

**PROFESSIONAL SERVICES AGREEMENT  
FOR INSURANCE BROKERAGE SERVICES**

THIS AGREEMENT is made and entered into this 1st day of September, 2013 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., a California Corporation ("Consultant").

**WITNESSETH:**

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to provide insurance brokerage services as more fully described in Consultant's Proposal attached as Exhibit "A"; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code, Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit "A" (the "Project") and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of California Government Code, Sections 1090-1092, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

**1.0. SERVICES PROVIDED BY CONSULTANT**

1.1. Scope of Services. Consultant shall provide the professional services described in Consultant's Proposal, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. It is understood that in the exercise of every aspect of its role, within the scope of work, consultant will be representing the City of Costa Mesa, and all of its actions, communications, or other work, during its employment, under this contract is under the direction of the department. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City Clerk or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the matters of concern;
- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.5. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

## **2.0. COMPENSATION AND BILLING**

2.1. Compensation. As compensation for the provision of services outlined in Exhibit "A" and in accordance with this agreement, Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "B," attached hereto and incorporated by reference. Consultant's total compensation shall not exceed Fifty Thousand Dollars per year (\$50,000.00) or One Hundred and Fifty Thousand Dollars (\$ 150,000.00).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant's Proposal unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to City supervisor for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction as of the date the invoice is created. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

## **3.0. TIME OF PERFORMANCE**

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Said services shall be performed in strict compliance with the Project Schedule approved by City as set forth in Exhibit "C," attached hereto and incorporated herein by this reference. The Project Schedule may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

#### 4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of three (3) years ending on September 1, 2016, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated as to the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

#### 5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
- (b) Business automobile liability for owned vehicles, hired, and non-owned

vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.

- (c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant.."
- (b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City.
- (c) Other insurance: "The Consultant's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.
- (e) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of

the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance: Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement.

5.5. Non-limiting: Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

## **6.0. GENERAL PROVISIONS**

6.1. Entire Agreement: This Agreement constitutes the entire Agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices: Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such

communication is sent through regular United States mail.

IF TO CONSULTANT:

Arthur J. Gallagher Risk  
Management Services, Inc.  
18201 Von Karman, Suite 200  
Irvine, CA 92612  
Tel: 949-349-9827  
Fax: 949-349-9927  
Attn: John Chino

IF TO CITY:

City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626  
Tel: 714-754-5228  
Fax: 714-754-4991  
Attn: Lance Nakamoto

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "D" and incorporated herein by reference. Consultant's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees: In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law: This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment: Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Consultant's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action,

complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

6.10. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render



any reasonable assistance and cooperation which City might require.

6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure: Consultant has been advised and is aware that all reports, documents, information and data including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 et. seq.). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act (Government Code Sections 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent

jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,  
A municipal corporation

*Thomas R. Kately*  
Chief Executive Officer of Costa Mesa

Date: 8/29/13

*Archie Franco*  
Department Director

Date: 8-21-13

CONSULTANT

*Alice Youngbar*  
Signature *Alice Youngbar*  
*Area President*

Date: 8-12-13

Name and Title


[Redacted]  
Social Security or Taxpayer ID Number

ATTEST:

*Blenda Green*  
City Clerk and ex-officio Clerk  
of the City of Costa Mesa

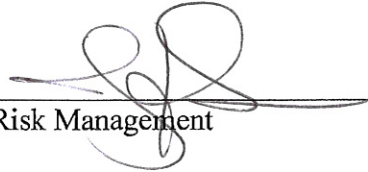


APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney


Date: 08/19/13

APPROVED AS TO INSURANCE:

  
\_\_\_\_\_  
Risk Management

Date: 8/15/13

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Project Manager

Date: 8/20/13

**EXHIBIT A**  
**CONSULTANT'S PROPOSAL**



**REQUEST FOR PROPOSAL  
FOR  
INSURANCE BROKER SERVICES**



**HUMAN RESOURCES DIVISION  
CITY OF COSTA MESA**

**Released on August 17, 2012**

## REQUEST FOR PROPOSAL (RFP)

### PROFESSIONAL INSURANCE BROKERAGE SERVICES

Dear Proposers:

The City of Costa Mesa (hereinafter referred to as the "City") is requesting proposals from a qualified firm to provide professional insurance brokerage services to assist in the management of the City's various insured and self-funded insurance programs in the areas listed below:

- a. Excess General Liability, including employment practices
- b. Property; including Cyber coverage
- c. Automobile
- d. Boiler and Machinery
- e. Excess Workers' Compensation
- f. Earthquake and Flood
- g. Crime
- h. Environmental
- i. Special Event Insurance Program
  - Includes Tenant/User event, Instructor/Recreation event, Nominee event, Concessionaire and additional insured.
- j. Any other coverage requested by the City of Costa Mesa or recommended by the broker

The contract term is for three (3) years with two (2) one-year options to renew.

#### 1. BACKGROUND

The City of Costa Mesa is a general law city, which operates under the council/manager form of government with a General Fund budget of over \$111 million and a total of over \$132 million of fiscal year 2012-2013.

The City of Costa Mesa, incorporated in 1953, has an estimated population of 116,479 and has a land area of 16.8 square miles. It is located in the southern coastal area of Orange County, California, and is bordered by the cities of Santa Ana, Newport Beach, Huntington Beach, Fountain Valley and Irvine.

The City is a "full service city" and provides a wide range of services. These services include: police and fire protection; animal control; emergency medical aid; building safety regulation and inspection; street lighting; land use planning and zoning; housing and community development; maintenance and improvement of streets and related structures; traffic safety, maintenance and improvement; and full range of recreational and cultural programs.

The City of Costa Mesa is home of the Segerstrom Center for the Arts, Orange County Fairgrounds, South Coast Repertory Theater and the South Coast Plaza Shopping Center, which is the single largest commercial activity center in the City. The volume of sales generated by South Coast Plaza, secures its place as the highest volume regional shopping center in the nation.

**2. SCHEDULE OF EVENTS**

This request for proposal will be governed by the following schedule:

- Release of RFP.....August 17, 2012
- Deadline for Written Questions .....September 7, 2012
- Responses to Questions Posted on Web .....September 14, 2012
- Proposals are Due .....September 26, 2012
- Interview (if held) .....October 15 – 19, 2012
- Approval of Contract .....December 4, 2012

All dates are subject to change at the discretion of the City.

