

EXECUTIVE SUMMARY

Alliant is the premier specialty brokerage firm in the United States. Beginning in 1977, when our Chairman and CEO, Tom Corbett, established our Public Entity Division, the public sector has grown to become our largest specialty area. As a result, we are extremely proud to say that we work with more California public agencies than any other brokerage firm. Our clients include over 80% of California cities, 56 of the 58 California counties, hundreds of school districts and other special districts, the California State University system and the State of California itself. We firmly believe that the experience, expertise, and market leverage derived from these relationships make us the best brokerage partner for the City. We have the knowledge and the relationships to provide the City with a comprehensive and competitively priced insurance program.

Our approach is to take a consultative approach in delivering our services to the City. First, we commit to spending the necessary time with your staff to understand in detail all your existing operations and programs, and moreover, to understand your desire for the future of your insurance programs. Next, we commit to applying what we know and have learned to design a service plan, underwriting specifications, and coverage structure which achieve your program goals. Finally, we commit to providing the risk management and loss prevention consultative services that the City requires to support and enhance your risk management programs.

With this approach, the wealth of our experience, and the strength of our strong relationships with public insurers, we can deliver superior results for the City. Our reputation is as an aggressive and innovative resource who works diligently for our clients. As a result of this client-centric approach, our client retention rate is 98%, a testament to our service philosophy and the delivery of superior insurance products and programs.

A partnership with Alliant will provide the City many advantages. From our exclusive insurance products which are best in class to our relationships and access to many of the municipal joint powers authorities, we will give the City options and pricing advantages. Since we work with so many JPAs, we can determine with the City which insurance program is best for the City. We will not force the City into a program or JPA but rather, work with the City to determine which program best meets your insurance, loss prevention and risk management objectives.

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Following are four compelling reasons for choosing Alliant as your brokerage partner:

1. Relevant Experience and Team Expertise

Alliant's Public Entity Division and specifically the proposed service team have specific expertise working with Cities in California. This relevant experience and expertise has allowed us to design, implement, and manage insurance solutions that have helped many cities in the State save millions of premium dollars annually while providing the broadest coverages at low below market pricing.

Lilian Vanvieldt, Senior Vice President, will serve as the team leader and is located in Newport Beach, California. Lilian has 29 years of experience in the insurance industry and she has experience in working with Cities, local governments, joint purchase arrangements and JPAs/Pools. Lilian is the lead broker for the City of Oakland, and many other municipal agencies in the State. She has significant experience in placing insurance, account management, claims/loss analysis, risk management and loss control consulting. Her technical background and insurance brokerage experience greatly enhances her ability to serve as an advocate for her clients. Lilian's expertise and local knowledge of the unique exposures faced by the City will bring tremendous value to your overall risk management program. In addition, the proposed support staff all have extensive experience managing municipal insurance programs. City risks are diverse and your proposed service team understands your risk exposures.

2. Service Oriented Broker/Creativity and Program Design Innovation

Because of our experience working with several public entities of similar scope and size as the City, we understand that having an efficient risk management process is critical to maintaining the financial health of the City. Should we have the honor to serve as the City's broker consultant, we will operate as an extension of your risk management staff. As such, we will immediately learn about the City's unique risk and insurance needs in order to provide the services and programs necessary to meet those needs. Our hands on approach to providing services is based on the Enterprise Risk Management philosophy which is critical in understanding the City as a whole and adapting to the challenges that you encounter.

Alliant has developed a technical servicing model called the Defined Client Service and Marketing Process which is the framework of how we approach your business. Should we be awarded this RFP, this process will be implemented immediately, since we believe its methodologies will meet and exceed the City's service expectations. The client service model will be described in greater detail beginning on *page 17* of this response. Every member of the City's proposed service team is committed to providing the highest quality of service and insurance expertise consistently. We will become a critical partner in achieving your risk management goals and objectives.

We do not believe in simply renewing your insurance programs and placements as-is, unless that option has been thoroughly reviewed and is in your best interest. Instead, we constantly monitor client exposures, financial status, market conditions, changes in legislation, underwriter's changing appetites



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for risk, and other factors and we proactively propose adjustments to program structures, terms and coverage and/or alternative opportunities. This process allows us to take advantage of currently available market opportunities while also planning strategically for the long term success of your organization. As a result, our programs and insurance placements have stood the test of time over the last 30 years, while retaining the flexibility to benefit our clients annually through all insurance market cycles.

3. Providing Options to our Clients

Alliant offers the greatest access and largest array of insurance options for the City. These program options range from standard insurance industry placements, to customized proprietary insurance programs, to membership in joint powers authorities such as the CSAC-EIA, BICEP, ERMAC, SDRMA, GSRMA and ACCEL where we serve in the unique role of exclusive insurance broker. Alliant has long differentiated ourselves by creating advantaged programs that provide value to our clients because they allow us to leverage the combined size of the group to drive rates down, increase limits, and provide coverage enhancements. At the same time, we are experts at marketing individual excess policies, layering policies, and negotiating quota share placements, as well as evaluating actuarial studies to implement the most cost effective risk transfer programs.

Finally, we have been entrusted to provide brokerage services to over 60 joint powers authorities in California, which are an avenue for public entities in California to pool risk if they so choose. With this unmatched combination of options, a partnership with Alliant will afford the City of the largest selection of insurance program alternatives thereby, providing competitive options on a continual basis.

4. Integrity and Professionalism

Alliant is prepared to be held to the highest standards of integrity and professionalism. We recognize the importance of our role in representing the City to the insurance underwriting community. We will treat the City's issues and opportunities as if they are our own. We understand that clients have long memories and we know that our reputation is our most valuable corporate and personal asset. Thus, we work hard every day to maintain our positive reputation and, as a result, you can be assured that the City will get our very best always.

We consider ourselves fortunate to have such a well-developed brokerage and risk management consulting practice. We regard each client relationship as unique and would approach our relationship with the City without any preconceived notions on how best to serve your insurance and risk management needs.

The four standards described are the cornerstone of the success of our agency and we hope to have the opportunity to demonstrate our brokerage and consultative services to the City. We appreciate the opportunity to respond, to your RFP and look forward to reviewing the points outlined above and presenting our credentials to your stakeholders in person.



SUBMISSION REQUIREMENTS

To be considered responsive, a proposal must contain the following, referenced by number and in the order below:

- 1. State the name of the insurance agency or brokerage firm, address, telephone number and contact person for the proposal submission. List all statewide offices. Identify the office from which the City account would be serviced. Provide a brief description of the history and organization of the insurance firm as well as any proposed subcontractors.*

Agency Name: Alliant Insurance Services, Inc.
1301 Dove Street, Suite 200
Newport Beach, California 92660

Contact Person: Lilian Vanvieldt, Senior Vice President
Phone (Direct): (949) 660-8116

Company Profile/History

Alliant was established in 1925 in San Diego, California as the Robert F. Driver Company. Today, we are a privately held corporation headquartered just 30 miles from the City in Newport Beach, California. As a firm, we are the largest specialty brokerage firm in the California, with our entire focus on selected industry segments including municipal agencies, public entities, education, construction, real estate, healthcare, tribal nations, hospitality, non-profits, and legal professionals. Business Insurance ranks Alliant as the second largest privately held broker.

SUBMISSION REQUIREMENTS

FOUNDED IN
1925



Nationwide distribution
from 90+ offices



Largest in U.S.

**\$1.0
BILLION**
in revenue

2,750+
employees

Alliant
Ownership



**\$11.6
BILLION**
in premium



Entrepreneurial,
client-focused culture

In the summer of 2015, Alliant restructured their ownership to add Stone Point Capital as the lead private equity investor in Alliant. In addition, Kohlberg Kravis Roberts (KKR), continues as a partner on a reduced level. Stone Point will add new resources for strategic and financial support, as well as expand access to capital. In addition, Stone Point has a long history of investing in risk and insurance businesses, and as a result we expect access to new opportunities in our industry. As Alliant continues to grow as a leader in our industry, we have outpaced our competition in providing new, value-added resources to our clients. Stone Point and KKR are well-positioned partners to support Alliant's vision and future business plans.

California Office Locations

- Bakersfield, California
- Fresno, California
- Gold River, California
- Imperial, California
- Indian Wells, California
- Kearny Mesa, California
- Lodi, California
- Los Angeles, California
- Newport Beach, California
- Pasadena, California
- Petaluma, California
- Sacramento, California
- San Bernardino, California
- San Diego, California
- San Jose, California
- San Francisco, California
- San Marcos, California
- Santa Maria, California
- Salinas, California
- Thousand Oaks, California
- Walnut Creek, California



SUBMISSION REQUIREMENTS

Service Office

The City's account will be serviced and supported from our corporate headquarters which is located in Newport Beach. Thus your proposed brokerage and service team will be located less than 30 miles away from the City. We have a local presence and we will be able to meet with the City's representatives at your request. Alliant's experience with large public entity exposures dates back to 1977 when our public entity division in Newport Beach was established. Over the past 35 years, this division has become a nationally recognized leader in this specialized market sector.

Alliant does not anticipate a partnership with any subcontractors.

Alliant has maintained a flat management structure and employs an organizational structure that features a commitment to placing our key resources at the client level rather than at the corporate level. Therefore, clients do not end up paying for several layers of ineffective management. It is one of the hallmarks of our success and serves to reinforce our commitment to always be responsive to our client customer service needs.

Our leadership in the Public Entity sector is demonstrated by Alliant providing risk management and insurance brokerage services to over 10,000 public entity clients, many with significant catastrophe exposures and risk management challenges similar to the City. Alliant's public entity experience based on sheer size and our expertise is based on our customized coverage documents which allow us to stand alone amongst our many competitors while bringing our clients unparalleled access to unique insurance solutions through a broad knowledge of public entity risks.

Known as the preferred public entity broker in the state of California, we have expanded our reach and have been selected to provide broker services for entities from Alaska to Florida to Maine (45 states in all) where we now provide our brokerage resources and expertise. These clients include:

- Over 80% of the cities in California, including the cities of **Oakland, Lancaster, San Francisco, San Diego, Anaheim, Covina, Santa Ana, Huntington Beach, Thousand Oaks, Santa Monica, Torrance, Calexico, Laguna Hills, Beaumont, Newport Beach, Fontana, Downey, El Monte, Pomona, Azusa, Hawthorne, Montebello, Whittier, Huntington Beach, Long Beach, Oxnard, San Buenaventura, San Bernardino, West Covina**, and many others.
- Over 1,000 special districts, authorities, agencies, and airports.
- State governments including: States of **California, Michigan, Montana, Nevada, Texas**, and more.



