |               |
| of the Application to Individuals                        | Yes   |               | Yes  |               |
| Non-Imputation language                                  | Yes   |               | Yes  |               |
| "Separate Application" language                          | No  |               | Yes  |               |
| of the Application for the Entity                        | No  |               | Yes  |               |
| of the Exclusions for Individuals                        | Yes   |               | Yes  |               |
| of the Exclusions for the Entity                         | Yes (w/o CEO/CFO/GC conduct)  |               | Yes  |               |
| Cooperation severability                                 | No  |               | Yes  |               |
| <b>Overall Ranking (40% weighting)</b>                   | <b>4.00</b>   |               | <b>9.50</b>  |               |

## KEY COVERAGE CONSIDERATIONS

IMA's unique approach to D&O will allow ZEV to consistently secure state-of-the-art program terms. The below chart highlights some of the differences between the current ZEV D&O program compared to the typical IMA D&O program with the exact same primary layer carrier.



+ WATCH VIDEO:  
IMA'S COVERAGE SCORECARD  
SOLUTIONS FOR LIGHTNING

| PROGRAM CONSIDERATION   | CURRENT ZEV "AXA XL" D&O POLICY | TYPICAL IMA "AXA XL" D&O POLICY    |
|---|---------------------------------|------------------------------------|
| Underwriting Authority  | Junior Underwriter              | Chief Underwriting Officer         |
| Service Team Lead (Broker)                                      | ??                              | Attorney with 20+ years experience |
| COMPARISON OF KEY COVERAGE CONSIDERATIONS                       |                                 |                                    |
| Reliance on Public Filings                                      | Yes                             | No                                 |
| All Public Filings Deemed 'Accurate & Complete'                 | Yes                             | No                                 |
| Policy May be Voided based on Public Filings                    | Yes                             | No                                 |
| Definition of Claim   | Narrow                          | Broad                              |
| Definition of Loss  | Narrow                          | Broad                              |
| Company v. Insured Exclusion                                    | Broad                           | Narrow                             |
| Personal Conduct Exclusions                                     | Broad                           | Narrow                             |
| Must Costs Incurred be "Necessary"                              | Yes                             | No                                 |
| Stand-alone proceeding coverage for the Company (i.e., SEC/DOJ) | No                              | Yes                                |
| Advancement if Company Fails to Indemnify                       | No                              | Yes                                |
| SUMMARY OF PROGRAM DIFFERENCES                                  |                                 |                                    |
| Total Program Differences                                       | -72                             | 72                                 |
| Overall Coverage Ranking  | 4.30 out of 10                  | 9.50 out of 10                     |

## D&O LIMIT ANALYSIS

IMA considers a variety of factors in arriving at a recommended program structure and overall limit, including settlement statistics, peer benchmarking data, defense cost analysis, EPS stress-testing, and loss modeling. In addition, we have developed proprietary models to help calculate expected loss values.

One example of how we help clients make an informed decision with respect to overall program structure and limit is our “probability of exceedance” loss modeling. This is a tool that relies upon various inputs and a Monte Carlo simulation to show the relative probabilities of individual loss sizes (i.e., the log-normal equivalent to the “bell-shaped curve”).

Another important consideration when selecting a D&O structure and limit is historical loss history. Not only is it important to understand the specific settlement values, but also any relevant trends contained within the settlement data. For example, are claims getting smaller or larger over time? Are defense firms charging more or less over time? It is important to understand (and factor in) these trends anytime past information is being used to make a future decision.

On a related note, this is the type of information we tend to incorporate into our discussions with underwriters, particularly when negotiating the excess layers of a program. For instance, emphasizing that 75% of all historical claims have settled for less than \$20 million, which is indeed the case for companies such as ZEV in a market capitalization range of \$500 million to \$1 billion.

In addition, IMA has access to the largest proprietary database in the industry and can therefore provide benchmarking for any relevant market capitalization range (market capitalization being the key determinant of exposure and, therefore, D&O limit selection).

We will also examine a number of other important determinants that have historically had an impact on D&O settlement amount.

Ultimately, every company is different, including with respect to risk tolerance. However, by considering a variety of factors and using data and analytics in a thoughtful way, we are able to guide our clients toward making an informed decision with respect to overall program structure and limit.