**3. SCOPE OF WORK**

**ASSIGNED PERSONNEL:** The BROKER shall designate a Principal to be assigned to this account to act as the primary contact for the CITY. The CITY must approve the Principal and any other personnel assigned to perform services for the CITY (hereafter collectively referred to as "assigned personnel"). If for any reason the CITY finds, in its sole discretion, that the service provided by any assigned personnel is unsatisfactory, the BROKER will agree to assign replacement personnel that must also be approved by the CITY. Personnel assigned to the account must have a minimum of five (5) years full time experience as a broker and a minimum of three (3) years experience with public agency insured and self-insured insurance program management is preferred.

**AUDIT:** The BROKER will cooperate with the CITY and make available any and all files and records available for audits. The CITY will have reasonable access to the necessary portions of the BROKER facilities, records and files for review or audit purposes.

**PROGRAM ADMINISTRATION:** Program administration shall include, but not be limited to the following:

1. Act as an independent insurance advisor to the City and proactively provide ongoing unbiased professional advice and recommendations that benefit the City.
2. Proactively provide ongoing review and analysis of the City's insurance programs and identification of risk transfer and risk financing options.
3. Be familiar with the major exposures of the City.
4. Be familiar with the coverage provided by all relevant insurance policies and documents issued to the City.
5. Assure that insurance policies are placed in a timely manner, without lapses in coverage periods, with reputable and financially responsible insurers.
6. Provide service for the insurance policies placed for the City including processing all changes and endorsements and verifying the accuracy of invoices within a reasonable time.
7. Provide early warning of rate and coverage changes or renewal problems through a process to be mutually agreed upon with the City.



8. Upon request of the City, but at least once a year, provide a comprehensive report that reviews all of the City's insurance programs.
9. Through a mutually agreed upon process, monitor the City's operations and loss exposures and make any appropriate recommendations for coverage changes or new coverage.
10. Be available to answer questions or obtain answers from underwriters for policy coverage questions.
11. Meet with City staff and designated representatives as reasonably requested.
12. Provide consultation service and written reports as normally expected of a professional broker to a large client.
13. Provide loss control services and assistance with claims as requested by the City. Assist in analyzing loss exposures from existing and new operations, and determine the appropriate risk management alternatives, including types, availability, costs and extent of coverage that should be considered.

Brokerage and consulting services must be provided for annual policy renewals and on an as needed basis. The selected broker must provide a thorough renewal presentation each year at least thirty (30) days before current policy expiration date with policy recommendations to include an analysis of available alternatives in consideration of City's exposures. Brokerage services must also include market research, policy endorsements, certificates of insurance, and coverage consultation on claims filed against the City. The Broker will also advise on a continuing basis, and in a timely manner, of any and all significant matters and developments regarding carrier service issues.

## **SPECIAL REQUIREMENTS**

### **A. Period of Agreement**

The selected broker will be appointed as the City's Broker(s) of Record for property/casualty and other insurance as required for a period of three (3) years with two (2) additional one-year options, at the City's sole discretion. Appointment as Broker of Record creates no right to reappointment or continued service. If negotiations for renewal of this contract are delayed for reasons beyond control of broker, the contract shall automatically be extended under the same terms and conditions until terminated by written notice by either party or by execution of a new contract.

### **B. Policy Review**

Review policies and other documents in detail within 14 days of receipt of the documents. Check the wording and accuracy of each policy, binder, certificate, endorsement or other document received from insurers. Ensure that the intended coverage is provided, all coverage, terms, conditions and other wording is complete and accurate, and in compliance with financial arrangements and administrative procedures acceptable to the City. Obtain revisions needed to achieve compliance with coverage request.

### **C. Policy Amendments**

Process requests for additions or deletions to policies within five (5) business days of receipt. Provide follow up with insurer that the insurer has handled the request. Advise in writing of any changes to insurance policy(ies) within 14 days.

#### **D. Marketing**

1. Monitor expiration dates of policies and provide the City with written notification at least 90 days prior to expiration, including a description of information needed to process the renewal.
2. Develop and implement a marketing strategy, including identifying potential markets, for program renewals at least 90 days before policy expiration.
3. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals of policies placed.
4. Work with carriers to design policies and programs most advantageous to the City for coverage of exposures, policy form, exclusions, deductibles, self-insured retentions, coordination with other policies, costs and other pertinent factors.
5. Market renewal coverage for the City by obtaining timely and competitive quotations from available and responsible insurers & re-insurers.
6. Provide quotations to the City at least thirty (30) days prior to insurance policy expiration unless otherwise approved by the City.
7. If requested by the City, provide the City with copies of declination letters and all premium quotations received with a summary of coverage explaining deficiencies or benefits of the quote compared to the recommended insurance program.
8. Provide quotations for specialized types of insurance, as requested by the City.

#### **E. Claims**

1. Assist the City staff, as necessary, with filing claims.
2. Work with outside claims adjustors as necessary.
3. Represent the interests of the City in policy interpretation and other negotiations with insurance carriers.
4. Assist the City with review of claim reserves, and represent the City to the insurer with regard to requested explanation or reduction of reserve amounts. Follow-up with insurer as necessary until resolution of any reserve reduction requests are accomplished or until claim is closed.
5. Provide annual summaries by policy year for each of the last five years indicating total number of losses by type for each line of coverage and showing earned premium, incurred losses and loss ratio.

#### **F. Certificates of Insurance**

Issue certificates of insurance within three (3) business days following the date of request.

#### **G. Contract Review**

Review contracts and lease agreements as requested and notify the City whether the insurance programs of the City are in compliance with insurance requirements of contracts and/or agreements.

## H. Legal Compliance

Comply with all State and Federal laws and regulations pertaining to insurance brokers licensed in the State of California.

### 4. PROPOSAL FORMAT GUIDELINES

Interested firms are to provide the City of Costa Mesa with a thorough proposal using the following guidelines:

Proposal should be typed and should contain no more than 20 typed pages using a 12-point font size, including transmittal letter and resumes of key people, but excluding Index/Table of Contents, tables, charts, and graphic exhibits. Each proposal will adhere to the following order and content of sections. Proposal should be straightforward, concise and provide "layman" explanations of technical terms that are used. Emphasis should be concentrated on conforming to the RFP instructions, responding to the RFP requirements, and on providing a complete and clear description of the offer. Proposals which appear unrealistic in terms of technical commitments, lack of technical competence or are indicative of failure to comprehend the complexity and risk of this contract may be rejected. The following proposal sections are to be included in the Proposer's response:

- **Vendor Application Form and Cover Letter**

Complete Appendix A, "Request for Proposal-Vendor Application Form" and attach this form to the cover letter. A cover letter, not to exceed three pages in length, should summarize key elements of the proposal. An individual authorized to bind the consultant must sign the letter. The letter must stipulate that the proposal price will be valid for a period of at least 180 days. Indicate the address and telephone number of the contractor's office located nearest to Costa Mesa, California and the office from which the project will be managed.