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- CSAC-EIA which is the **largest public entity pool in the united states**, and includes participation by all but two of the counties in California, cities (approximately 65%), numerous special districts, public school districts, joint powers agencies (JPA) and pools.
- Over 50 joint powers authorities or pools across the country including: Authority for California Cities Excess Liability (ACCEL), Exclusive Risk Management Authority (ERMAC), Big Independent Cities Excess Pool (BICEP), Golden State Risk Management Authority (GSRMA), Golden State Risk Management Authority (GSRMA), California Joint Powers Insurance Authority (CJPIA), Arizona School Risk Retention Trust (ASRT), Virginia Municipal League (VML), Southern California Schools Risk Management (SCSRM), TASB (Texas Association of School Boards) and Special Districts Risk Management Authority (SDRMA), and West San Gabriel Liability and Property JPA (WSGJPA).

Many insurance brokers and insurance carriers have shown varying levels of commitment to effectively managing public entity sector risk exposures. We believe that the development of our successful public entity programs demonstrates Alliant's long term commitment and unmatched level of experience. Our focus on maintaining these programs and developing additional risk solutions shows a long term vision and dedication that our industry colleagues lack. We understand the unique exposures the public sector and our city clients face and how that impacts and dictates the risk transfer attitudes of these organizations.

It is important to note while other brokerage firms will have individuals who work part time as brokers to public entities, our brokerage team is staffed with individuals who only work with public entity risk sharing and risk management programs for public entity clients. This experience provides our team with a unique sensitivity to the needs of the public entity insurance purchaser, as well as the knowledge and ability to provide risk management consulting service to these clients.

We feel strongly that all services rendered within the scope of the City's RFP requirements can be accomplished from the Newport Beach (CA) office. Additionally, our corporate structure allows us to call upon experts from any of our offices nationwide, with no red tape. For example, Alliant employs some of the country's leading experts in the construction industry. We would call upon their expertise should the City decide to build a new structure or need specific insurance language for a contract related to course of construction. Many of our construction experts work in Alliant's downtown Los Angeles office which is 20 miles from the City.

Although our specialty includes all types of public agencies, we have significant experience working with municipalities both directly and through pool systems many of which are similar in both scope and size as the City. These municipal pools include the Big Independent Cities Excess Liability Pool (BICEP) and CSAC Excess Insurance Authority (CSAC-EIA).

To further illustrate our experience providing brokerage services to public entities of comparable size and complexity as the City, below we have provided the following success stories for your consideration:



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City of Sacramento

The City had a difficult excess liability renewal based on a full limit loss and was advised that the premium with the incumbent carrier would increase close to 100%. An extensive marketing effort did not produce an alternative with terms that were comparable to the incumbent, despite the increase. The CSAC-EIA GLII program obtained the submission and at our persistence worked on a rushed basis to get committee approval. Ultimately, the EIA's terms were far more competitive than the incumbent program or the insurance marketplace.

City of West Covina

The City of West Covina was a member (still is) of BICEP for liability, the CSAC-EIA for Excess Workers' Compensation and had historically purchased property insurance through Aon. In July 2016, the City discontinued their relationship with Aon and placed their property insurance in the Alliant Property Insurance Program APIP (see *page 39* for additional details on this program). Ultimately through this process the City saved 35% on their premium, obtained significantly broader coverage terms including the inclusion of new coverage for Cyber Liability and Pollution Liability (both gaps in coverage for the City) and most importantly gained access to a wide array of risk management services that had previously not been available through their prior carrier/broker relationship.

City of Manhattan Beach

The City of Manhattan Beach is a new member of the CSAC-EIA having already signed the necessary JPA agreements to begin coverage effective July 1, 2017. Historically the City was a member of the ICRMA pool. Last year the City expressed interest in looking at alternatives to the ICRMA programs through the CSAC-EIA. A detailed coverage analysis outlined the ICRMA programs versus what was available within the CSAC-EIA GLI Program, Property Program and Excess Workers' Compensation Program. The differences between the two were astounding. When the program is bound, the City will be looking to save hundreds of thousands of dollars and obtain significantly broader terms across the board. For example, as a buyer of Earthquake Coverage, the City will reduce the deductible from 5% to 2%. In the event of a significant earthquake, this difference in deductibles could amount to millions of dollars saved for the City – while still saving money on the annual premium.

3. Copies of business licenses, professional certifications or other credentials, together with evidence that proposer, if a corporation, is in good standing and qualified to conduct business in California.

Please refer to *Appendix A* for Alliant's California Insurance License and *Appendix B* for evidence of good standing in the State of California.



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4. The most recent year's annual reports, or comparable document, including detailed current profit and loss, assets and liabilities, and other relevant financial data.

Please refer to *Appendix C* for Alliant's most recent financial statements.

5. Identify the account team members your firm would use on the City's account. List the names of the proposed account service team and describe each member's role. Include at least two members of the team from your firm having a minimum of five years of experience in public sector accounts who would be assigned to work directly with the City's account. List the organization (CFC, CFC or ARM). Identify the staff person who will be the day-to-day contact for the City. Attach resumes for the service team members describing their qualifications including credentials, experience, responsibilities, and specific work in public account.

Alliant is experiencing strategic company growth while maintaining a 98% client retention. We are a company that is known for attracting and retaining top talent from the industry, competing companies and insurance companies while maintaining our specialized expertise. Our resources and financial strength allow us to grow where it makes sense and to always work to add value to our clients. Alliant can assure the City that we will keep the necessary resources in place and continue to add resources in order to provide the best advisors and risk solutions to meet your specific needs.

In fact, all of the brokers selected to be part of the team for the City were intentionally chosen because of their specific skill sets which we believe best complements the City's insurance program. The team leaders are senior brokers with significant years of experience who have worked together on numerous joint projects with great success. Additionally, Alliant is a company with employee ownership holdings that amount to approximately 45% of the firm. What that means to the City is that the team working the account will have a lot of "skin in the game" and their desire to provide exceptional service will be in the forefront of all daily functions.

Alliant's client retention is unparalleled in the industry. We have managed to retain over 98% of our account base over the years. We have found that generally the few accounts that are lost are due primarily to mergers and acquisitions and/or they are politically driven for public entities. The account team that is being proposed for the City has a tremendous track record with client retention. The majority of team members have never lost an account. For others, the turn-over is merely account reassignment internally and is driven by work load and expertise as we work to structure teams that can provide the best service to our client base.

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We believe **THE** defining differentiator of Alliant is our people. The individuals we propose to represent and serve on the City's account are deeply committed, very talented, highly creative and professionally respected members of the insurance community. Below is a brief overview of the proposed City service team:



Lilian Vanvieldt, Senior Vice President | Team Lead | Newport Beach, CA

Lilian will co-lead the City's service team. She will have overall responsibility for all services delivered to the City, including the management of insurance placements, program timeline development, project deliverables, and all client communication. Her primary responsibilities at Alliant include: service in all facets of public entity brokerage, alternative risk management consulting and pooling operations for large public entities, self-insured groups and public entity pooling programs. Lilian also provides reinsurance consulting, placement, strategic consulting advice, risk retention/ optimization strategy development and other unique public entity brokerage services. Celebrating her 29 year in the insurance industry, she will oversee the service team and provide instruction and direction on domestic insurance placements, the City's insurance program renewal and management of your account. Her responsibilities will also include the development of the marketing strategy and negotiations with insurance markets as appropriate.

Lilian is a public entity risk specialist and was recently selected as a finalist by *Risk and Insurance Magazine*, as the 2009 power broker of the year. Lilian is a licensed fire and casualty broker in 27 states and has fifteen years with Alliant.



Courtney Ramirez, Vice President | Lead Program Team Manager | Newport Beach, CA

Courtney will act as the Account Manager. Courtney's responsibilities will be to oversee the City's insurance program and make certain that all programs are renewed annually with the broadest coverage terms at the most competitive pricing in the current marketplace. She will work with Lilian to oversee program timelines and development and have primary responsibility for client communications, including information on market developments. She will also oversee required claims review, loss control activities and will attend meetings as requested. Courtney has over fifteen years of experience in the insurance industry and has worked exclusively with Public Entities for more than Eleven years. Courtney is the broker primarily to cities in Southern California and large state risks. Courtney holds several insurance designations including the Certified Insurance Counselor (CIC), Certified Insurance Services Representative (CISR) and is working to complete the last test for her Associates in Risk Management (ARM) designation. Courtney is licensed in 20 states as a fire and casualty broker as well as an accident and health agent.



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Together, Lilian and Courtney will manage the City's insurance programs from the Newport Beach office with help from the City's service team. They will be responsible for ensuring that the City's questions are answered accurately and in a timely fashion.



Gordon DesCombes, Executive Vice President | Consultation/Peer Review | Newport Beach, CA

Gordon's responsibilities will include providing peer review and technical support to the account service team. Gordon is one of the public entity casualty and workers' compensation specialists at Alliant. Gordon has been involved in every aspect of the casualty market for over 24 years and has brokerage responsibility for many of Alliant's larger accounts.



Rennetta Poncy, Senior Vice President | Peer Review | Newport Beach, CA

Rennetta has over 25 years in the insurance industry and works with a large number of municipal clients in Southern California. Rennetta will provide peer review of our delivery of all brokerage services. This will include the team's creation of underwriting specifications, the establishment of budget projections, the management of insurance placements, the development of program timelines, the delivery of policy and other program documents.



Jennifer Rodriguez, Account Manager | Account Services Manager | Newport Beach, CA

Jennifer will provide technical day-to-day administrative services on the City's insurance program, including maintenance of property statement of values, certificate processing, endorsement requests, policy reviews and summaries, and invoicing.

Mary McLaughlin, Account Representative | Account Representative | Newport Beach, CA

Mary will assist in the delivery of services related to the City's property and liability insurance programs. This includes annual trending, endorsement requests, policy summaries, and certificates of insurance.



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Robert Frey, Senior Vice President | *Claims Consultant* | San Francisco, CA

As head of the Public Entity Brokerage Claims department in Alliant's San Francisco office, Bob will be the City's primary contact for reporting claims and working with carriers on all City claims. Bob's role will be to complement and supplement your efforts in obtaining quick and equitable claims resolutions while acting as a claims resource. His responsibilities include ensuring through the assistance of his dedicated claims staff, the initial reporting of claims to both primary and excess carriers, tracking the status of large open claims, and coordinating carrier claims meetings. Where necessary, Bob will be supported by senior professionals within our office

who have substantial experience in helping our public entity clients negotiate settlements on large, complex property and liability claims. Bob is a charter member of the Registered Professional Adjuster Program.