## CURRENT EPL PROGRAM

### TOTAL LIMIT:

\$3,000,000 Aggregate

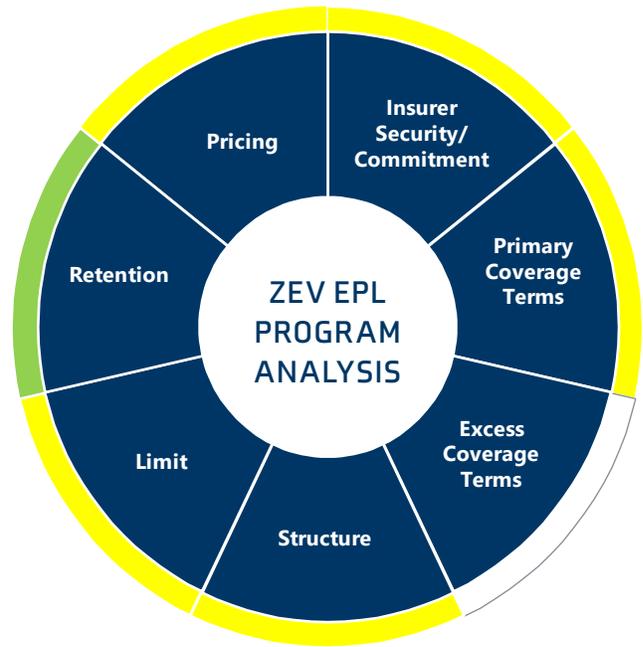
### RETENTION:

\$35,000

### POLICY PERIOD:

July 31, 2021 to July 31, 2022

|   |
|---|
| Berkley (Admiral)<br>\$3,000,000 Limit<br>\$20,011 Annual Premium |
| <b>Retention</b>  |



## CURRENT FIDUCIARY PROGRAM

### TOTAL LIMIT:

\$1,000,000 Aggregate

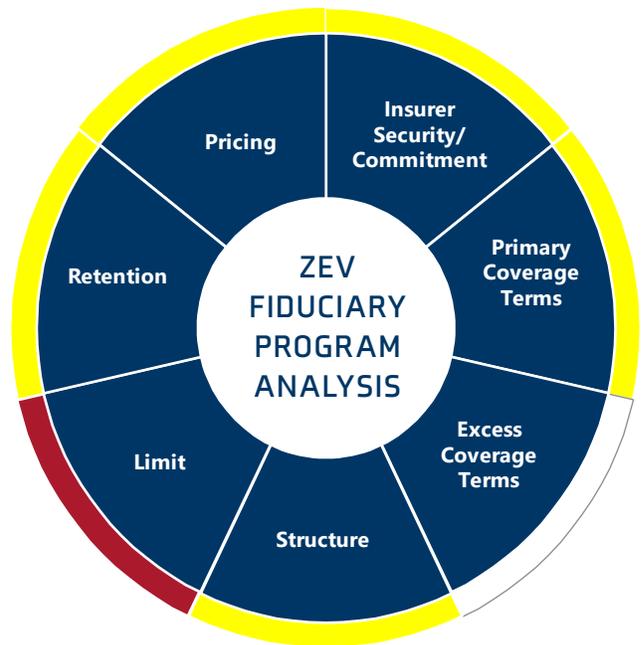
### RETENTION:

\$10,000

### POLICY PERIOD:

July 31, 2021 to July 1, 2022

|   |
|---|
| Axis<br>\$1,000,000 Limit<br>\$7,367 Annual Premium |
| <b>Retention</b>                                    |



(e) Please provide an overview on how we can reduce costs assuming any self insurance options for potentially expensive policies such as D&O insurance.

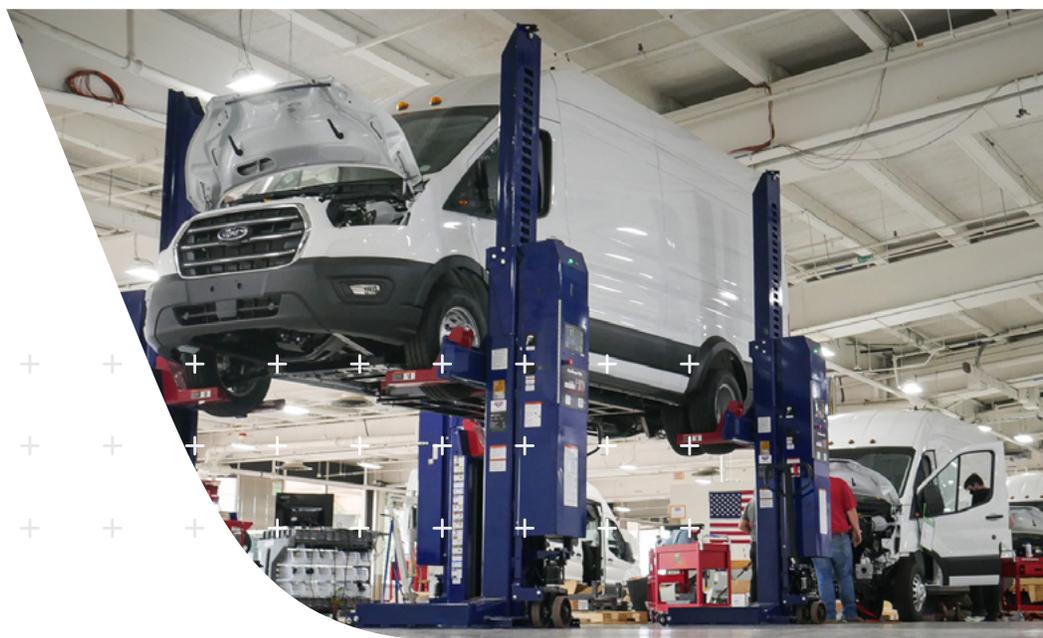
## D&O PRICING ANALYSIS

ZEV currently spends a significant amount on its D&O insurance program (\$3,329,978, to be exact). Although this is not uncommon for newly public companies, particularly those that have gone through the de-SPAC process, it is still a significant amount and all attempts should be made to keep it as low as possible at the upcoming renewal. IMA has a plan for doing so.