- **Background and Project Summary Section**

The Background and Project Summary Section should describe your understanding of the City, the work to be done, and the objectives to be accomplished. Refer to Scope of Work of this RFP.

- **Methodology Section**

Provide a detailed description of the approach and methodology to be used to accomplish the Scope of Work of this RFP. The Methodology Section should include:

1. An implementation plan that describes in detail (i) the methods, including controls by which your firm manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
2. Detailed description of efforts your firm will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

3. Detailed project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion, including a complete transition plan. Include your plan to deal with fluctuation in service needs and any associated price adjustments.
4. Detailed description of specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.
5. Proposers are encouraged to provide additional innovative and/or creative approaches for providing the service that will maximize efficient, cost-effective operations or increased performance capabilities. In addition, the City will consider proposals that offer alternative service delivery means and methods for the services desired.

- **Staffing**

Provide a list of individual(s) who will be working on this contract and indicate the functions that each will perform and anticipated hours of service of each individual. Include a resume for each designated individual.

Upon award and during the contract period, if the proposer chooses to assign different personnel to the contract, the Proposer must submit their names and qualifications including information listed above to the City for approval before they begin work.

- **Minimum Qualifications**

The information requested in this section should describe the qualifications of the firm or entity and key staff performing projects within the past five years that are similar in size and scope to demonstrate competence to perform these services. Information shall include:

Names of assigned personnel dedicated to the account and their specific responsibilities with respect to this scope of work. Please include an organizational chart that reflects the titles of key staff and management contacts of each individual assigned to provide services under this contract.

A summary of your firm's demonstrated capability, including length of time that your firm has provided the services being requested in this Request for Proposal.

Provide at least three references that received similar services from your firm. The City of Costa Mesa reserves the right to contact any of the organizations or individuals listed. Information provided shall include:

- Client Name
- Project Description
- Project start and end dates
- Client project manager name, telephone number, and e-mail address.

Be licensed as insurance brokers in the State of California. A copy of license is to be provided with response;

Have at least five (5) years of experience in providing brokerage services to municipalities;

Have the experience with municipalities similar in size, types of exposures to the City and in the types of policies and coverage referenced herein;

Have the ability to place all lines of coverage currently purchased by the City, that may be appropriate for the City, or that may be recommended by the broker.

In addition, all firms shall have:

1. At least ten (10) years experience with commercial insurance policies.
2. At least five (5) years experience working with governmental entities.
3. No prior history of corrective action with the California Department of Insurance.

- **Financial Capacity**

Provide the Proposer's latest audited financial statement or other pertinent information such as internal unaudited financial statements and financial references to allow the City to reasonably formulate a determination about the financial capacity of the Proposer. Describe any administrative proceedings, claims, lawsuits, or other exposures pending against the Proposer.

- **Fee Proposal**

All Proposers are required to use the form in Appendix D to be submitted with their proposal. Pricing instructions should be clearly defined to ensure fees proposed can be compared and evaluated. Proposals shall be valid for a minimum of 180 days following submission.

- **Disclosure**

Please disclose any and all past or current business and personal relationships with any current Costa Mesa elected official, appointed official, City employee, or family member of any current Costa Mesa elected official, appointed official, or City employee. *Any past or current business relationship may not disqualify the firm from consideration.*

- **Sample Agreement**

The firm selected by the City will be required to execute an Agreement for Services (Agreement) with the City. The form of the Agreement is enclosed as Appendix B, but may be modified to suit the specific services and needs of the City. If a Proposer has any exceptions or conditions to the Agreement, these must be submitted for consideration with the proposal. Otherwise, the Proposer will be deemed to have accepted the form of Agreement. See Section 13, below.

- **Checklist of Forms to Accompany Proposal**

As a convenience to Proposers, following is a list of the forms, included as appendices to this RFP, which should be included with proposals

- (1) Vendor Application Form
- (2) Ex Parte Communications Certificate
- (2) Price Proposal Form
- (3) Disclosure of Government Positions
- (4) Disqualifications Questionnaire

**5. PROCESS FOR SUBMITTING PROPOSALS**

- **Content of Proposal**

The proposal must be submitted using the format as indicated in the proposal format guidelines.

- **Preparation of Proposal**

Each proposal shall be prepared simply and economically, avoiding the use of elaborate promotional material beyond those sufficient to provide a complete, accurate and reliable presentation.

- **Number of Proposals**

Submit one original, five (5) hard copies, plus one disk copy of your proposal in sufficient detail to allow for thorough evaluation and comparative analysis. In the event of a conflict between the original and any hard copy or disk copy, the original shall control.

- **Submission of Proposals**

*Complete written proposals must be submitted in sealed envelopes marked and received no later than 12:00 p.m. (P.S.T) on September 26, 2012 to the address below. Proposals will not be accepted after this deadline. Faxed or e-mailed proposals will not be accepted.*

Costa Mesa City Clerk  
Attn: Jennifer Sommers  
77 Fair Drive  
Costa Mesa, CA 92626  
RE: Insurance Broker Services

- **Inquiries**

*Questions about this RFP must be directed in writing, via e-mail to:*

Kim Wilson, RFP Facilitator

Kimberly.Wilson@Costamesaca.gov

The City reserves the right to amend or supplement this RFP prior to the proposal due date. All amendments, responses to questions received, and additional information will be posted to the Costa Mesa Procurement Registry, Costa Mesa - Official City Web Site - Business - Bids & RFP's; Proposers should check this web page daily for new information. The City will endeavor to answer all written questions timely received no later than September 14, 2012. The City reserves the right not to answer all questions.

From the date that this RFP is issued until a firm is selected and the selection is announced, firms are not allowed to communicate outside the process set forth in this RFP with any City employee other than the contracting officer listed above regarding this RFP. The City reserves the right to reject any proposal for violation of this provision. No questions other than written will be accepted, and no response other than written will be binding upon the City.

- **Conditions for Proposal Acceptance**

This RFP does not commit the City to award a contract or to pay any costs incurred for any services. The City, at its sole discretion, reserves the right to accept or reject any or all proposals received as a result of this RFP, to negotiate with any qualified source(s), or to cancel this RFP in part or in its entirety. The City may waive any irregularity in any proposal. All proposals will become the property of the City of Costa Mesa, USA. If any proprietary information is contained in the proposal, it should be clearly identified.

## **6. EVALUATION CRITERIA**

The City's evaluation and selection process will be conducted in accordance with Chapter V, Article 2 of the City's Municipal Code (Code). In accordance with the Code, the lowest responsible bidder will be determined based on evaluation of qualitative factors in addition to price. At all times during the evaluation process, the following criteria will be used. Sub-criteria are not necessarily listed in order of importance. Additional sub criteria that logically fit within a particular evaluation criteria may also be considered even if not specified below.