Tim Leech, Senior Vice President | *Loss Control* | Newport Beach, CA

Tim is responsible for ensuring excellence in all aspects of service delivery to clients of Alliant's Risk Control Consulting group. In his role as Senior Vice President, Tim provides leadership and direction to the company's team of loss control and safety professionals, and is available to assist in developing a tailored Risk control program with the direction of the City. Tim and Alliant's loss control team will supplement those services not provided by the City, including but not limited to property appraisals, foreseeable and maximum probable loss studies, risk assessments, safety manuals, and other suggested or requested services.

Individual resumes of the services team are attached to this proposal as *Appendix D*.

▲ *Three or more references with contact information, scope of work and dates that the service was performed. Public Entity references preferred.*

Pursuant to the requirements as set forth in RFP, we have listed six (6) references with contact information and scope of work. We regard each client relationship as unique; and we approach these relationships without any preconceived notions regarding how best to serve our client's needs. It is this emphasis on performance and customer service that distinguishes us from other insurance brokerage firms. Our client references are our best advertisement and we strongly encourage you to speak with them regarding our delivery of products and services speaking directly to our integrity and our focus on quality customer service.



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Reference #1: City of Sacramento

Reference Contact: Patrick Flaherty, CPCU, ARM-P, MA
Risk Manager
9151 I Street, 4th Floor, Sacramento, CA 95814-2604
(916) 808-8587 (Direct)
pflaherty@cityofsacramento.org

Scope of Work: Insurance Brokerage and Consulting Services, All Lines

Service Dates: January 1991 – Current Client

Reference #2: City of Santa Ana

Reference Contact: Briza Morales
Risk Management Coordinator
20 Civic Center Plaza, Santa Ana, CA 92701
(714) 647-5470 (Direct)
bmorales5@santa-ana.org

Scope of Work: Insurance Brokerage and Consulting Services, All Lines

Service Dates: 1984 to Present

Reference #3: City of Calexico

Reference Contact: Armando Villa, ICMA-CA, AICP, CEP
City Manager
608 Heber Ave, Calexico, CA 92231
(760) 768-2110
agvilla@calexico.ca.gov

Scope of Work: Insurance Brokerage and Consulting Services, All Lines

Service Dates: 2016 - Present

Reference #4: City of Fontana

Reference Contact: Terri Truitt
Human Resources Analyst
8491 Sierra Ave. #B, Fontana, CA 92335
(909) 350-6737 (Direct)
ttruitt@fontana.org

Scope of Work: Insurance Brokerage and Consulting Services, All Lines

Service Dates: 1990 - Present



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Reference #5: City of West Covina

Reference Contact: Tom Bokosky
Director of Human Resources and Risk Management
1444 West Garvey Ave., West Covina, CA 91790
(626) 939-8711 (Direct)
tom.bokosky@westcovina.org

Scope of Work: Insurance Brokerage and Consulting Services, All Lines

Service Dates: 2002 – Present

Reference #6: City of Oakland

Reference Contact: Deborah Grant
Director of Risk Management
150 Frank H. Ogawa Plaza, Oakland, CA 94623
(510) 238-7165 (Direct)
dgrant@oaklandnet.com

Scope of Work: All Insurance Lines of Coverage, 26 policies placed, including Property, Casualty, Workers Compensation, Fidelity, Owner Controlled Insurance (OCIP) programs, Brokerage and Insurance Consultants

Service Dates: 2006 - Present

2. Describe the steps you would take in reviewing the City's current insurance program. Include specific techniques and procedures your firm may use to assist in identifying key and future exposures to loss that are not currently insured. If you believe the City should consider additional insurance coverage or services not contemplated in this proposal please identify and discuss them in your proposal.

Alliant fully understands the extent of the City's scope of work and can confirm that we will meet and hopefully exceed each requirement without exception. Working with over 10,000 public entities across the country has afforded us the necessary experience to properly service an account like yours. We understand municipal risk and have created some of the most innovative resources to fulfill your insurance needs. In this section, we specifically address **HOW** our approach to servicing is unique than our competitors, and detail our plan of action specific for the City.

Coordination of Activities

The individuals marketing the insurance programs for the City are the same individuals that will service the account as part of the City's Account Management Team. Alliant does not utilize a centralized marketing



SUBMISSION REQUIREMENTS

approach, preferring to utilize the individuals who know the account best – the account team – to perform the marketing function.

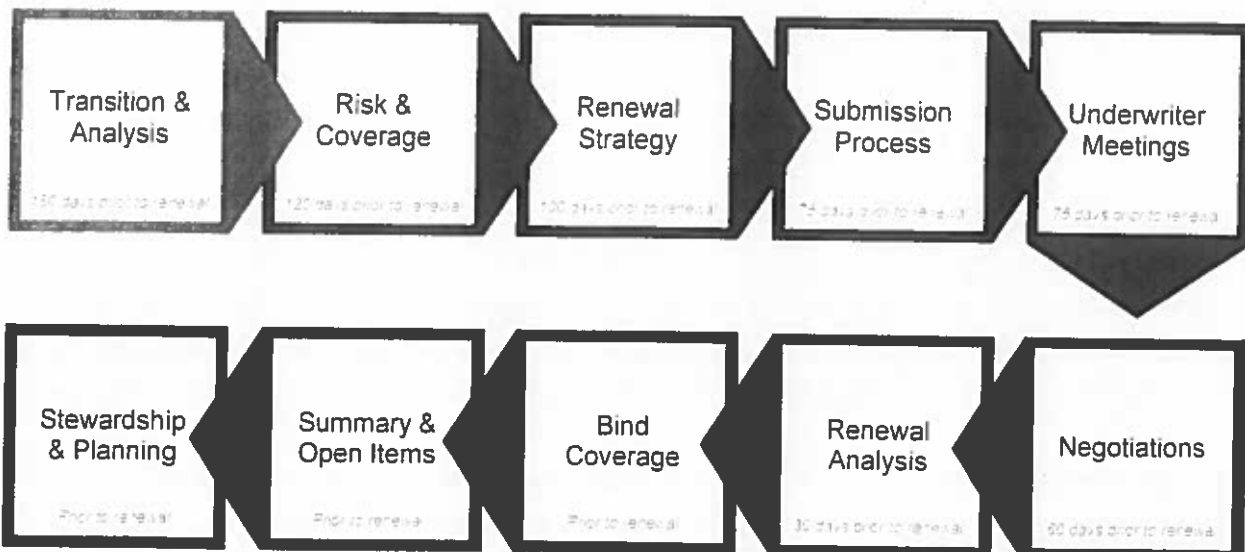
We have provided information on the above marketing team along with the entire Account Management Team, including roles, resumes and organizational chart, in our response to *question #5* of this proposal.

Defined Client Service and Marketing Process

We have obtained valuable resources and the experience to formulate a project management plan that works for each individual client, and it is called the *Defined Client Service and Marketing Process*. Our process is "one-size does not fit all." Our uniqueness lies in our Defined Client Service and Marketing Process. To make this all happen, our service team is available 24/7 to help you plan the best service and product for your needs.

Our Defined Client Service and Marketing Process, a technical practice we employ with all our clients, is the framework for our business approach. Purposefully, this process begins with transition planning, and includes an in-depth risk management analysis, in addition to service and marketing activities. This approach provides consistency in quality service, checkpoints and timelines for monitoring our jointly agreed upon service standards, and ensures the appropriate planning occurs well in advance of the expiration date. We will work closely with the City to ensure that this process aligns with the City's goals. In addition, we use Quality Committees to continuously monitor the implementation of these best practice standards.

The chart that follows is an illustration of the Defined Client Service and Marketing Process, which is based on our "Risk on a Broader Perspective" philosophy, and we are confident in saying that we know of no other broker that adheres to such a process as vigorously as Alliant.



19

SUBMISSION REQUIREMENTS

1

TRANSITION PLAN/ANALYTICS & DIAGNOSTICS *(180 days prior to renewal)*

Once appointed as the City's Broker of Record, we will begin to transition the work flow from your current broker(s) to Alliant. Given the absolute importance of a successful transition for each new Alliant client, we will employ the following steps during the implementation of the program to make the transition as seamless as possible for the City.

Step 1: Identify Appropriate Personnel and Discuss the Defined Service and Marketing Process

- Identify individuals who will be involved in the transition from Alliant and the City.
- Discuss Defined Service and Marketing Process and tailor it the City's unique needs.
- Facilitate dialogue between key personnel at Alliant and the City: including claims, loss prevention, accounting, board members, etc.

Step 2: Notify Carriers

- Alliant will prepare Broker of Record Letters (BORs) for the City and then file it with the appropriate carriers.
- Confirm acceptance of all BORs filed.

Step 3: Information Gathering/Data Acquisition

- | | |
|-------------------------|------------------------------------|
| ▪ Financial statements | ▪ Exposure data |
| ▪ Audits | ▪ Draft submissions |
| ▪ Actuarial studies | ▪ Exposure data |
| ▪ Bylaws | ▪ Historical Policy Digest |
| ▪ Claims data | ▪ Policies/Summaries |
| ▪ Corporate information | ▪ Schedules or other data elements |

Step 4: Administrative

- Create Open Items Report.
- Further develop annual work plan to include all key stewardship tasks/dates/milestones.
- Develop protocol for execution of all key deliverables.
- Identify and plan for any other key administrative tasks as defined by the City.
- Execute service agreement.

Step 5: Risk Identification

- Review all data accumulated from the information gathering/data acquisition process.



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- Discuss with key operational personnel (operations, finance, legal, quality, risk, claims).
- Strategic discussions regarding mission, key City initiatives, financial goals, short- and long-term operational and financial goals, unique financial issues, risk philosophy.
- Discuss unique claims or risk issues as defined by the City.

Step 6: Documentation and Implementation

- Prepare a summary report detailing the process, observations, and key findings.
- Review summary document and confirm findings.
- Develop renewal timeline in conjunction with the Annual Work Plan.

Our service team will coordinate these activities to help ease the administrative burden on the City. Our priority is to become intimately familiar with your overall insurance program and unique loss exposures. Therefore, we will get to know the City through a thorough review of your website, financial statements, and loss runs; an analysis of your policy language and coverage to determine the exact coverage being provided; personal discussions; and on-site visits. We will use our unique five-part Risk Identification Model to identify and analyze your loss exposures.

2

RISK & COVERAGE PROFILE *(120 days prior to renewal)*

For coverage assigned to us, we will develop a Risk Profile unique to the City. We will compare this Risk Profile to your current insurance coverage to: determine any serious or unanticipated gaps that exist; review the retentions and insurance limits; and provide you with a written report outlining our observations and recommendations.