We will work with ZEV on a variety of ways to minimize the D&O renewal premium, including the following:

- + Work directly with top-level underwriters who have the ability to agree to the most favorable program terms
- + Emphasize positive attributes of ZEV in our discussions with underwriters (financial flexibility, strong management team, etc.)
- + Utilize data to support a more favorable underwriting view of the ZEV risk profile (including historical litigation statistics)
- + Explore a variety of alternative program options (ABC v. Side A)
- + Examine the “pros” and “cons” of all potential non-insurance alternatives (including “captive” solutions)
- + Leverage the existing D&O litigation to our benefit as part of the marketing process (“the claim is already in”)

IMA will leave “no stone unturned” when it comes to exploring ways to minimize ZEV’s overall spend on a program such as the D&O.



(f) Please discuss key aspects of insurance policies you would recommend and the process for placing these policies.

## RECOMMENDED MARKETING STRATEGY

IMA believes the key to securing competitive terms and conditions is to have a sound marketing plan in place for each year's renewal ("D&O Roadshow"). At the center of this marketing effort should be a thoughtful and comprehensive strategy for differentiating ZEV and its risk profile from other companies. This will be accomplished by the following:

- + Presenting **senior-level underwriters** with a comprehensive analysis of the ZEV D&O "risk profile", including key underwriting strengths.
  - For example, IMA will negotiate directly with the primary D&O carrier's Chief Underwriting Officer for primary layer renewal terms, ensuring direct access to AXA XL's top decision maker and the broadest available coverage terms, along with the most favorable pricing.
- + Working with ZEV to identify issues for discussion, and developing a message around these items that will alleviate any underwriter concerns.
- + Hosting meetings between ZEV and senior-level decision-makers on the carrier side – this will allow ZEV to tell its story directly to those who can agree to our requested terms and conditions.

**Why is this important to ZEV?** Quite simply, the better an underwriter knows your business, the more comfortable they become, and the more willing they are to provide the most favorable coverage grants and pricing terms available.

The following includes additional considerations for the D&O marketing process.

## PROGRAM MARKETING

IMA will meet with ZEV to thoroughly understand its insurance program history and any new objectives of the Company, in order to arrive at an agreed upon marketing strategy that will address both the short-term and long-term needs of ZEV. Below are some of the key considerations that will be discussed for the marketing of each insurance program.

### LIMITED MARKETING

- + Long term relationship with carrier
- + Best in class coverage
- + No major strategic changes by the carriers
- + Carrier has paid claims/ is handling an open claim
- + Minimal to flat premium increases
- + Carrier has provided flexibility

### STRATEGIC MARKETING

- + Good coverage, but still room for improvement (v. the rest of the market)
- + Less exposure year-over-year, which may correlate to less premium
- + Carrier has not paid claims
- + Short term relationship
- + Carrier has slightly changed strategy year – over – year
- + Changes in the Insured's business strategy

### FULL MARKETING

- + Inflexible carrier(s)
- + Major strategic changes with the carrier(s)
- + Declined claims
- + Hard (or hardening) market
- + Insured's industry class
- + Changes in the Insured's business strategy
- + Existing program has significant deficiencies

## COUNTERPARTY ANALYSIS

In addition to discussing how we should approach each year’s marketing process, we will also discuss who to approach. Although most executive liability policies are in place for a 12-month period, the claims that fall under these policies can take 4+ years to play out. It is therefore important that ZEV partner with carriers that will be around for the long-term and able to pay claims over an extended period of time.

Key counterparty considerations include the following:

| COUNTERPARTY CONSIDERATION  | IMPORTANCE TO LIGHTNING eMOTORS, INC. (ZEV)  |
|---|--|
| How litigious is each counterparty?   | <ul style="list-style-type: none"> <li>+ Carrier profitability for executive lines, namely D&amp;O, has waned over the last several years due to an increase in settlement values and defense costs.</li> <li>+ In an attempt to preserve capital, carriers will look to delay payment or even litigate to avoid paying out on a claim.</li> <li>+ Litigation between insurance companies and insureds is at an all-time high.</li> <li>+ Certain carriers are much more litigious than others and should only be partnered with after careful consideration of past claims handling scenarios.</li> </ul> |
| What is the financial strength of each counterparty?                                      | <ul style="list-style-type: none"> <li>+ IMA monitors the financial strength ratings of each carrier and will provide updates to ZEV on any material changes within its carrier lineup.</li> </ul>   |
| What information does each counterparty rely upon?  | <ul style="list-style-type: none"> <li>+ Underwriters will increasingly “outsource” a portion of their risk assessment, including to third-party corporate governance and other firms.</li> <li>+ Understanding the sources underwriters look to – and the concerns they may have based on the particular information – allows IMA to tailor its message and address those items that are most important to underwriters.</li> </ul>   |
| To what extent does each counterparty rely upon reinsurance?                              | <ul style="list-style-type: none"> <li>+ Knowing whether a carrier is reliant upon reinsurance – and if so, the parameters (including limitations) of its reinsurance agreement – allows IMA to understand how flexible the carrier is likely to be, including at future renewals.</li> </ul>  |
| How does each counterparty rank relative to underwriting flexibility and claims handling? | <ul style="list-style-type: none"> <li>+ Partnering with carriers that consistently show an ability and willingness to be flexible is always preferred, particularly with respect to an expansion of coverage terms at each year’s renewal, in an effort to always keep the policies state-of-the-art.</li> <li>+ The claims handling history of a carrier is arguably the most important characteristic for a policyholder. IMA has a tremendous amount of experience with executive liability claims and can share with ZEV multiple examples of carrier claim behavior.</li> </ul>                      |

## MARKETPLACE CAPACITY

IMA has direct access to senior-level decision makers at each carrier in the executive liability space. As previously noted, we will work with ZEV to determine which carriers should be approached for each and every renewal.

### S&P GLOBAL RATING

|     | AA+                | AA        | AA-      | A+             | A         | A-             | NR        |
|-----|--------------------|-----------|----------|----------------|-----------|----------------|-----------|
| A++ | Berkshire Hathaway | Chubb     |          | HCC            |           |                |           |
|     |                    | Travelers |          |                |           |                |           |
| A+  |                    | Allianz   | AXA XL   | Arch           | RLI       |                | OneBeacon |
|     |                    | Zurich    | Swiss Re | Berkley Pro    |           |                |           |
|     |                    |           |          | Everest        |           |                |           |
|     |                    |           |          | Great American |           |                |           |
|     |                    |           |          | Hartford       |           |                |           |
|     |                    |           |          | Nationwide     |           |                |           |
|     |                    |           |          | Old Republic   |           |                |           |
|     |                    |           |          | RSUI           |           |                |           |
|     |                    |           |          | Sompo          |           |                |           |
|     |                    | A         |          |                |           | AIG            | Markel    |
|     |                    |           |          | Axis           |           |                | Aspen     |
|     |                    |           |          | CNA            | Hiscox    | AWAC           | Beazley   |
|     |                    |           |          |                |           |                | Bowhead   |
|     |                    |           |          | Lloyd's        | Ironshore | Hudson/Odyssey | Kinsale   |
|     |                    |           |          | QBE            |           |                | Starr     |
| A-  |                    |           |          |                |           | Argo           | Hallmark  |
|     |                    |           |          |                |           |                | Skyward   |

■ Positive    
 ■ Stable    
 ■ Negative

+ + + + + + + + + + + + + + + + + +  
 + + + + + + + + + + + + + + + + + +  
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## D&O DASHBOARD

It will be extremely important to organize meetings with key insurance underwriters in order to get them comfortable with the steps ZEV is taking as a public company to navigate the current environment and position the Company for long-term success.

Two broad categories impact a company's D&O terms, particularly its pricing:

1. The D&O Marketplace, and
2. The Company's Risk Profile.

- Negative/Unfavorable
- Neutral
- Positive/Favorable

## CURRENT D&O MARKETPLACE

|                                       |                                  |   |
|---------------------------------------|----------------------------------|---|
| <span style="color: orange;">●</span> | <b>Pricing</b>                   | <ul style="list-style-type: none"> <li>+ After years of experiencing a “buyer’s market”, erosion of carrier profitability has led to recent firming (i.e., higher pricing).</li> <li>+ While pricing is still elevated, primary and excess layers are seeing stability heading into 2022, although certain industries may still see additional pressure.</li> </ul> |
| <span style="color: yellow;">●</span> | <b>Retention/<br/>Deductible</b> | <ul style="list-style-type: none"> <li>+ Carriers are pushing for elevated retentions across the board, including for securities claims and M&amp;A claims.</li> <li>+ Increases in retentions have been most noticeable on small/mid-cap companies.</li> </ul>   |
| <span style="color: green;">●</span>  | <b>Coverage Terms</b>            | <ul style="list-style-type: none"> <li>+ While premiums and retentions are firming, we have not seen a restriction in coverage terms, except in very limited circumstances.</li> <li>+ We continue to push for and secure expansions in coverage breadth.</li> </ul>  |