1. **Qualifications of Firm and Key Personnel-----25%**

Includes ability to provide the requested scope of services, the Proposer's financial capacity, recent experience conducting work of similar scope, complexity, and magnitude for other public agencies of similar size, references.

2. **Approach to Providing the Requested Scope of Services-----35%**

Includes an understanding of the RFP and of the project's scope of services, knowledge of applicable laws and regulations related to the scope of services.

3. Price Proposal-----30%

Price Proposals will be evaluated on the basis of the Total Estimated Annual Price submitted in Appendix D.

4. Innovative and/or creative approaches to providing the services that provide additional efficiencies or increased performance capabilities-----10%

**7. EVALUATION OF PROPOSALS AND SELECTION PROCESS**

In accordance with its Municipal Code, the City will adhere to the following procedures in evaluating proposals. An Evaluation/Selection Committee (Committee), which may include members of the City's staff and possibly one or more outside experts, will screen and review all proposals according to the weighted criteria set forth above. While price is one basic factor for award, it is not the sole consideration.

**A. Responsiveness Screening**

Proposals will first be screened to ensure responsiveness to the RFP. The City may reject as non-responsive any proposal that does not include the documents required to be submitted by this RFP. At any time during the evaluation process, the City reserves the right to request clarifications or additional information from any or all Proposers regarding their proposals.

**B. Initial Proposal Review**

The Committee will initially review and score all responsive written proposals based upon the Evaluation Criteria set forth above. The Committee may also contact Proposer's references. Proposals that receive the highest evaluation scores may be invited to the next stage of the evaluation process. The City may reject any proposal in which a Proposer's approach, qualifications, or price is not considered acceptable by the City. An unacceptable proposal is one that would have to be substantially rewritten to make it acceptable. The City may conclude the evaluation process at this point and recommend award to the lowest responsible bidder. Alternatively, the City may elect to negotiate directly with one or more Proposers to obtain the best result for the City prior to making a recommendation or selection.

**C. Interviews, Reference Checks, Revised Proposals, Discussions**

Following the initial screening and review of proposals, the Proposers included in this stage of the evaluation process may be invited to participate in an oral interview. Interviews, if held, are tentatively scheduled for October 15 - 19, 2012, and will be conducted at City of Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, CA 92626. This date is subject to change. The individual(s) from Proposer's firm that will be directly responsible for carrying out the contract, if awarded, should be present at the oral interview. The oral interview may, but is not required to, use a written question/answer format for the purpose of clarifying the intent of any portions of the proposal.

In addition to conducting an oral interview, the City may during this stage of the evaluation process also contact and evaluate the Proposer's references, contact any Proposer to clarify any response or request revised or additional information, contact any



current users of a Proposer's services, solicit information from any available source concerning any aspect of a proposal, and seek and review any other information deemed pertinent to the evaluation process.

Following conclusion of this stage of the evaluation process, the Committee will again rank all Proposers according to the evaluation criteria set forth above. The Committee may conclude the evaluation process at this point, and make a recommendation for award, or it may request Best and Final Offers from Proposers. The City may accept the proposal or negotiate the terms and conditions of the agreement with the highest ranked firm, which shall be determined to be the lowest responsible bidder. The City may recommend award without Best and Final Offers, so Proposers should include their best proposal with their initial submission.

Recommendation for award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing Proposers unless an agreement is reached. If contract negotiations cannot be concluded successfully within a time period determined by the City, the City may terminate negotiations and commence negotiations with the next highest scoring Proposer or withdraw the RFP.

## **8. PROTEST PROCEDURES**

Failure to comply with the rules set forth herein may result in rejection of the protest. Protests based upon restrictive specifications or alleged improprieties in the proposal procedure which are apparent or reasonably should have been discovered prior to receipt of proposals shall be filed in writing with the RFP Facilitator at least 10 calendar days prior to the deadline for receipt of proposals. The protest must clearly specify in writing the grounds and evidence on which the protest is based.

Protests based upon alleged improprieties that are not apparent or which could not reasonably have been discovered prior to submission date of the proposals, such as disputes over the staff recommendation for contract award, shall be submitted in writing to the RFP Facilitator, within forty-eight hours from receipt of the notice from the City advising of staff's recommendation for award of contract. The protest must clearly specify in writing the grounds and evidence on which the protest is based. The RFP Facilitator will respond to the protest in writing at least three days prior to the meeting at which staff's recommendation to the City Council will be considered. Should Proposer decide to appeal the response of the RFP Facilitator, and pursue its protest at the Council meeting, it will notify the RFP Facilitator of its intention at least two days prior to the scheduled meeting.

## **9. CONFIDENTIALITY**

The California Public Records Act (Cal. Govt. Code Sections 6250 et seq.) mandates public access to government records. Therefore, unless information is exempt from disclosure by law, the content of any request for explanation, exception, or substitution, response to this RFP, protest, or any other written communication between the City and Proposer, shall be available to the public. The City intends to release all public portions of the proposals following the evaluation process at such time as a recommendation is made to the City Council.

If Proposer believes any communication contains trade secrets or other proprietary information that the Proposer believes would cause substantial injury to the Proposer's competitive position if disclosed, the Proposer shall request that the City withhold from disclosure the proprietary information by marking each page containing such proprietary information as confidential. Proposer may not designate its entire proposal as confidential nor designate its Price Proposal as confidential.

Submission of a proposal shall indicate that, if Proposer requests that the City withhold from disclosure information identified as confidential, and the City complies with the Proposer's request, Proposer shall assume all responsibility for any challenges resulting from the non-disclosure, indemnify and hold harmless the City from and against all damages (including but not limited to attorney's fees that may be awarded to the party requesting the Proposer information), and pay any and all costs and expenses related to the withholding of Proposer information. Proposer shall not make a claim, sue, or maintain any legal action against the City or its directors, officers, employees, or agents concerning the disclosure, or withholding from disclosure, of any Proposer information. If Proposer does not request that the City withhold from disclosure information identified as confidential, the City shall have no obligation to withhold the information from disclosure and may release the information sought without any liability to the City.

#### **10. EX PARTE COMMUNICATIONS**

Proposers and Proposers' representatives should not communicate with the City Council members about this RFP. In addition, Proposers and Proposers' representatives should not communicate outside the procedures set forth in this RFP with an officer, employee or agent of the City, including any member of the evaluation panel, with the exception of the RFP Facilitator, regarding this RFP until after Contract Award. Proposers and their representatives are not prohibited, however, from making oral statements or presentations in public to one or more representatives of the City during a public meeting.