3

RENEWAL STRATEGY MEETING *(100 days prior to renewal)*

At least 100 days before your major renewal date(s), we will coordinate a Renewal Strategy Meeting to:

- Review our Risk and Coverage Analysis, the resultant Risk Profile and the adequacy of your current insurance portfolio.
- Update the City on the current insurance market.
- Discuss recent renewal results for similar clients and how the City stands up to its peers (Benchmark).
- Provide an analysis of viable underwriter alternatives, their capacity, and deductible preferences.

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- Obtain your thoughts on the desirability of any particular market. i.e., your past history with that carrier, the carrier's financial rating, etc.
- Provide renewal pricing ranges.
- Suggest a renewal timeline and renewal options.

Our goal is to provide you with a concise report outlining our mutually agreed upon game plan.

4

UNDERWRITING SUBMISSION & PRESENTATION *(75 days prior to renewal)*

The underwriting submissions we prepare are unrivaled in our industry. Our responsibility is to portray, with integrity, your unique Risk Profile for each line of coverage. Your underwriters will know that our submission will illustrate your unique risks and operations correctly, succinctly and in a clear and easily understandable format. We encourage meetings between you and the underwriters.

Our goal is to distinguish you from your peers and we do so by creating first class underwriting presentations that demonstrate your unique risk characteristics. We will help you structure the material and provide input and guidance on the graphic representation of your unique results, risks and operations.

The underwriting submission and the underwriter presentation will be available to the market at least 75 days prior to your renewal date.

5

UNDERWRITER MEETINGS *(75 days prior to renewal)*

We will coordinate all underwriter meetings benefiting the City and our renewal strategy. Where possible, we will attempt to schedule these at your office.

6

NEGOTIATIONS *(60 days prior to renewal)*

To execute a successful renewal, we must focus on two key areas – market canvassing and the exploration of options. At our Renewal Strategy Meeting, we will have reviewed the listing of all possible market alternatives, solicited your input and agreed to those we want to approach. We will review alternative limit, retention and coverage structures. We will provide you with weekly renewal updates to keep you informed and to get your feedback and thoughts on the underwriters' responses.



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RENEWAL PROPOSAL & ANALYSIS *(30 days prior to renewal)*

We are aware that while our clients want to have a bottom line comparison of all renewal alternatives, they also want to know the intricate details of each quotation. Therefore, our renewal proposals feature both an Executive Summary and a detailed Coverage Analysis section. Our analysis will help you make a more educated renewal decision.

We will compile quotations for the program in an Excel spreadsheet, including declinations, and indicating why they chose not to quote. Additionally, renewal analysis will include the following basic brokerage services items:

- Assist in developing optional coverage and limit structures for all lines of coverage.
- Projections of premium levels and underwriting factors involved in the proposed program structure including a best case/ worst case analysis.
- Presentation of Alternate Risk Financing Methods with a financial analysis and benefits of method including costs.
- An analysis of City loss exposures with insurance policy recommendations and any available alternatives.

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BIND COVERAGE *(Prior to renewal)*

Once you have reviewed your renewal options and have selected an alternative, we will immediately process the following documents, all designed to be completed before your renewal date:

- Confirmations of Coverage
- Certificates of Insurance
- Premium Finance Agreements (if applicable)
- Claims Reporting Instructions
- Program Limits Charts

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DESK REFERENCE & OPEN ITEMS REPORTS *(Prior to renewal)*

We will create a Desk Reference that will include insurance summaries of the coverage's bound, claims reporting instructions and contact information for your dedicated service team.

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Our Monthly Open Items Reports and meetings are formalized events helping both of us and your underwriters to stay focused on unresolved items as well as to discuss new risks or operational issues.

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STEWARDSHIP REPORT/STRATEGIC PLANNING MEETING *(Prior to renewal)*

The Stewardship Report and Strategic Planning Meeting are designed to evaluate our performance, review the results of your renewal, discuss any new operations you are contemplating, identify new and emerging risks, update you on recent market conditions/trends, and plan our next renewal strategy meeting.

S

SUMMARY

We appreciate you taking the time to review our Defined Client Service and Marketing Process, which details specific activities related to transitioning your insurance to us. This strategic framework allows us to effectively market your renewal as we gain a better understanding of your coverage and risk exposures. Through this process, you will have an opportunity to evaluate our performance, from which we will collaborate on increasing the likelihood of favorable renewal outcomes for your organization.

In addition to the above, as part of our ongoing work, we will commit to providing loss control/risk management recommendations, certificates of insurance and insurance policy endorsement form review, evaluation of insurance in vendor contracts and purchase orders as well as insurance coverage consultation and excess carrier cost recovery on City claims. Our services shall also include consulting on a continuous basis and in a timely manner regarding insurance matters, law, case law or policy changes and developments regarding insurance carrier service issues.

Service Philosophy

We consider the servicing of the City's insurance policies a core responsibility. As partners we will work very closely with underwriters to obtain policies and endorsements that are accurate and delivered to the City in a timely manner. We target 30 days to obtain and deliver policies and endorsements to our clients.

We have an Open Items Report that will be used to manage this process. Alliant account executives and account managers meet on a regular basis to review the status of these items. The company underwriters are included in this process as necessary. We encourage the client to be a part of this process as well. This allows us to stay informed of new risks and issues that may be on the horizon.



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Negotiating good coverage terms is as critical as making sure the policy is issued correctly and according to our specifications. Our quality assurance process includes multiple levels of review. We have administrative staff assigned to each account who thoroughly review binders, policies and endorsements upon receipt from the carrier to confirm that they are accurate and match the proposed terms and conditions. We have a *Policy Review Checklist* which is utilized to check every policy to ensure agreement with the proposal. The documents are closely compared to the insurance specifications that were used in the marketing process and the binding instructions that are provided to the carriers. These documents are then reviewed by the unit manager, marketing manager, and finally brokers who were directly involved in negotiating and placing the coverage. Signoff by management and the brokers involved is required before issuance to the City. Once the documents have passed the four levels of review and have been determined to correctly reflect what was negotiated on your behalf, we will then distribute them to the City.

If there are corrections to be made to the policy, a letter outlining the corrections will accompany the policy when it is sent to the client. All corrections are added to an Open Items List for follow-up.

On-going support services will include contract review and recommendations on appropriate insurance requirements in contracts.

To illustrate our attention to detail regarding the servicing of our clients, we have provided below an excerpt from our Service Standards Guidelines that outlines our service delivery guidelines:

Standard Guidelines

Activity/Key Deliverable	Delivery Timeframe
Request for contractual insurance requirements:	Acknowledged within 24 hours of receipt of request. Completion date will be as agreed between the City and Alliant.
Phone Calls Returned:	Phone call received in the morning returned in the morning. Calls received in the afternoon returned in the afternoon.
E-mail Returned:	Review regularly (morning and afternoon) and respond within 24 hours to acknowledge receipt.
Summons & Complaints:	Upon receipt or prior to end of business day.
Claim First Report to Carrier:	Immediate or no later than prior to end of business, even if complete data is not available from the City.
Claim follow up with Carrier & Client:	Within 24 hours of first report of loss.
Open Activities & Suspense:	Daily.



SUBMISSION REQUIREMENTS

Activity/Key Deliverable	Delivery Timeframe
Pre-Renewal Letters to Client:	120 days prior to expiration.
Renewal Business Applications to Market:	90 days prior to expiration.
Binders	Same day coverage is bound with approval. If Wholesale Broker issued, advise client written confirmation of coverage is on its way.
Agency Bill Binder Billing:	No later than the inception date of coverage.
Certificates	Within 24 hours of receipt on a normal schedule and within 12 hours on a rush schedule.
Policy reviewed for accuracy:	Within 10 days from receipt from carrier.
Policy delivered to client:	Within 10 days from receipt from carrier and within 90 calendar days of their effective date.
Agency Bill Additional and Return Premium Endorsements:	Within 5 days of receipt into the agency.
Claims Review with Client:	60 days prior to expiration, including any prior year with open losses.
Claims History and Loss Runs:	Annually or any time upon request by the City.
Annual Stewardship Report:	Two weeks after the end of 12 months or each 6 month calendar year period based on City needs
Audit review and processing:	Within 48 hours of receipt.
Contract Costs Statement:	Annually.
Premium Rates / Commission Rates: (per market per layer)	Within 30 calendar days of binding.
State of the Market:	Semi-annually, or as requested.

Meetings/Reports to Management

Built within our standard service plan are regularly scheduled meetings and/or reports that allow opportunities to review our progress on a regular basis. These include:

- **Monthly Open Items Meetings** – A key objective for the City and the Alliant team is to ask if there are any service issues and to determine the most important items that need to be completed.

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Our Open Items Report is updated to reflect these issues and your Alliant team will take whatever corrective actions need to be undertaken, if any.

- **Annual Renewal Strategy and Stewardship Meetings** – Our strategy meetings, whether they are formal or informal, also allow us to ask how we are meeting the City's expectations and determine what service corrections, if any, need to be taken.

We can schedule these meetings and reports more frequently, depending on the City's needs.

Informal Feedback

Our interactions at all levels allow us to judge almost on a daily basis how we are meeting your service expectations. Your Alliant core team will continually evaluate your needs, expectations and level of satisfaction as they interact daily with the City and their Risk Management staff members.

Quality Scorecard

We negotiate specific performance metrics with many of our clients. These standards and metrics can be incorporated into our Service Agreement. Sample timelines and service objectives include:

- Attend meetings when requested
- Provide onsite support for mutually agreed upon projects/issues
- Prompt response time to routine service requests
- Claim management services
- Marketing services
- Loss analysis
- Alliant will develop joint renewal goals with the City, adopt these goals as performance goals, and will prepare a post-renewal report addressing each goal and detailing how it was met or alternatively why it was not met.

The results of the chosen metrics will be presented to the City annually in a **Quality Scorecard** format. Alliant is the only broker to apply such stringent quality standards to their service model and to actually measure results.

Services and Resources

Alliant Risk Control Consulting Services

Alliant Risk Control Consulting offers comprehensive property and liability loss control. We provide integrated loss control management solutions to public entities across the nation. Our extensive insurance background and unique approach to integrating the management of public entity risks distinguishes Alliant Risk Control Consulting from other firms.



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Our risk control team averages more than 20 years of experience providing loss control services to public entity clients. We offer risk control consulting services that focus on the priorities and values of our clients. Our unique service approach and technical competence combine to help clients solve their problems, while saving them time and money.

The value added services we offer will be tailored to your organization's needs and may require an additional fee. However, we have developed a number of no cost resources that the City can utilize including:

**Risk Control On Line Video
Streaming**

Risk Control Hotline & Alerts

**Smart Phone Emergency
Preparedness Application**

Risk Control Webinars

Newsletters

Fact Sheets

We will work with the City to develop a tailored Risk Control plan from the onset of our relationship. As part of our service plan, we will facilitate an initial consultation with an Alliant Risk Control professional to review the City's current Risk Control strategy. Criteria that we will evaluate and assess include current insurance compensation and safety programs, loss history and trends, management goals and objectives, past surveys, survey recaps, and hours allocated to each line of risk. As a result of this consultation, we can determine where Alliant Risk Control personnel can supplement and complement the work the City already has in place.