## ZEV UNDERWRITER DASHBOARD (RISK PROFILE)

|   |  |   |
|---|--|---|
| <span style="color: yellow;">●</span>     | <b>Stock Performance<br/>+ Ownership</b> | <ul style="list-style-type: none"> <li>+ Trading on the NYSE at a market cap of ~\$515 million, ZEV is trading near the low end of its post de-SPAC range.</li> <li>+ Fortunately, a large portion of the post de-SPAC exposure is captured via the existing D&amp;O litigation (5.7.21 to 8.16.21 class period).</li> <li>+ Short position on ZEV stock is 12.4% (as of 12.15.21).</li> <li>+ Directors and officers own ~16% of common stock.</li> </ul>  |
| <span style="color: lightgreen;">●</span> | <b>Financial Flexibility</b>             | <ul style="list-style-type: none"> <li>+ \$187 million cash and cash equivalents at 9.30.21.</li> <li>+ Current liquidity sufficient to continue operations for 12+ months.</li> <li>+ Additional capital will be required to develop products and services (including current orders), scale the business, and possible M&amp;A.</li> </ul>  |
| <span style="color: green;">●</span>      | <b>Pipeline and<br/>Outlook</b>          | <ul style="list-style-type: none"> <li>+ ZEV has a strong and diversified pipeline, with an order backlog of ~1,617 units valued at \$171.4 million (up 72% from 3Q20).</li> <li>+ Began delivering under agreement with Forest River in 3Q21 (an agreement that has a potential value of up to \$850 million), as well as under the Collins Bus agreement.</li> <li>+ Released two new products in 3Q21 – zero emission Type A school Bus and zero emission Class A double-decker motorcoach.</li> <li>+ Continued to add new suppliers in 3Q in order to address supply chain constraints. Long-term agreement with Proterra will allow for greater visibility into battery supply.</li> <li>+ Despite recent supply chain challenges (and associated revenue delays), ZEV has not seen any order cancellations.</li> </ul> |
| <span style="color: green;">●</span>      | <b>Management<br/>+ Board</b>            | <ul style="list-style-type: none"> <li>+ ZEV is guided by an experienced management team / Board.</li> <li>+ The Board consists of seven individuals, with five being independent.</li> <li>+ ZEV does have a “staggered” Board, with Board members serving in three-year increments.</li> </ul>  |

(g) Discuss recent insurance marketplace trends.

## D&O LOSS RATIOS

- + In 2017, U.S. D&O loss ratios spiked to their highest level in seven years and have remained elevated.
- + While D&O premiums increased moderately in 2019 and then substantially in 2020, overall loss ratios remain elevated.
- + In addition to the increasing loss ratios, D&O insurers have expense ratios that typically run from the mid-20s to low-30s.
- + **Despite drastic premium adjustments, the 2020 loss ratio worsened. D&O remains unprofitable for many insurers.**

U.S. D&O LIABILITY - DIRECT LOSS & DCC RATIO V. FSCA LITIGATION (2011-2020)



Public D&O remains unprofitable for many carriers, particularly on the primary layer.

### DIRECT LOSS

Loss incurred as a direct result of the Claim (i.e., a settlement for damages in a securities class action claim)

### DCC RATIO

Defense and Cost Containment (i.e., costs associated with litigation, defense, mediation, etc.)

## D&O COVERAGE LITIGATION

- + D&O coverage litigation has remained elevated over the last few years
- + D&O carriers continue to have a high success rate (>80%) when litigating against their own insureds
- + D&O coverage litigation plays an important role in how we structure a D&O program
  - Which carriers are most litigious?
  - When are carriers successful? (and when are they not?)
  - What policy changes can be made to avoid D&O coverage litigation?

## SNAPSHOT OF D&O COVERAGE LITIGATION DATABASE

| Carrier                                 | Who Filed? | Exclusion? | Details  | Carrier Successful? | Location |
|---|------------|------------|--|---------------------|----------|
| <b>January</b>                          |            |            |  |                     |          |
| Nat'l Union Fire Ins. Co. of Pitts., PA | Insured    | Yes        | Coverage denial based on related claims and prior notice exclusions                    | Yes                 | AZ       |
| Zurich American Ins. Co.                | Insured    | No         | Insured filed dec action against Insurer before claim was even filed                   | Yes                 | TX       |
| Federal Ins. Co.                        | Insured    | No         | Coverage denial based on definition of Loss ("disgorgement")                           | No                  | MI       |
| <b>February</b>                         |            |            |  |                     |          |
| Travelers Cas. & Surety Co. of Am.      | Insured    | Yes        | Coverage denial based on E&O exclusion   | No                  | RI       |
| St. Paul Mercury Ins. Co.               | Insured    | Yes        | Coverage denial based on l v. l exclusion  | Partially           | IL       |
| Federal Ins. Co.                        | Insured    | Yes        | Coverage denial based on invasion of privacy exclusion                                 | Yes                 | CA       |
| Scottsdale Indem. Co.                   | Insured    | No         | Insureds sought advancement of defense costs after late notice                         | Partially           | KY       |
| <b>March</b>                            |            |            |  |                     |          |
| OneBeacon Midwest Ins. Co.              | Insurer    | Yes        | Coverage denial based on various reasons; no subject matter jurisdiction               | No                  | GA       |
| U.S. Specialty Ins. Co.                 | Insured    | No         | Insurer sought to recoup advanced defense costs after "finally determined" not covered | Yes                 | NY       |
| Landmark Am. Ins. Co. (RSUI)            | Insured    | Yes        | Coverage denial based on medical malpractice exclusion                                 | Yes                 | IL       |
| Federal Ins. Co.                        | Insured    | Yes        | Coverage denial based on E&O exclusion   | Yes                 | NM       |
| XL Spec. Ins. Co.                       | Insured    | No         | Coverage denial based on late notice   | Yes                 | LA       |
| BancInsure, Inc.                        | Insured    | Yes        | Coverage denial based on fraud exclusion, no severability for entity                   | Yes                 | MN       |
| XL Spec. Ins. Co.                       | Insured    | No         | Insured settled claim w/o Insurer's consent; "no action" clause also in play           | Yes                 | GA       |