A "Proposer" or "Proposer's representative" includes all of the Proposer's employees, officers, directors, consultants and agents, any subcontractors or suppliers listed in the Proposer's proposal, and any individual or entity who has been requested by the Proposer to contact the City on the Proposer's behalf. Proposers shall include the Ex Parte Communications form (Appendix C) with their proposals certifying that they have not had or directed prohibited communications as described in this section.

#### **11. CONFLICT OF INTEREST**

The Proposer warrants and represents that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code sections 1090 et seq., or sections 87100 et seq., during the performance of services under any Agreement awarded. The Proposer further covenants that it will not knowingly employ any person having such an interest in the performance of any Agreement awarded. Violation of this provision may result in any Agreement awarded being deemed void and unenforceable.

#### **12. DISCLOSURE OF GOVERNMENTAL POSITION**

In order to analyze possible conflicts that might prevent a Proposer from acting on behalf of the City, the City requires that all Proposers disclose in their proposals any positions that they hold

as directors, officers, or employees of any governmental entity. Additional disclosure may be required prior to contract award or during the term of the contract. Each Proposer shall disclose whether any owner or employee of the firm currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months using the attached "Disclosure of Government Positions Form." (See Appendix F.)

### **13 CONDITIONS TO AGREEMENT, IF ANY**

The selected Proposer will execute an Agreement for Services with the City describing the Scope of Services to be performed, the schedule for completion of the services, compensation, and other pertinent provisions. The contract shall follow the sample form of Agreement provided as Appendix B to this RFP, which may be modified by City. All Proposers are directed to particularly review the indemnification and insurance requirements set forth in the sample Agreement.

Pricing shall remain firm for a minimum of two (2) years. Any and all requests for pricing adjustments for follow-on contract renewal periods shall be provided no later than sixty (60) days prior to the end of the contract period. Any such proposed price adjustments shall not exceed The Bureau of Labor Statistics Consumer Price Index (CPI) data for Los Angeles-Riverside-Orange County, CA, All Items, Not Seasonally Adjusted, "annualized change comparing the original proposal month and the same month in the subsequent year. This information may be found on the U.S. Department of Labor's website at [www.bls.gov](http://www.bls.gov).

*The terms of the agreement, including insurance requirements have been mandated by the City and can be modified only if extraordinary circumstances exist.* Submittal of a proposal shall be deemed acceptance of all the terms set forth in this RFP and the sample Agreement for Services unless the Proposer includes with its proposal, in writing, any conditions or exceptions requested by the Proposer to the proposed Agreement. In accordance with the Municipal Code, the City may consider the scope and number of conditions in evaluation proposals and determining the lowest responsible bidder.

### **14. DISQUALIFICATION QUESTIONNAIRE**

Proposers shall complete and submit, under penalty of perjury, a standard form of questionnaire inquiring whether a Proposer, any officer of a proposer, or any employee of a Proposer who has a proprietary interest in the Proposer, has ever been disqualified, removed, or otherwise prevented from proposing on, or completing a federal, state, or local government project because of a violation of law or safety regulation and if so, to explain the circumstances. A proposal may be rejected on the basis of a Proposer, any officer or employee of such Proposer, having been disqualified, removed, or otherwise prevented from proposing on, or completing a federal, state, or local project because of a violation of law or a safety regulation. See Appendix E.

## 15. STANDARD TERMS AND CONDITIONS

### Amendments

The City reserves the right to amend or supplement this RFP prior to the proposal due date. All amendments and additional information will be posted to the Costa Mesa Procurement Registry, Costa Mesa - Official City Web Site - Business - Bids & RFP's; Proposers should check this web page daily for new information.

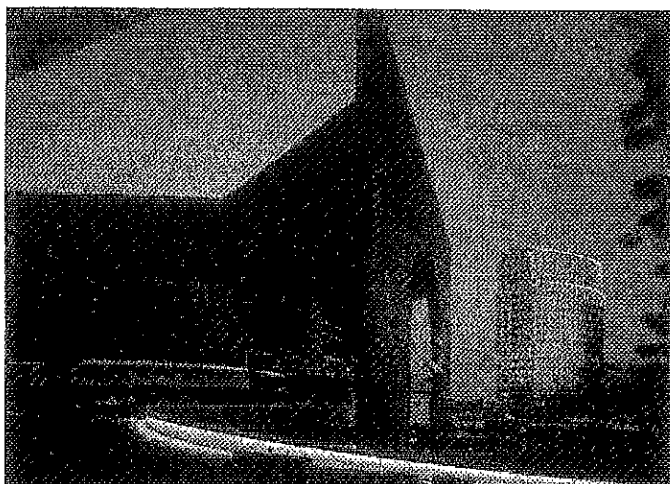
### Cost for Preparing Proposal

The cost for developing the proposal is the sole responsibility of the Proposer. All proposals submitted become the property of the City.

### Insurance Requirements

City requires that licensees, lessees, and vendors have an *approved* Certificate of Insurance (not a declaration or policy) or proof of legal self-insurance and required endorsements on file with the City for the issuance of a permit or contract. Within ten (10) consecutive calendar days of award of contract, successful Proposer must furnish the City with the Certificates of Insurance and endorsements proving coverage as specified within Appendix B.

2012



# City of Costa Mesa

Request for Proposal | Professional Insurance Brokerage Services



Arthur J. Gallagher Risk Management Services, Inc.  
18201 Von Karman Ave, Suite 200 | Irvine, CA 92614  
T: 949.349.9900 | F: 949.349.9900  
[www.ajg.com](http://www.ajg.com)



Arthur J. Gallagher Risk Management Services, Inc.

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## VENDOR APPLICATION FORM AND COVER LETTER

September 14, 2012

Ms. Jennifer Sommers  
 Costa Mesa City Clerk  
 77 Fair Drive  
 Costa Mesa, CA 92626

RE: Request for Proposal - Insurance Broker Services

Dear Ms. Sommers:

We at Arthur J. Gallagher & Co. are pleased to present our proposal for insurance broker services for the City of Costa Mesa. After reviewing your program goals as outlined in the RFP documents, we are confident in our ability to meet, and exceed your objectives. Our emphasis on niche expertise in which our resources are focused and our knowledge is maximized, has allowed us to develop a specialization in cities

Please note that our RFP response includes tables and charts in addition to the 20 pages that we are allowed to provide. The tables and charts are identified as such in the Table of Contents and throughout the document.