Enterprise Risk Strategy

We provide advice on risk oversight at the department and senior management level. We typically review the organization's risk culture, appetite, risk tolerance and internal and external reporting requirements.

- *Risk audit services* – We help you integrate internal and external audit services that support the risk management function.
- *ERM organizational and process design* – We help you define the ERM organization and processes.
- *Risk systems design, development, and integration* – We help integrate risk and compliance monitoring and controls into the organization's enterprise applications and systems.

Insurance Appraisals

Many brokerage firms have relationships with property appraisal firms and can help organize appraisal services. Some firms, like Alliant, that broker a significant amount of property insurance, maintain their own appraisal services. Alliant Business Services (ABS) offers appraisal services to all our public entity clients. ABS employs independently contracted licensed appraisers. They are trained in the appraisal of public entity properties, utilizing Marshall Swift Appraisal Software.



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Appraisal Services will provide a progress report to the producer/account manager. Included in the report will be dates of scheduled appraisals and the expected delivery date of the finished appraisal report. Upon completion of the appraisal, a value comparison report (VCR) and building detail report will be sent to the producer and account manager. This is done prior to finished appraisal report so the producer and account manager have the opportunity to review and provide input for the final appraisal report. Once the finished report is approved, a CD-ROM and an electronic file of the report are sent to the account manager/producer for presentation to the client. The new updated values are downloaded into the Alliant OASYS Database.

Should the City participate in Alliant's proprietary property program, appraisals are offered at no additional cost to buildings valued \$5Million or greater on a 5 year rotation. Otherwise, fees may apply.

Infrared Surveys

To prevent unscheduled maintenance, decrease operational interruptions, and improve energy usage of electrical equipment and facilities, we offer infrared testing which detects electrical problems such as faulty fuses, loose wires, and overloaded circuits) and ultrasonic testing (which identifies other critical loss exposures not detectable using infrared imaging). Should the City participate in Alliant's proprietary property program, Infrared surveys are available for no additional cost on a first come first served basis for the program members.

Fire Prevention and Property Conservation Consultation

Our loss control professionals have advanced skills in property conservation and hands-on experience with fire protection systems. Consulting services include:

- Storage – Assist clients in selecting the best storage and warehouse methods to help reduce environmental damage.
- Sprinkler System Analysis – Evaluate design of existing and new sprinkler systems for adequacy in protection against fire.
- Pre-Construction – Help clients choose new sites and review building plans to limit potential deficiencies.
- Security – Develop security policies and procedures to protect life and property.

Training

Alliant Risk Control offers the following services to help educate and equip our clients in the area of risk improvement.

- Monthly Webinars: Alliant Risk Control Consulting offers ten property conservation and four casualty webinars per year at no charge to clients. We have archived past webinars and can provide links to past webinars.
- Quarterly News Letter: Topics range from accident forensics, benefits of infrared surveys, roof inspections, crime prevention, WC, and many others.



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- **Industry Alerts:** Industry alerts are distributed to help educate our clients on an as needed basis. Most recently, we distributed an alert on preparing for storms with tools to assist stakeholders prepare for and mitigate loss from the heavy storm season.
- **Fact Sheets:** We have over 250 fact sheets in our library that can be accessed through Alliant Connect or through our Risk Control Hotline or email request free of charge.
- **Videos:** Safety videos are provided to Alliant clients upon request. We have 100's of topics in our video library.
- **Power Point Presentations:** Over the years, Alliant Risk Control Consulting has developed power point presentations on a wide array of topics that clients may request free of charge.
- **On-Line Safety Training:** Alliant has the capability of providing on-line training services.

Policy/Lease/Contract Review

The Alliant team members are well versed in policy, lease and contract review. We are able to provide consulting on specific contracts with thorny issues including indemnification provisions in contracts and for many of our clients we review each and every contract while in the drafting phase.

The service that we offer is very extensive. We would be looking to start with a review of the contract templates that are currently being used within the City, including other types of agreements such as City permits. Next we would assist the City in making updates and in some cases rewriting the templates when necessary. Additionally, Alliant would work with City staff to create customized checklists that coincide with the created templates. Once templates have been implemented as the standard, Alliant would be available as needed by the City to review suggested draft wording in contracts and interface with vendors whom pose questions related to the insurance requirements section of the contract.

With regard to vendor certificate review, this is a service that is available to the City for an additional cost. This service has nothing to do with the draft contract review process. Rather, this is the process that occurs after a contract has been executed and involves reviewing certificates and endorsement submitted to the City from the vendor. It also involves tracking renewal certificates to ensure that vendors remain in compliance with the contract requirements. For this service, Alliant could employ a dedicated individual for overseeing this task or work to outsource the function to a preferred vendor, such as Exigis as utilized by many of our clients.

For more complex contractual issues including contract insurance requirements, we will utilize Kenneth A. Zak, General Counsel of our Legal Department. Kenneth has a JD designation, and has practiced law since 1987. Although Kenneth is not expected to be involved with the City on a daily basis, he can assist with claims management, coverage issues, risk management projects, underwriting submissions, and stewardship.



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Insurance Requirements in Contracts (IRIC) Training

Alliant is the author of the Insurance Requirements in Contracts Manual (IRIC), an industry recognized document that provides guidance on what information should be included within all contracts. It is available electronically and details recommended insurance requirements for vendors working with our clients. The manual provides guidance to your staff involved in securing contracts with a variety of contractors and vendors. This manual is offered at no additional cost and Alliant is prepared to offer full or half-day training presentations to the City on the concepts contained in our IRIC Manual. Our manual is used nationwide by current Alliant clients, non-clients and competitors alike.



Claims Advocacy

Effective loss prevention and aggressive marketing to control risk costs are critical pre-loss. But, the ultimate efficiency of your program is measured by responsiveness when losses occur. The first step, to create this efficiency is a broadly scripted coverage form (as provided in our proprietary programs such as APIP, for example). Since we are responsible for creating these documents, we are in a good position to assume a strong advocacy role for clients post-loss.

Using a strong coverage document as the foundation, our claims unit can help the City manage its losses by reporting and transmitting critical information to insurers, securing adjuster assignments, providing coverage analysis, and offering guidance throughout the adjustment process.

If coverage disputes or other issues arise on specific claims, Alliant will help the City with the additional resources of our most seasoned property and casualty professionals, who have decades of experience in working with clients on the successful resolution of large, complex claims.

Bob Frey is responsible for managing our Public Entity Brokerage Claims unit. He leads our client claims advocacy unit and will be available to the City for claims reporting purposes, although his most valuable role will be to act as your consultant and advocate on difficult and severe excess claims. We fully understand that the insurance you rely upon becomes worthless should a claim be denied when intent of coverage clearly exists. It is Bob's core function to help our clients achieve satisfaction and successful indemnification from their insurance carriers. Bob's goal will be to complement and supplement your efforts in obtaining quick and equitable claims resolutions while acting as the City's claims resource.

Additionally, the key individuals from your proposed core team will be directly involved in the loss adjusting process. Services we provide to the City include but are not limited to:

- Serve as your claims advocate with insurance carriers, alternative financing markets, and applicable federal and state agencies.
- Report claims to the excess carrier or their administrator.



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- Monitor claims activity on a pre-agreed schedule.
- Assist with review of your Third Party Administration Contract.
- Provide claims reports on a schedule and in the required format.
- Provide periodic file reviews, claim audits, and claim surveys with reports to the excess carrier and to the City per requested schedule.
- Obtain periodic carrier loss runs, including electronic data feeds (if available), as requested.
- Attend on-site claims meetings as requested.
- Confirm deductible billings for accuracy.
- Be available on a 24/7 basis.
- Facilitate the deployment of vendors to handle a catastrophic event.
- Conduct pre-loss planning sessions and arrange discussions with vendors to ensure a prompt response to catastrophic events.
- Review claims notifications and abstracts to assure appropriate reporting to insurers.
- Assist in the procurement of Proof of Loss documentation, as necessary.
- Track the status of large or difficult open claims.
- Coordinate insurer claims meetings.
- Facilitate a dialogue between the City and assigned adjusters.
- Respond to coverage questions.
- Review open excess claim reserves for appropriateness and accuracy.
- Work with your insurers to correct loss reserves that are inappropriate for the specific loss.
- Advocate on difficult or disputed coverage issues.
- Assist in settlement negotiations.
- Travel and meet with loss team for large loss events.

Excellent communication helps build success and we make the commitment to effectively communicate with the City throughout the claims adjustment and settlement process. This will come in the form of onsite meetings, telephone discussions, e-mails, and written communication. As the claim develops, we will be in close contact with the City. It is our belief that nobody knows our client's business better than the client and accordingly, it is critical that we work closely with our clients to learn, gather information, and build an appropriate plan for successful resolution.

In addition, in order to assist in obtaining payments for insured claims, we have put several practices in place to streamline the process. These include monthly phone calls and quarterly meetings between our claims manager and the carrier's claims staff. Our brokers each receive a periodic claims report for their clients so that, if necessary, they can assist in ensuring resolution. While most claims settle in a normal



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fashion, there will always be the few exceptions and these meetings/actions work towards the positive resolution of those few claims.

Alliant's Claims Department uses an internet based Risk Management Information System that is a comprehensive, fully integrated claims and case management system, called "iVOS". iVOS, is a "one-system" solution that encompasses claims management, medical bill review, case management, events management, risk management, and other related insurance functions for multiple lines of insurance. By integrating various processes into one platform, the system allows organizations to improve efficiency and outcomes, while also reducing risks and losses. iVOS harnesses the power of browser-based technology to improve communication, collaboration, and connectivity among various stakeholders. The iVOS system is highly configurable and can be customized to meet most organizations' needs, by incorporating claims best practices, optimizing the efficiency of claims personnel and improving claims savings and outcomes. Built on solid scalable Java™-based (J2EE™ compliant) architecture, the iVOS system requires no middleware, eliminates software distribution, and manages upgrades at the server level.

Technology

In today's fast-paced, technology-driven environment, the capability to save clients time and improve operational efficiency is no longer a value-added benefit – it is a critical requirement of your broker. As partners, Alliant is committed to delivering truly integrated technology solutions to our clients – solutions that are designed to work together to provide our clients with the essential information and decision-making resources they require. We remain focused on developing and implementing advanced technology tools and resources that our clients need to effectively manage their insurance, risk management, loss prevention and employee benefits programs.