## MARKETS IN FOCUS

Through Q3 2021, it appears that the commercial insurance industry generally remains in an elevated pricing environment. Conditions have appeared to soften across many lines of coverage since the peak of the pandemic in 2020, but year over year rate increases remain the norm.

Overall, the trends of social inflation, increased frequency of catastrophic events, and low investment yields driven by historically low interest rates are still issues carriers are having to work through as 2021 ends. However, as the Federal Reserve looks to taper quantitative easing and reduce bond purchases, there will most likely be upward pricing pressure on interest rates, which would be a welcomed change for carriers. Timing on this remains a question mark though as the Fed has stressed flexibility on the timeframe and pace of the tapering and interest rate increases.



Regarding catastrophes, 2021 has been another challenging year for carriers and reinsurers. The year began with Winter Storm Uri shutting down much of Texas for a week in February, followed by severe flooding in Europe in July. These events, however, were overshadowed by Hurricane Ida in September. Ida made landfall in Louisiana, causing significant damage, and then continued upward all the way to New York. In total, these events are estimated to have caused roughly \$47 billion in aggregate insurable losses. Another year of significant losses is expected to cause significant pricing pressure on reinsurance rates, which will be transferred on to carriers in their pricing structure.

As such, carriers will continue to rely on more disciplined underwriting to maintain margins in a rising cost environment. Underwriters will stress the need for effective loss controls, clean loss runs, and stable financials as starting points for coverage. However, even with all these factors, changing carrier appetites and underwriters' desks full of submissions due to brokers looking to find the best options in a difficult market, achieving optimal results will still be challenging. Working with a broker that fully understands these challenges and is positioned with a strategy to maximize your risk management program will be key to achieve the best results.

## 3. INSURANCE CARRIERS

Please provide an overview of the insurance carriers that you commonly work with.

IMA has strong, strategic partnerships with all insurance carriers in the marketplace. Additionally, IMA has direct access to senior-level decision makers at each carrier. Our approach is to work with Lightning to determine which carriers should be approached for each and every renewal.

Some of the insurance carriers that we engage with commonly are listed below. Please note that D&O carriers are highlighted separately under question 2(f).

- |              |            |             |
|--------------|------------|-------------|
| + Chubb      | + EMC      | + Pinnacle  |
| + Cincinnati | + Hanover  | + QBE       |
| + CNA        | + Hartford | + Somo      |
| + CWG        | + Liberty  | + Travelers |

## 4. FEE STRUCTURE

Please provide an overview of the fee structure for your services. Please include options for self-insurance and how this would impact fees.

### COMPENSATION FOR SERVICES

IMA believes there are significant savings and efficiencies to be captured from taking a consolidated and holistic approach to Lightning's risk management program.

IMA is completely flexible as to the method of compensation for our services. We work with clients on several different arrangements and would be pleased to agree upon any one of the following:

- + Traditional Commission
- + Flat Fee
- + Combination of the two

There are pros and cons to each scenario that we would be happy to discuss. For instance, the vast majority of our clients work with us on a commission basis because insurance carriers will typically include standard commission amounts in their quotations without a resulting impact on the premium, saving our clients an out-of-pocket fee.

Regardless of structure, IMA seeks to develop a compensation methodology that is commensurate with Lightning's expectations and representative of the final program structure and services we agree upon. Our goal is to find a structure that **allows IMA to deliver the full arsenal of our resources on an "anytime, anywhere, anyplace" basis.**

With a better understanding of Lightning's corporate and risk management objectives, we would be pleased to put part of our compensation at risk, setting a floor and ceiling with incentives for reaching certain agreed-upon benchmarks, etc. The key to such arrangements will be to develop an incentive program based on mutually established goals and objectives by clearly outlining the benchmark objectives identified by Lightning and incorporated into our Client Service Plan that would trigger modifications to our compensation.

**We do not believe in 'nickel and diming' our clients** for additional services that might be necessary during our relationship. Instead, whether we are compensated by standard carrier commissions or on a flat fee basis, our compensation is our total compensation and includes all available IMA services.

IMA is also committed to open communication, transparency, and full disclosure. We will share with Lightning a complete accounting of all income earned by IMA, whether it is in the form of commissions, fees, or other revenue, inclusive of contingent income.