The following is a brief list of city and local public entity clients we currently represent:

- City and County of San Francisco
- City of Daly City
- City of St. George
- City of Santa Fe
- City of Santa Clarita
- City of Vernon
- California Joint Powers Insurance Authority (CJPIA)  
75 Cities
- Idaho Counties Risk Management Pool (ICRMP)  
200+ Cities
- Independent Cities Risk Management Authority (ICRMA)  
22 Cities

We feel strongly that our professional service will be of benefit to the City of Costa Mesa, and would like to present, by way of example, the following highlights:

While some brokers might focus on your current premiums as a way to "implement" savings, as broker to many, many cities we understand that your budget and financial statements include all the costs associated with major coverage lines such as Workers' Compensation (WC), General Liability (GL) and Property (PR). We provide all the services: marketing of your program, claims advocacy, loss control and legal reviews.

Therefore, as evidence that we understand the objectives of the City we present these amounts as taken from the Budgets on your website:

| Coverage/Year | 05/06       | 06/07       | 07/08       | 08/09       | 09/10       | 10/11       |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| WC            | \$3,892,528 | \$3,398,126 | \$3,828,643 | \$3,820,077 | \$3,036,735 | \$3,764,132 |
| GL            | \$1,554,960 | \$1,325,987 | \$2,195,043 | \$2,046,465 | \$3,791,508 | \$1,891,198 |
| PR            | \$241,799   | \$276,001   | \$270,000   | \$317,350   | \$306,476   | \$274,257   |
| Total         | \$5,689,287 | \$5,000,114 | \$6,293,686 | \$6,183,892 | \$7,134,719 | \$5,929,587 |

As you can see, these loss figures are highly erratic which indicate that the current brokers are not doing the job. Our approach is to provide a stable program that utilizes an aggregated loss pick and combines claims management with loss control to reduce overall claims costs.

Our projections based on our experience looks like this for the 2012/13 to 2013/14:

| Coverage/Year | 2011-12     | 2012-13 Projected | 2013-14 Projected |
|---------------|-------------|-------------------|-------------------|
| WC            | \$3,583,373 | \$3,500,000       | \$3,250,000       |
| GL            | \$2,044,389 | \$2,000,000       | \$1,800,000       |
| PR            | \$315,346   | \$300,000         | \$270,000         |

We anticipate that our method will save the City a million dollars in two to three years over existing costs and millions when compared to the current program provided by the current broker.

Finally, we close with this piece of news: on March 16, 2012 Arthur J. Gallagher & Co. announced that it has been recognized by the Ethisphere Institute, a leading business ethics think tank, as one of the World's Most Ethical Companies for 2012. Our team looks forward to providing this level of service and transparency with the City of Costa Mesa.

Very Truly Yours

[Redacted Signature]

Leadership Team Director of the Gallagher Public Entity & Scholastic Division  
 18701 Van Ness Avenue, Irvine, CA 92653

[Redacted Contact Information]





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**BACKGROUND AND PROJECT SUMMARY SECTION**

*Describe your understanding of the City, the work to be done, and the objectives to be accomplished. Refer to Scope of Work of this RFP.*

*Understanding the City...*

Our team understands the City better by far than any of our peers. Two members of your proposed team are "experts" in the City of the Arts. John Chino, the designated Principal is a resident of the City of Costa Mesa and our workers' compensation advocate, Dan Guth is a member of the City's police reserve. In addition, both John and Dan have had meetings at City Hall to address the current state of risk management concerns and to offer workable solutions. In addition our firm serves as Broker to more than 100 cities in Los Angeles and Orange Counties including Dana Point, Laguna Beach and San Juan Capistrano and while we view the City as unique there are lessons learned from other Orange County municipalities that apply equally well to Costa Mesa.

*The work to be done...*

The City of Costa Mesa is a beacon of professionalism amidst lesser run municipalities and local governments but the City has not been served with equal levels of professionalism by its broker. The work to be done shall not be limited to the 13 items enumerated in the PROGRAM ADMINISTRATION section nor even those in the SPECIAL REQUIREMENTS section (A - H). In addition to performing those services at a far higher level than your current provider, we shall also commit to the goals as outlined in the City Manager's report on Workers' Compensation. For example we are prepared to assist the City reduce the cost of Workers' Compensation claims by supporting the TPA with quarterly claims reviews

We do not take lightly the care with which the City has outlined the 32+ services and we alone offer a true risk management professional for each service as outlined in the following sections of the RFP response.

*The objectives to be accomplished...*

Our objective is to help the City meet its goals. In particular, we can and will help the City Manager's Office "maximize resources in the delivery of services." In conjunction with our "Report on Workers' Compensation" that we provided to the City in March, 2012, we will continue to build on those recommendations as well as provide recommendations and solutions for all your insured programs, self-insured insurance programs and your overall risk management program. This leads us to the goals and objectives of the Risk Management Section of your Human Resources Division.

***"The Risk Management Section is responsible for the development, administration, and maintenance of programs to protect City assets, property and operational resources; workers' compensation; and administration of employee benefit plans."***

We will focus specifically on the following:

- Civil Liability, including claims administration, loss funding and loss prevention/control
- Workers Compensation, including claims administration oversight, loss funding and workplace safety

### Strategic Loss Analysis

The strategic loss analysis will assist us both in determining if the current self-insured retentions are adequate and if there may be a potential savings for accepting more risk or taking less risk. We will examine your current schedule of insurance and review all existing insurance policies in relation to your exposures based on:

- Scope of coverage
- Breadth of insurance agreements
- Limitations imposed by exclusions
- Unintended gaps in coverage
- Contractual risk transfer
- Indemnification agreements from/to others
- Insurance requirements from/to others

Additionally, conclusions from the analysis will reveal if the structure of the coverage and the actual policy language is appropriate. We feel that this is an important tool and provides invaluable assistance with selecting the most cost effective retention. Mary Chui will work with us here. She has more than 25 years experience in placing casualty coverage. We rely on her to provide Loss Projections and a Retention Analysis. This will include the premiums we receive from the marketplace.

### Loss Control (including inspection services)

Underwriters do not just analyze claims history. They also attempt to forecast future claims. The most effective Loss Control tool to influence cost savings – one which has proven successful for other of our public agency and scholastic clients – is a well-designed loss control program. We utilize a comprehensive risk assessment procedure that is designed as a presentation to underwriters to facilitate their full understanding of the risk.

To provide the City of Costa Mesa with a current baseline of the exposures at risk, Gallagher proposes a review to evaluate and enhance the effectiveness of the City's efforts to contain costs associated from the major loss drivers of employee injuries (i.e. repetitive motion injuries) and third party liabilities. Our review will focus on the coordination of the current loss and safety programs with loss frequency trends, recurring and non-improving loss frequency and accident investigation results.