AlliantConnect

Alliant's dedication to technology is evidenced by our success servicing clients throughout the country from specific service locations. Our significant concentration in the public sector insurance brokerage can only be achieved with the proper utilization of technology. We created AlliantConnect, which is a proprietary web-based program, to give our clients access to our Loss Prevention Library, the ability to access/share coverage and policy documents, view renewal documents, update exposure data, communicate with Alliant. AlliantConnect is Alliant's web-based portal system with secure 24-hour access to all of your insurance program information. Some of the information available includes but is not limited to:

- Client Policy documents
- Invoices
- Summaries of your Insurance Policies
- Access to CSR-24 for issuance of certificates of insurance
- Insurance Requirements in Contracts (IRIC) – this is a manual specific for use by public entities
- Loss control fact sheets
- Loss control assistance and management

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- Loss Control assistance via our video library and loss control fact sheets
- Integration with other Alliant proprietary systems, such as Oasys-Net
- Single source for important dates and announcements
- Store and view renewal applications and related documents
- Collaborate and share working documents

OASYS-Net

OASYS-Net, is an easy to use web-based property-Statement of Values (SOV) system. The City property and vehicle schedules could be managed on this system and the City would have complete access the system through the internet 24/7. OASYS-Net provides the City access and the ability to update your property and vehicle schedules, vendor certificates and also gives the City the ability to make certificate requests via the Internet in real time. Complete building descriptions, including all COPE information is captured in the database. Property values can be trended at your request for all or just specific locations. The program is fully downloadable to Excel and/or PDF, and appraisal reports can be attached to specific building(s) including photos and custom fields. As an added benefit, there are fewer errors made since information is not changing hands numerous times. The City input is reviewed and after careful review and checks, it will be added and will become the basis of the City renewal database. saving the City significant man hours by reducing the need for arduous property schedules reviews prior the policy renewal.

CSR24

Our certificate management system is accessed through AlliantConnect. This resource allows clients to request and create certificates of insurance, report/track claims on-line and has the ability to be used as a certificate tracking software for vendors. CSR24 will meet the needs of the City and your subsidiaries.

Emergency Preparedness

Alliant developed a disaster recovery and emergency response plan (ERP) for our public sector clients. The ERP identified the roles and responsibilities of key operational areas of the organization and supporting functions for the response and communications of emergency activities.

In addition, Alliant Risk Control is in the process of developing an emergency management solution designed to allow organizations to publish their emergency procedures and instructions via an online dashboard to smart phones and tablets. This solution will allow constituents actionable and offline accessible guidance when they need it, including:

- Convenient access to emergency information with features such as diagrams, one-tap calling, push notifications, maps, and more.
- Replacement of traditional paper-based flip-charts, laminated wallet cards, or lengthy standard operating procedures.
- Speed and reliability of mobile devices.



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- Improved efficiency by aligning event-specific information with contacts.
- Unlimited downloads and real-time updates.

Additional Services offered by the CSAC-EIA, subject to membership.

Loss Prevention Platform

- Online Training
- DMV Electronic Pull Notice Services
- Policy Compliance Tracking
- Reporting & Analytics
- Event/Credential Manager
- Community Resource Center

Resources

- On Site & Telephonic Consultation
- Policy/Procedure Development & Review
- Subsidy Program
- Drug & Alcohol Testing Consortium
- Employment Law Services (Eyres Law Group)
- Crisis Mgmt. Services (Mainstream Unlimited)
- Legal Consultation (Steve Underwood)
- Background Checks
- Risk Assessment Tool

Training

- On-Site Custom Programs
- Professional Webinars
- Hosted Programs
- Regional Training
- Participation in Safety Training Days & Fairs
- EIA-TV On Demand Viewing



Evaluation of the City's Current Insurance Program Structure

We believe that the current program structure should be evaluated with an in depth review of the coverages, exclusions and endorsements. Without the benefit of a discussion with the City and a clear understanding



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of the City's risk management philosophy, we recommend the following discussion points listed below based on our review of the City's coverage summary.

Naturally, should we be awarded the contract our first order would be to meet with the key stakeholders to create a service plan and risk management goals and objectives.

- Benchmark program limits on all lines as they seem to fall well below what other Cities of similar size are purchasing in Southern California.
- Crime Insurance
 - Review the adequacy of Crime limits – the current limit is well below the benchmark when compared to other CA cities.
 - Determine whether Omnibus Named Insured is needed – Coverage extended to all Agencies, Authorities and Districts (including Special Districts) which are governed directly by the governing body of the Named Insured.
 - Review coverage for Vendor Fraud – \$1,000,000 Limit excess of vendor insurance policy required by contract. Provides \$1M limit excess of a vendor's coverage for losses to the insured's money, securities, etc. which result from theft by the vendor. Coverage only applies if the entity required the vendor to have crime insurance in place covering loss to the entity.
- Excess Liability
 - Currently the program contains annual aggregates, look at the feasibility of removing them. It should be noted that the Alliant Excess Liability program as well as pooling options (such as BICEP or CSAC-EIA) do not contain the aggregates outlined in the City's policy.
 - Evaluate the Public Officials & Employment Practices Coverage and consider moving this from a claims made to occurrence based form. Through this process we would want to include coverage under the occurrence form that would pick up prior losses that occurred during the claims made retroactive date.
- Property Insurance
 - Review the City's current schedule of values to determine if the current program limits are adequate – they appear to be too low for a City's size.
 - Expand the property sub-limits from current levels to minimum of \$25,000,000 per occurrence.
 - Include Coverage for Flood Zone A/V.
 - Review Business Interruption exposures to ensure that they are adequately covered under the current policy.
 - Consider reducing the Flood deductible to \$50,000 – cost should be minimal.
 - Conduct a Probable Maximum Loss ("PML") study to model what the City's worst case loss is estimated to be should there be a major Earthquake.



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- Evaluate sewer back coverage.
- Add Cyber Liability Coverage.
- Add Pollution Coverage.

Insurance Pooling

As an Alliant client, the City will have access to several insurance pools to which Alliant serves as the exclusion broker and marketing agent for. Although Alliant works with many pools across the nation and specifically in California, we have identified a couple of them below that the City could be a good fit for. Pools would be another good way to receive day to day support and services. They are risk-centric and have significant options available that would effectively save the City in costs and provide many additional benefits over its current arrangement.

CSAC Excess Insurance Authority (CSAC-EIA)

The CSAC Excess Insurance Authority (EIA) is a risk sharing pool of California public agencies, dedicated to controlling losses and providing effective risk management solutions. Formed in 1979, the Joint Powers Authority (JPA) called the CSAC Excess Insurance Authority pools their risk and provides a viable and cost effective solution for the insurance and risk management needs of California municipalities. The EIA's membership has expanded to include 54 of the 58 counties in California and nearly 65% of the cities in California, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities.








"The EIA's strength and continued success is founded on its innovative risk management techniques, solid management, responsive, superior services, and most importantly, member involvement."

- Peggy Scroggins Past President



SUBMISSION REQUIREMENTS

We are one of the largest Pools in the Nation, our major programs represent...

				
Premium	Payroll	Avg Daily Attendance	Total Insured Values	Employee Lives
716 Million	51.3 Billion	481,980	61.6 Billion	170,107

Through efforts of the EIA's member entities, the EIA staff, and its long term partner, Alliant, the EIA has created risk coverage programs that are stable, secure and flexible. The EIA is recognized as a leader and pioneer in the JPA risk management community. The EIA is the first JPA in California to receive the Government Finance Officers Association's Certificate of Excellence in Financial Reporting since June 30, 1994. Additionally, the EIA has been accredited with excellence continuously since 1989 by the California Association of Joint Powers Authorities (CAJPA).

CSAC-EIA Programs

CSAC-EIA GLI Program

The GLI program currently has 115 members participating and would offer the City an avenue to significantly enhance coverage terms and services. Several of the services that accompany the GLI program include free claims audits, actuarial analysis subsidies, crises management including post incident services such as situation assessment and media consulting services. Coverage highlights have been outlined below.

Coverage Highlights:

- Core program has a \$25M limit with options to \$50M per occurrence.
- Occurrence form includes coverage for Bodily Injury and Property Damage (including Automobile Liability), Public Officials Errors & Omissions, Unfair Employment Practices and Employee Benefits Liability.
- Only Aggregates apply to Completed Operations, aggregate applies on a per member basis.
- Sudden and Accidental Pollution with 10 day discovery.
- Covers ALL City operations without exclusions.

CSAC-EIA Excess Workers' Compensation Program

We have been fortunate to maintain our exclusive marketing relationship with the CSAC-EIA and their Excess Workers' Compensation program. Below are the program features and highlights of the CSAC-EIA Excess Workers' Compensation Program.



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Program Features

- Statutory Limit
- \$5 million Pooled Limit
- 49 Counties and over 270 Cities
- Retentions beginning at \$125,000 per occurrence up to \$5 million

Program Advantages

- Market Share and Strength – over \$50 million in premium
- \$5 million Pooled Limit makes for very competitive pricing
- Among the Best Options in a tough California Worker's Compensation Marketplace

The premium in the EIA program provides some loss control and actuarial funds. In addition to discounted fees for many additional services as outlined in our services section of this RFP.

CSAC-EIA Crime Program

Alliant has been effective in providing crime programs for many of our public entities clients. This joint purchase program provides blanket coverage to 45 of California's counties and 43 cities, and covers ALL employees under one blanket bond. We also offer individual bond placements on approximately 500 other cities. Highlights include:

- Up to \$15,000,000 in limits including Faithful Performance (only program/carrier that offer full limits for Faithful Performance).
- Deductibles as low as \$2,500.
- Coverage form includes Employee Dishonesty, Depositors Forgery, Money and Securities (inside and out), Robbery or Safe Burglary, Computer Fraud, Funds Transfer Fraud, and Money Orders and Counterfeit Currency.

Big Independent Cities Excess Pool (BICEP)

The Big Independent Cities Excess Pool was formed in 1988 by a group of large Southern California cities. Over the years, the pool has grown to include six member cities and it represents a very close knit accumulation of forward-thinking professionals. Member cities include Cities of Huntington Beach, Oxnard, San Bernardino, San Buenaventura, Santa Ana and West Covina. The BICEP JPA is fully accredited by the California Association of Joint Powers Authorities. Alliant has served as the broker for BICEP since 2002.

The purpose of BICEP is to provide the following solutions to its member cities:

- Affordable coverage
- Protection from adverse trends in the commercial marketplace



SUBMISSION REQUIREMENTS

- Group purchasing power
- Equitable and stable cost of coverage
- Broad Coverage

BICEP Programs

Excess Liability

BICEP is first and foremost a liability pool, therefore the Excess Liability program is mandatory for all members. Traditionally, the pool retained a \$1M layer which is fully funded by the membership. At present, the pool is fully reinsured excess of each member's self-insured retention (standard \$1M). The board reviews reinsurance options and actuarial analysis each renewal to determine if it makes more sense to reinsure the risk or fund for it within the pool.