We are passionately committed to the strategies and service commitments we have presented and believe in our ability to drive meaningful results for Lightning.

## 5. REFERRALS

Please provide 2-3 client references for recent IPOs or public company clients (preferably General Counsel or CFO).

As noted, we have several key clients in the EV and advanced manufacturing space.

They include:

+ + + **NIKOLA MOTOR CORPORATION\***  
**Phoenix, Arizona**  
*Publicly Owned*  
Leading manufacturer of heavy-duty commercial battery-electric vehicles, fuel-cell electric vehicles, and energy solutions.



+ + + **VIA MOTORS\***  
**Orem, Utah**  
*Privately Owned*  
Electric vehicle development and manufacturing company. Marketing Plugin Hybrid Electric, Battery Electric, and Hybrid Electric powertrain systems for commercial and fleet vehicles.



+ + + **VIEWRAY**  
**Denver, Colorado**  
*Publicly Owned*  
Manufacturer of complex MRI-Guided Radiation Therapy technology.



+ + + **KRATON CORPORATION**  
**Houston, Texas**  
*Publicly Owned*  
Leader in high-value performance styrene block copolymers, specialty polymers, and products derived from pine wood pulping.



If selected for the final interview, we would be happy to connect you with the CFO or GC of these companies, or any other local advanced manufacturing clients.

\* Handled directly by IMA Company Diversified in Salt Lake City, Utah



## EXAMPLE LOCATION LITHIUM BATTERY STORAGE AND RECHARGING POLICY

**DESCRIPTION:** Lithium ion batteries power a wide array of devices used daily. These type batteries are used in such common devices as cell phones, laptop computers, computer tablets, power hand tools, and electric cars.

**PROPERTY AND INJURY FROM FIRE ISSUE:** Rechargeable lithium ion battery cells contain lithium metal which is highly combustible. Lithium metal is a soft, silver-white metal. It is violently flammable and reacts to water and other substances generating great heat. Burning Lithium creates a metal fire generating temperatures of 3632 degrees Fahrenheit. That kind of heat will warp/collapse building structure as well as ignite surrounding boxes, furniture and other combustibles.

**STORAGE:** Lithium ion battery fire risk can be managed by properly storing the batteries. Suggested storage practices include:

- + Store batteries at room temperature between 40- and 80-degrees F.
- + Do not expose the battery pack to direct sunlight (heat) for extended periods.
- + Do not leave a battery charging unattended. Should the battery be damaged it can overheat and become a fire source.
- + Store batteries separately from anything hazardous, such as combustibles, flammable liquids, plastics or other highly flammable materials.
- + Battery storage areas should not be subject to high temperatures, sources of open flame, or spark-generating equipment.

### CAUSES OF FIRE:

- + Over-charging (usually with older battery models that lack an automatic power shut off sensor.)
- + The battery charger used is not the manufacturer-designed for the battery being charged and causes short-circuiting.
- + Battery failures resulting in energy-release (the battery itself fails and releases stored energy rapidly creating heat and venting gases from the battery that can potentially ignite.
- + Improper storage of lithium ion batteries (sunlight exposure, extreme heat, etc.)
- + Failure to dispose of the battery after the expiration date or when the battery no longer functions properly/hold a charge (batteries tend to physically deteriorate/come apart once past their prime.)
- + Water and liquid substances contact with a live-battery's storage material.
- + Attempting to charge a non-rechargeable battery.
- + Improper storage of batteries.
- + Sunlight heat or other heat sources cause the battery to overheat.
- + Battery storage with flammables or combustibles.

## BATTERY RECHARGING OVERVIEW:

- + Never charge batteries unattended.
- + Never charge batteries inside vehicles.
- + Designate a battery charging area. This also applies where charging takes place outside of the unit i.e. community room, exercise area, garage, etc.
- + Use a quality charger. Consider the following features:
  - Use the specifically designed by the manufacturer charger to recharge the battery.
  - Follow the battery manufacturer's charging instructions.
  - Designed to charge various types of batteries including Nickel Metal Hydride (NiMH) rechargeable battery, Nickel Cadmium rechargeable battery (NiCd) and Lead Acid rechargeable battery as well as lithium ion rechargeable battery.
- + Know and follow the manufacturer directions for the battery maximum charging rate. If any swelling of the casing is detected, stop charging, place the battery in a safe location away from other batteries and combustible materials and monitor for at least one hour.
- + Charge batteries individually. Do not charge groups of batteries at the same time on the same charger unless manufacturer states in writing the charger is designed to perform multiple chargings.
- + Maintain as much space as possible between charging batteries to avoid fire spread between batteries.
- + Let batteries cool to the touch before charging.
- + Trust your judgment. If something is not right – overheating, battery case swelling, electrical smell – immediately quit charging the battery and place it in a safe, segregated area free of flammables and combustibles. IMMEDIATELY contact location maintenance and management!