*Our review process will attempt to answer the following questions:*

- Are current risk control programs correctly targeting the loss drivers and exposures?
- Are trigger points established in liability lines to commence investigation and recurrence prevention of significant losses?
- Have baselines been established based on frequency/severity?
- Are goals set using the baselines?
- Are training and remediation efforts directed to achieve these goals?

### Claims Management Services and Support for Your Entire Risk Management Program

While certain processes described above would similarly apply to your Liability Insurance Program, Gallagher recognizes that claims management and consulting are essential components for all aspects of your risk management program. We will work as the City's advocate on the Property, Casualty and Workers Compensation claims. The goal is to control the City's costs through prompt, fair settlements and to ensure you receive the maximum potential recovery from your coverage.

Our first step will be to meet with the City's risk management staff to:

- Determine your priority items and where we can add value
- Discuss our claims consulting role
- Formalize claims management expectations and responsibilities
- Identify specific claim issues or projects that need our immediate attention.

Our claims professionals have distinct areas of expertise and specialization by line of coverage and by industry specialization. Our services include:

- **Claims Management and Consulting** – We will manage all claims to ensure the claims handling process is proactive and expeditious and will address all major issues as they occur.
- **Negotiate Special Claims Handling Instructions** – We will work with the City, your insurance carriers, and claims vendors to establish customized claims procedures that meet your needs and expectations.
- **Coverage/Claims Analysis** – We provide expertise in analyzing coverage when coverage issues are in dispute.
- **Claims Settlement Threshold** – Should you elect a large deductible or self-insured retention; a specified threshold settlement level should be established. We will assist in the negotiation of this threshold and will make sure the carrier upholds its commitment.
- **Claims Review** – We will review individual claims on a regular basis to ensure reserve adequacy and evaluate insurance carrier adherence to “Best Practices.”
- **Claims Advocate:** We will assist the City in evaluating claim information to ensure that appropriate data is forwarded to insurers enabling them to provide a timely and thorough initial coverage evaluation. Steve Beck will act as claims liaison to the City and assist the carrier, and/or legal counsel on large and/or complicated claims. Steve’s claims background and experience will benefit the City by ensuring that their interests are continually well represented to those parties involved in claims resolution.
- **Claims Reviews:** Dan Guth will provide reviews of Workers Compensation claims files.
- **Claims Audits:** Steve Beck will provide audits/reviews and best practices for the property & liability program.



## METHODOLOGY SECTION

*Provide a detailed description of the approach and methodology to be used to accomplish the Scope of Work of this RFP. The Methodology should include:*

We have learned a great deal from our servicing of Public Agencies, and more specifically the Cities sector, and believe we are most effective when we have had the time to understand your organization’s specific needs and challenges.

- I. An implementation plan that describes in detail (i) the methods, including controls by which your firm manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.

We have read your Request for Proposal for Broker of Record in its entirety. We can comply with all Vendor General Responsibilities and Additional requirements. We would begin by gathering and reviewing complete copies of all current, in-force insurance policies and loss runs for all open and closed claims for the past ten (10) years. This is what we consider our comprehensive evaluation. Next we would meet with you to discuss our findings – an important component of this meeting is that we will ask that the appropriate staff supporting the City share your goals and objectives for the upcoming policy year. Then we shall mutually agree upon a detailed action plan for marketing, loss control services, current training courses you

offer, as well as those we can provide, and other areas we mutually identify to be included. We will immediately update the existing timeline, based on the date(s) you want to receive your renewal proposals and begin the process.

2. Detailed description of efforts your firm will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.

In order to keep our clients satisfied, our philosophy is simply to do it right the first time. Although we have a significant number of public agency clients, and we are genuinely interested in working with you as your Broker, we want to assure you that we selectively respond to public agency RFP opportunities. By carefully selecting the entities that match our skills we can ensure all of our clients the time and devotion to their business to efficiently handle their issues and maintain the high satisfaction standards of our clients. The critical component to project completions is and our single-minded devotion to accuracy and efficiency requires a broad expertise in six separate disciplines:

- Insurance & Reinsurance Marketing & Placement
- Administration of the Account
- Legal Review
- Claims Advocacy
- Loss Control
- Innovation (Technology)

The local Public Entity and Scholastic Division (PESD) team is comprised of 13 people in 3 locations (Orange County, San Francisco and Phoenix) and has been "assembled" over a period of 10 years. The professionals that make up our team were chosen specifically to meet the needs of our public agency clients. We believe we are best matched with clients that have a desire for a broad array of services at no additional cost.

As is indicated above our knowledge starts with the marketing of insurance, reinsurance and alternative market placements and importantly, extends to critical services which reduce risk: legal assistance, claims advocacy, loss control and technology (innovation).

The other most significant philosophical characteristic which colors our service commitment is transparency. In fact, a cornerstone of the Gallagher culture is to place the client's interest's first, and transparency in remuneration and communication is one way that we achieve this objective. All of your communication with Gallagher will reinforce that you, as our client, know exactly what we are doing on your behalf and how it impacts our income. Clients that understand our remuneration typically experience high degrees of satisfaction.

Finally, Quality Assurance is achieved via a formal structured process that is unique to the Western Region of our firm. The largest accounts in each branch (based on revenue) are identified for several additional degrees of attention. First, a stewardship plan is crafted by the team leaders and management (area president). Second, the Client Service Plan is completed and reviewed by management for key tasks and achievement dates to ensure the project is on time. Third, the Area President will annually contact the City's representative at least twice and at least one time in person to confirm satisfaction.

3. Detailed project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion, including a complete transition plan. Include your plan to deal with fluctuation in service needs and any associated price adjustments.

Please see our Sample Broker Service Plan as Chart #3 in Appendix G of our response.

Transitioning an account is a multi-faceted process that involves marketing, file transfer, service plan development, loss control services and claims management. In order to be successful, this process must

emphasize the most important component of any transition—*getting to know the client and gain a complete understanding of its organizational structure, beliefs, operations and risk tolerance.*

During the transition period, all deadlines and important dates are identified immediately so that action plans can be formulated and implemented by the service team.

Please see our Sample Transition Plan as Chart #4 in Appendix H

4. Detailed description of specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.

Our municipal clients have several approaches to working with us and their market partners. Some prefer that the broker perform virtually all services and require minimal investment on the part of the City; others are deeply engaged in the process and maximize the use of all of our services. The results for those that avail themselves of our services are consistently better than those that are not engaged. For example we recently took over the brokerage services of a City that had most of their services managed by the broker. The services provided were rudimentary in nature and consisted of the collection of data and presentation of proposals. We suggested a different model with us managing the other vendor partners for the City with their input on a monthly basis the result was a savings of \$400,000 for the City and much better service from their insurance carrier and TPA. With the input from us they were able to manage claims reviews and implement a better loss control plan.