BICEP provides \$27M in limits inclusive of the member's retention. Similar to the CSAC-EIA liability program, BICEP's memorandum does not include policy aggregates that would seek to limit coverage available to its members. However, there are additional limits/aggregates included for those items that are not covered by reinsurers, which serves as a "catch-all."

Coverage Highlights:

- Core program has a \$27M limit.
- Occurrence form includes coverage for Bodily Injury and Property Damage (including Automobile Liability), Public Officials Errors & Omissions, Unfair Employment Practices and Employee Benefits Liability.
- Only Aggregates apply to Completed Operations, aggregate applies on a per member basis.
- Covers ALL City operations without exclusions.

Excess Workers' Compensation

BICEP's Excess Workers' Compensation, a mandatory program for its members, is marketed every year as required within its contract with Alliant. For several years, coverage has been placed within the CSAC-EIA as their rates have represented the most competitive option in the marketplace. For details about the CSAC-EIA program, please refer to *page 36*.

Other BICEP Programs

The remainder of the programs provided by BICEP are voluntary for its membership. Those programs include Property/Earthquake/Flood, Crime, Special Event Liability and Vendors/Contractors Insurance. It should be noted that all members but two participate in Alliant's Property Insurance Program (APIP) which is explained in detail beginning on *page 39*. The remainder of the programs noted for BICEP are placed by Alliant and utilized by all present BICEP members.

SUBMISSION REQUIREMENTS

Procurement and Marketing Capabilities

More effectively than our competitors, Alliant coordinates its insurance marketing efforts to deliver the greatest impact in the delivery of insurance product value for our clients. Through the use of programs, the judicious use of our market clout and program design creativity, we are able to deliver 'below market' cost solutions to our clients for multi-line coverage including but not limited to Property Insurance, Liability Insurance, or Workers' Compensation Insurance. In fact, we service all lines of coverage for many of our public entity and municipal clients.

In addition to accessing over 350 markets both domestic and globally (the worldwide marketplace), Alliant can bring the City options other firms simply do not have access to. These options are our proprietary group purchase programs that we have created on behalf of our clients. Of most interest to the City will likely be our property program which is the largest property program in the world.

Alliant will consider these programs as part of the marketing process. However, please note the existence of our proprietary programs will *not affect* our marketing of the City's insurance program to all potential carriers. First and foremost, we are *your* broker, and will always achieve your goals and objectives. Whether or not the City decides to participate in one of our exclusive programs, the mere consideration of its availability by the market will drive down the price and enhance coverage terms.

Property Insurance

Pricing for property risks remained aggressive through most of 2016, and there is no end in sight as the market continues to "soften". For most lines and geographies, both new and renewal rates continue to fall in the range of Flat - 10% for property renewals. That is no surprise, given benign losses in the past few years, the increasingly aggressive risk appetites of insurance carriers eager to earn underwriting profits in a favorable loss environment and the continued influx of capital from standard and new insurance carriers.

In some cases, carriers are defending their turf (market share) from new markets by moving into areas or insuring risks they once avoided. For example, the property coverage extension, builder's risk, has seen an increase in the coverage being provided. Carriers that once wrote limits no higher than \$2 .5 million on frame construction are now considering limits of \$25 million or more.

Alliant is the creator of the proprietary property program, Alliant Property Insurance Program (APIP). This program started over 20 years ago as a concept to take individual property insurance placements for several public entities in California simultaneously to the insurance markets. APIP has grown into the single largest property placement of any kind in the world, with over \$405 billion in Total Insurable Values (TIV) representing over 10,000 public entities in 45 states.

APIP is known by all major property underwriters and gives Alliant tremendous leverage, but it is only one program of many large limits programs that we place on behalf of our clients. As broker and program managers for our proprietary APIP program, Alliant possesses unrivaled market intelligence and property



SUBMISSION REQUIREMENTS

related services for high value public entity risks. We are in the strongest position to negotiate terms for clients participating both in and out of the APIP program. It is currently expected that the property market will continue to soften. As a result, we anticipate both improvements to the APIP coverage form and additional cost savings.

This program integrates property, boiler & machinery, fine arts, and auto physical damage and includes broad coverage for bridges and tunnels. APIP's form is among the broadest forms found in the industry; includes coverage for **cyber liability and pollution** (1st and 3rd party coverage) which is not normally offered through other property policies. Each year the program grows in size and this growth allows for improved pricing and coverage for our clients. The program has been a success for two reasons: a broad policy form and competitive pricing. The structure of the APIP program has evolved with the use of a manuscript policy form to include many enhancements that address exposures unique to the public entity sector.

Coverage highlights of the APIP program include:

- Broad, All-risk manuscript form accepted by all participating carriers to eliminate potential gaps in coverage.
- \$1 billion All Risk Limit per occurrence.
- Coverage not limited to schedule.
- Replacement cost valuation.
- No coinsurance clause.
- Earthquake and flood coverage available – limits are dedicated to the member.
- Automatic acquisition for newly acquired locations up to \$100 million in value (\$25 million for no additional premium).
- Automatic course of construction coverage (new construction and remodel/renovation) up to \$25,000,000 at no additional premium and up to \$50,000,000 with payment of premium.
- Municipal Bond and Tax Revenue Interruption Coverage.
- Higher sublimits on coverage such as extra expense, transit and expediting expenses.
- \$100 million limit for boiler & machinery.
- Includes full terrorism coverage.
- Includes coverage for cyber liability (1st and 3rd party).
- Includes coverage for pollution liability and remediation (1st and 3rd party).
- Includes coverage for vehicles and mobile equipment on a replacement cost basis for both comprehensive and collision.

If the City chooses to participate in APIP, it would provide the following benefits:

- Be a part of the largest single property placement in the world.

SUBMISSION REQUIREMENTS

- Competitive pricing: Our typical new client saves 15-30% in premium when moving their program to APIP.
- Maintain separate, dedicated catastrophe limits.
- Coverage Integration: The boiler & machinery coverage, property, auto physical damage (comp/collision) covered on one form consolidating purchasing and reducing potential gaps in coverage.
- Improved Property Valuation: The program includes no-cost appraisal services for buildings with values greater than \$5,000,000, reduced cost appraisals for locations less than \$5,000,000 ensuring the State adequately insures its property exposures.
- Builder's risk coverage is included for no additional cost for projects up to \$25,000,000 and offers greatly reduced pricing for projects up to \$50,000,000. We have found this to be an enhancement that has resulted in significant savings for our clients.
- No coverage restrictions for vacant buildings.

Alliant has significant experience tailoring our property program to fit the exact needs of our public entity clients.

Crime

Crime continues to be an issue in the public entity space including municipalities. From embezzlement and forgery to securities fraud and theft, organizations of all sizes are vulnerable to an expanding variety of crimes and criminal performances done by employees and other parties.

There is a principal element to consider in the current Crime program. Faithful performance is a crucial coverage as it provides coverage for loss of or damage to money, securities and other property resulting from loss by an employee while in the execution of their job responsibilities. Coverage is for loss of money, securities and other property resulting from the failure of any employee to faithfully perform his or her duties as prescribed by law, when such failure results in the loss of covered property. This Coverage is typically specifically excluded in many crime policies. Below is a summary of coverages we would pay particular attention to when placing your Crime program:

1. Employee Dishonesty to include Faithful performance coverage with a limit matching the per occurrence limit of the City's Crime policy.
2. A minimum of \$500,000 for unintentional errors and omissions.
3. The Crime policy should include the endorsement that provides impersonation fraud coverage.
4. The Crime policy should include specified non-compensated officers as employees.
5. The Crime policy should not exclude bonded employees.
6. The Crime policy should include coverage for credit and debit card fraud.
7. A deductible of \$25,000 per occurrence should be universal on the program.

SUBMISSION REQUIREMENTS

Alliant Crime Insurance Program (ACIP)

Alliant has developed an exclusive Crime program for our public entity clients. This program provides coverage on a group purchase basis. The form offers broad insurance terms including faithful performance, unintentional errors and omissions, includes students and volunteers as employees, includes specified non-compensated officers as employees, claim preparation expenses and does not exclude bonded employees. The policy has a \$50,000 sublimit for claims preparation expenses. In addition to the coverage enhancements, the program provides our clients with higher policy limits and premium savings. The program minimum deductible is \$2,500 as well.

General Liability

Overall, the casualty market continues to soften and we are seeing a trend of 5-7% reductions in premiums this year alone. In some instances, carriers withdraw from a certain line of risk, but then other carriers cannot compete with other carriers that are new to this risk. Competition is still strong and continues to expand. One good option is our Alliant National Municipal Liability Program.

Alliant National Municipal Liability Program (ANML) and Catastrophic Liability Insurance Program (CLIP)

The ANML program offers the broadest coverage available in the marketplace for excess liability. It provides coverage for bodily injury, property damage, public official errors and omissions, unfair employment practices, auto liability and employee benefits liability, all on an occurrence basis. The basic ANML Program provides a \$10,000,000 limit, excess of the City's retention. Optional excess limits are available in the ANML program and in the Catastrophic Liability Insurance Program (CLIP).

Program Advantages

- Market share and strength – over \$35 million in premium.
- Designed specifically for public entities like the City.
- Broad manuscripted coverage form designed to meet the needs of a variety of public entities including cities, counties and states.
- Program is marketed each year in the worldwide insurance marketplace to assure that current terms are the most comprehensive and competitive available.

Coverage highlights

- Occurrence form.
- Only aggregates apply to Completed Operations, aggregate applies on a per member basis.
- Reimbursement of 50% defense costs (\$250,000 max) for successful defense of Unfair Employment Practices claims.
- Coverage for allocated expenses of employed attorneys.
- Sudden and accidental pollution with 7 day discovery.

SUBMISSION REQUIREMENTS

- Express coverage for third party attorney fees.
- Blanket additional insured endorsement.
- Joint purchase program, no sharing of limits or risk.

Excess Workers' Compensation

Your dedicated service team has significant placing complex Workers' Compensation programs for our public entity clients. Workers' compensation coverage has continued to become more complex to place as insurance carriers try to strengthen their underwriting profits by focusing on better than average loss accounts. Many large carriers are now unwilling to write monoline workers' compensation opting rather to combine workers' compensation with another line of coverage. A decade ago, carriers would write a broad class while relying on the law of large numbers and the back-up investment income to be profitable. Those profits never materialized, so carriers now require more granular information and tighter loss prevention programs from their insureds. Most notably, carriers are now more willing to walk away from a client or class of business which definitely has created challenges for many city clients.