## PROPER LITHIUM ION BATTERY EXTINGUISHING:

- + **DO NOT USE WATER ON A BURNING LITHIUM ION BATTERY BECAUSE LITHIUM METAL FIRES REACT VIOLENTLY WITH WATER AND COMBUSTIBLE SUBSTANCES. MIXING WATER WITH LITHIUM CAN CAUSE A CHEMICAL REACTION RESULTING IN ADDITIONAL HEAT RELEASE OF OVER 3000 DEGREES FAHRENHEIT.**
- + Activate the building's fire alarm.
- + Let the fire department fight fires.
- + Residents or employees should not use a fire extinguisher unless formerly trained in the proper operation of an extinguisher.
- + Note: Only Class D fire extinguishers that contain a copper powder are approved for combating a Lithium fire.
- + Because Lithium ion battery fires can spread from one battery cell to the next, it is critical any burnt battery be isolated **OUTSIDE OF THE BUILDING** for some time to **BETTER CONTAIN** further fire risk from the battery reigniting.

**The Lithium Battery Policy has been reviewed with me.**

---

Resident Name

---

Unit Number

---

Date

---

Location Manager/Authorized Location Supervision

---

Date

8-1

Commodity Classification

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FM Global Property Loss Prevention Data Sheets

2.4.2 Lithium-Ion (Li-ion) Batteries

2.4.2.1 Protect batteries meeting the criteria in Table 3 with 12 (twelve) K22.4 or K25.2 (K320 or K360) sprinklers, operating at 35 psi (2.4 bar). Limit storage to three tiers high (maximum 15 ft (4.5 m) high in racks or palletized). No storage is permitted above the batteries. Ceiling height is limited to 40 ft (12 m).

For storage of batteries that falls outside the criteria given in Table 3, Scheme A protection per Data Sheet 7-29, *Ignitable Liquid Storage in Portable Containers*, is recommended.

Table 3. Protection of Cartoned Lithium-Ion Batteries

|                    |   |
|--------------------|---|
| State of Charge    | ≤60%  |
| Electrolyte weight | ≤20%  |
| Capacity           | ≤41 Ah  |
| Packaging          | Cartoned, with cellulosic and/or unexpanded plastic internal packaging only |

2.4.2.2 Packaging of batteries is a key consideration in terms of protection. With cartoned batteries, the aim of fire protection is for the sprinklers to be activated by the cardboard packaging fire and be suppressed before the batteries are heated and start to drive the fire spread. For protection to be successful, the packaging must strictly conform to a cartoned classification. Typical packaging of batteries comprises fibrous inserts, unexpanded plastic dividers, and insulation in cardboard cartons. However, it is common for larger batteries to be packaged in rigid or expanded foam packaging. If expanded plastic packaging materials are present, protect batteries with Scheme 8-9A per Data Sheet 8-9, *Storage of Class 1, 2, 3, 4 and Plastic Commodities*.

2.4.2.3 Different transport authorities legislate on the state of charge (SoC) for shipping and storage, which is typically a charge between 30% and 60%. Tests have been conducted at these levels of charge. States of charge above 60% are generally intended for immediate use rather than indefinite storage. The higher the state of charge, the more reactive a battery is in a fire scenario. Therefore, batteries with SoC above 60% should be protected using Scheme 8-9A per Data Sheet 8-9, *Storage of Class 1, 2, 3, 4 and Plastic Commodities*.

2.4.3 Empty Plastic Intermediate Bulk Containers (IBCs)

2.4.3.1 Protect palletized storage of empty plastic IBCs and “recon” (reconditioning of used) empty plastic IBCs per the guidance in Table 4. This protection applies to wet systems only.

Table 4. Protection of Empty Intermediate Bulk Containers (IBCs)

| Building Height | Storage Height  | QR, 160°F (70°C)          |                       |                       |
|-----------------|---|---------------------------|-----------------------|-----------------------|
|                 |   | K14.0 (K200) <sup>1</sup> | K22.4 (K320)          | K25.2 (K360)          |
| 30 ft (9.0 m)   | 15 ft (4.5 m), maximum 3 IBCs high (on wooden pallets)  | 12 @ 18 psi (1.2 bar)     | NANA                  | NA                    |
|                 | 15 ft (4.5 m), maximum 3 IBCs high (on plastic pallets) | 12 @ 32 psi (2.2 bar)     | NA                    |                       |
| 40 ft (12 m)    | 30 ft (9 m), maximum 6 IBCs high (any pallet type)      | NA                        | 12 @ 60 psi (4.1 bar) | 12 @ 60 psi (4.1 bar) |
| 48 ft (14.5 m)  |   | NA                        | NA                    | 12 @ 75 psi (5.2 bar) |

<sup>1</sup>These protection options are for pendent sprinklers only.



## About IMA Financial Group

IMA Financial Group, Inc. (IMA) is an integrated financial services company specializing in risk management, insurance, employee benefits solutions and wealth management. It is the third-largest privately held and employee-owned insurance broker in the country and employs over 1,700 associates.