Looking ahead, one wild card is the impact the Affordable Care Act (ACA) will have on workers' compensation claims. Workers with health coverage may be less likely to attribute an injury to their job. Similarly, this may change the practice for sympathetic juries to side with injured workers against employers under the assumption that the claimant has no other source of medical payments.

It is likely that the uncertainty of the ACA has helped to normalize the fluctuations in the industry and despite the challenges outlined above, rate increases seem to be stabilizing from the double digit increases we saw in previous years.

The City may award a contract based on the initial offer. A proposer should make its initial offer on the most favorable terms available. Include broker service compensation on the basis of (1) fee for service, (2) flat fee or (3) commission only. If the fee is commission only, please provide a detailed structure of how the fee is calculated and paid by the insurance carriers as part of this proposal. In addition, provide fees or costs, if any, for add-on services that you provide that may be of value to the City. The City reserves the right, however, to have discussions with those proposers falling within a competitive range, and to request revised pricing offers from them and to make an award or conduct negotiations thereafter.

Alliant is amenable to working with the City on either commission or a flat fee basis. We believe both fee options proposed are fair to all parties but we are happy to negotiate compensation, should the City determine that further discussion is needed.



SUBMISSION REQUIREMENTS

Commission Based Compensation Structure

Under this structure, commissions would be capped at 11% for Alliant. What this means is that Alliant would accept commissions only up to the capped amount. For those placements that pay additional commissions, Alliant would offset the cost of the City's policy by providing a rebate (credit) towards the placement. We have found that this generally helps entities save additional premium rather than simply allowing the carrier to retain the premium.

Under the "commission based structure" compensation would only be received when the City binds a policy or makes a premium bearing change to the policy (i.e. endorsement).

Firm Fixed Cost Structure

Our proposed base fee for insurance brokerage services is noted below and is inclusive of all services to be rendered by our firm within the scope of this RFP except as noted below.

Year	Base Fee
Base Year 1	\$49,500
Base Year 2	\$50,738
Base Year 3	\$52,006
Optional Year 4	\$53,306
Optional Year 5	\$54,639

Our flat fee pricing structure takes into account brokerage services of those placements contemplated within this RFP. Additional lines of coverage (i.e. new placements) would be billed at the established commission cap of 11%.

The proposed fee does not include Alliant Underwriting Services (AUS) who are paid directly from the carriers for providing underwriting services to the APIP, ANML, OEL, NAMP and NALIP programs should the City choose to participate in one of these programs. It also does not include any fees for wholesalers or intermediaries, whose use is deemed necessary and beneficial in the placement of some of the City's insurance programs. Alliant does not own any wholesaler or intermediary firm. Note, the use of wholesalers and/or intermediaries would be fully disclosed during placement negotiation.

Loss Control and Appraisal Services outside of those provided within our proprietary programs are available at additional discounted charges, based on the required service. Loss Control via Alliant Business Services is available at a rate starting at \$150 per hour plus expenses. Appraisal services are available at rates beginning at \$225 per building.

We wish to emphasize our flexibility in working with the City in this area and are open to any alternatives the City may prefer.



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Alliant Underwriting Services (AUS)

Alliant Underwriting Services (AUS) is a separate division of Alliant that employs underwriters to work on a variety of specialty programs distributed by Alliant brokers to specific industry segments. This activity originated in property/casualty and workers' compensation programs for Tribal Nations, quickly followed by the APIP program for public agencies, and now AUS provides underwriting services for a wide variety of Alliant programs including restaurants, waste haulers, auto parts manufacturers, contractors, commercial real estate owners, and others. In all cases, the underwriters employed by AUS are just that – seasoned and experienced underwriters, some with over 30 years of underwriting experience for insurers.

The services provided for these programs, for example the APIP and ANML Liability Programs, are paid by the carrier to Alliant because Alliant is performing the underwriting services that otherwise would be performed by the carrier themselves. In other words, the carrier has outsourced this function. In all of these cases, AUS underwriters have the necessary expertise and can provide the underwriting services on a product or program more efficiently than the carrier(s) itself, and therefore the carriers on these AUS underwritten programs choose to utilize AUS for that purpose.

It is important to note that efforts are not duplicated by this team. Your Alliant retail producers and service staff are responsible for the delivery of services outlined in the "scope of services" including but not limited to: the preparation of underwriting information, submission of insurance specifications to all agreed upon markets, negotiations with underwriters and analysis of the proposed policy forms. This is work that must be done to properly market and place the City's risks with any market or carrier, whether an Alliant program, or not.

Intermediary or wholesaler compensation may be included in a given placement depending on whether an intermediary was utilized, or not. We use intermediaries or wholesalers for a variety of placements where we believe they add value, and that value is typically easy to calculate when we and you analyze the various options for a given insurance placement. So, if the cost of involving a wholesaler is too high, then we and you will decide to place the business elsewhere.

It is also important to note that in some cases, one may be required to use a wholesale broker to access numerous insurers. A long list of competitive carriers choose to only allow access via a wholesale broker, and therefore one must use the wholesaler in order to obtain terms from that carrier.

As noted in previous correspondence and in our RFP response, Alliant owns no intermediary or wholesaler and uses a variety of independent wholesale firms in order to obtain the best possible terms for each placement or program.

For most insurance placements, the "expense" involved in underwriting a policy is built in to the overall expenses of the insurer. These can therefore be difficult to specifically discern on a given placement. Generally, the entire expense component of an insurer is in the 25 – 30% range of the overall cost of the



SUBMISSION REQUIREMENTS

policy. This, of course, varies by coverage line and by carrier. This number also necessarily includes other costs of the insurer (i.e. claims staff, as an example), not just the underwriting costs.

Alliant Business Services (ABS) provides the Loss Control and Appraisal Services for the APIP program. The City can choose to opt out of (ABS) and handle the Loss Control and Appraisals separately. Keeping in mind the APIP underwriters require that all locations over \$5 million be appraised once every five years.

Transparency and Disclosure

During the time of this AGREEMENT, ALLIANT will, upon request, disclose COMMISSIONS, where possible, received by ALLIANT in connection with any insurance placements on behalf of CLIENT under ALLIANT'S "Transparency and Disclosure" policy, a copy of which is made available upon request. Pursuant to its policy, ALLIANT will conduct business in conformance with all applicable insurance regulations and in advancement of the best interests of its clients. In addition, ALLIANT'S conflict of interest policy precludes it from accepting any form of broker incentives that would result in business being placed with carriers in conflict with the interests of ALLIANT'S clients.

Other Alliant Services

- (a) Alliant Specialty Insurance Services (ASIS). In addition to the COMPENSATION that ALLIANT receives, its related entity, Alliant Specialty Insurance Services (ASIS) and its underwriting operations, Alliant Underwriting Services (AUS), may receive compensation from ALLIANT and/or carriers for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Compensation received by ASIS will be disclosed in writing to CLIENT and is agreed to by CLIENT as part of the premium. CLIENT further acknowledges that ALLIANT and ASIS maintain an arm's length relationship. CLIENT understands that while ALLIANT represents CLIENT as an individual entity, ASIS independently administers its program as a whole and not on behalf of any particular member.
- (b) Alliant Business Services (ABS). Additionally, ALLIANT'S internal operating group, Alliant Business Services (ABS), may receive compensation from ALLIANT and/or carriers for providing designated, value-added services. Services contracted for by the CLIENT directly will be invoiced accordingly. Otherwise, services will be provided at the expense of ALLIANT and/or the carrier.

Taxes & Fees, Third Party Brokers and Indirect Income

Surplus Lines Fees and Taxes. In certain circumstances, placement of insurance services made by ALLIANT on behalf of CLIENT, with the prior approval of CLIENT, may require the payment of surplus lines assessments, taxes, and/or fees to state regulators, boards, and associations. Such assessments, taxes, and/or fees will be charged to CLIENT and identified separately on invoices covering these placements. CLIENT shall be responsible for all such assessments, taxes, and fees, whether or not separately invoiced. ALLIANT shall not be responsible for the payment of any such fees, taxes, or assessments, except to the extent such fees, taxes or assessments have already been collected from CLIENT.

SUBMISSION REQUIREMENTS

Third Party Brokers

ALLIANT may determine from time to time that it is necessary or appropriate to utilize the services of third party brokers (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the CLIENT insurance PROGRAM. Subject to the provisions herein, these third party brokers may be affiliates of ALLIANT (e.g., other companies of ALLIANT that provide services other than those included within the SCOPE OF SERVICES of this AGREEMENT), or may be unrelated third party brokers. Compensation to such third party brokers will not be part of ALLIANT'S FEE.

Indirect Income

"INDIRECT INCOME" means insurance carrier contingency arrangements. ALLIANT will accept these compensation incentives from insurers, if any, including contingent commissions, market service agreements (MSA), volume-based commission incentives and rebates on business placed on behalf of CLIENT within the SCOPE OF SERVICE of this AGREEMENT. The parties acknowledge that ALLIANT producers who solicit, negotiate, or place insurance products, or services for clients, including CLIENT, do not negotiate indirect income agreements with the carriers, nor do they receive any portion of the indirect income paid to ALLIANT. Nonetheless, the client may opt-out of having its premiums included in the calculation of indirect income by accessing the "opt-out" form from the link on Alliant's website: <http://alliantinsurnace.com/Legal-Notices/Pages/Disclosure-Policy.aspx>. The "opt out" provision applies only to those accounts served directly by ALLIANT as a retail agent or broker. It does not apply to account placements for which ALLIANT's role is that of a wholesaler, MGA, or program administrator working with non-ALLIANT brokers who represent the client. The parties acknowledge that indirect income, if any, is determined by insurance carriers, and if the CLIENT does not opt-out, it remains the carriers' exclusive decision to include or exclude certain premiums in any calculation. The availability of information regarding the make-up of any indirect income payment is at the carrier's discretion.

Premium Financing

Upon CLIENT'S request, ALLIANT may provide CLIENT with assistance in obtaining a premium finance agreement with third party financing company. In some cases, the financing company may pay ALLIANT a fee for the placements facilitated by ALLIANT.

9. A written acknowledgement of the acceptance of the Contracting Requirements set forth in section IV of this RFP. Specific terms may be reserved for future negotiation, but must be clearly identified and reasons given for the reservation. Proposals which fail to address each of the submission requirements above will be deemed irresponsible and may not be considered.

Alliant has no exceptions to the Contracting Requirements or the requested services as outlined within the Scope of Services. We have strived to thoroughly answer all your questions; however, if we have missed any key area, please do not hesitate to let us know.