The choice is yours but we strongly advocate that the City assign staff to work together with us in every aspect of your program including the marketing and placement of the program, loss control, claims and legal review.

5. Proposers are encouraged to provide additional innovative and/or creative approaches for providing the service that will maximize efficient, cost-effective operations or increased performance capabilities. In addition, the City will consider proposals that offer alternative service delivery means and methods for the services desired.

As previously outlined our program offering is unique and the results will reduce costs for several years and importantly provide for stable predictable loss amounts for your budget in order to do this we will need to address all parts of your process such as contracts, claims and current operations performed by TPA's.

#### Contract Review/Insurance Compliance

██████████ JD, Senior Account Executive - ██████████ acts as our client resource for insurance compliance. She consults with our clients on memorandum of coverage documents, coverage analysis, contract review, and claims advocacy. She has over 13 years of legal experience, including representation of insureds and insurance carriers, complex litigation, and risk mitigation strategies for reducing overall organizational risk.

#### Claims Review

██████████ CPCU, ARM-P, CRM, CIC, CHFC, Area Senior Vice President - ██████████ will provide claims reviews and audits of the Property & Liability programs. ██████████ was a branch manager at Sedgwick for 12 years and provides claims reviews and audits for many of our public agency clients. ██████████ has 25 years experience handling insurance, self insurance, risk financing, and claims handling for public entities in the western United States. He is a CPCU and is the account executive to Maricopa County and Pima County in Arizona. In addition to his claims expertise, Steve has been a broker for more than 20 years.

#### Workers' Compensation Claims Manager

**██████████ Area Vice President** – ██████████ is the Workers' Compensation claims manager in our Irvine, CA office. He utilizes his extensive knowledge in Workers' Compensation, safety, and loss control to assist clients with various risk management issues, which include ensuring that claims are accurately reserved, and are being adjusted timely and properly, as well as reducing the frequency and severity of claims through positive safety and loss control measures. ██████████ also assists in classification disputes, experience modification audits, and accident investigations.

**Loss Control & Safety**

**██████████ ARM-P, Area Vice President** - Prior to joining Gallagher, Bruce spent 26 years with the Los Angeles County Fire Department retiring with the rank of Captain. He was also the Safety Manager for an Industrial Construction Company and most recently served as a Senior Loss Consultant for the world's largest multi-national insurance organization. ██████████ is a professional member of the American Society of Safety Engineers serving on the Construction Risk Specialty Panel and is a member of the Associated General Contractors of America, serving on the California Safety and Health Committee. He is also a certified OSHA instructor.

**STAFFING**

*Provide a list of individual(s) who will be working on this contract and indicate the functions that each will perform and anticipated hours of service for each individual. Include a resume for each designated individual.*

| EMPLOYEE   | FUNCTIONS                                   | HOURS OF SERVICE |
|------------|---|------------------|
| ██████████ | Principal, Marketing/Placement of Insurance | 480              |
| ██████████ | Marketing/Administration                    | 240              |
| ██████████ | Liability Marketing & Placement             | 100              |
| ██████████ | Loss Control                                | 24               |
| ██████████ | Workers' Compensation Claims                | 96               |
| ██████████ | Claims Review                               | 16               |
| ██████████ | Insurance Compliance/Contract Review        | 100              |
| ██████████ | Environmental                               | 16               |
| ██████████ | National Public Agency Resource             | 4-8              |
| ██████████ | Recovery & Resilience Consulting            |                  |

*Upon award and during the contract period, if the proposer chooses to assign different personnel to the contract, the Proposer must submit their names and qualifications including information listed above to the City for approval before they begin work.*

We will submit any changes in work assignment to the City for approval prior to the beginning of work.

██████████, ARM-PE  
PRINCIPAL/AREA SENIOR VICE PRESIDENT

██████████ is responsible for the development of the County's risk management programs. His role includes program design, marketing, consulting, self-insurance administration and account oversight.

**KEY RESPONSIBILITIES**

- Areas of expertise include: public entity property & casualty insurance brokerage, policy design/manuscript, market trends/strategy, self-insurance approaches, owner controlled insurance programs (OCIP), educational/training specialist
- Works with clients to establish goals, strategies, marketing and renewal activities
- Participates in renewal meetings, and other meetings as may be necessary
- Coordinates the completion of actuarial studies
- Assists with contract language, coverage agreements and other documents

**EXPERIENCE**

- Over 28 years insurance industry experience working with public entity and scholastic accounts
- Developed 16 self-insurance pools for public entities
- Crafted 8 coverage documents
- Completed 2-year internship at Lloyd's of London specializing in placement of self-insured public entities programs

**EDUCATION**

- Bachelor of Science in Finance and Business Economics – University of Southern California
- Graduate of Arthur J. Gallagher College Intern Program

**DESIGNATIONS, CREDENTIALS & AFFILIATIONS**

- Associate in Risk Management for Public Entities designation (ARM-PE)
- Enterprise Risk Management designation
- Current Course Leader – IACPCU Course RMPE (Risk Management for Public Entities)
- Faculty of The National Alliance – teaches the CSRM program
- Speaker at National PRIMA Conventions and STRIMA, PARMA, CAJPA, and AGRIP conferences
- Risk & Insurance Magazine “Power Broker” Public Sector – 2007, 2008, 2009, 2010, 2011

**SIMILAR CLIENTS SERVED**

- City/County of San Francisco
- CJPIA
- City of Santa Clarita
- City of Santa Fe
- City of St George



**ACCOUNT MANAGER**

is responsible for managing single entities as well as various County and School JPA's and meeting their daily needs. She serves as an Account Manager.

**KEY RESPONSIBILITIES**

- Responds to any and all of the City's service needs on a daily basis
- Great relationship with all carriers to ensure the best possible coverages for all lines
- Negotiates coverage enhancements
- Handles all mid-term changes
- Ensures proposals and policies are delivered in a timely manner

**EXPERIENCE**

- Over 15 years insurance industry experience
- Employed by Arthur J. Gallagher & Co. for 7 years
- Coverage knowledge and analysis of exposures
- Insurance Company/Underwriting relationships
- Knowledge of Insurance Markets

**EDUCATION**

- Bachelor of Arts, San Diego State University

**DESIGNATIONS, CREDENTIALS AND AFFILIATIONS**

- Licensed General Lines Insurance Agent
- Chartered Property Casualty Underwriter designation (CPCU)
- Associate in Underwriting designation (AU)

**SIMILAR CLIENTS SERVED**

- City/County of San Francisco
- CJPIA
- Idaho Counties Risk Management Pool
- City of St. George
- ASCIP



**WORKERS' COMPENSATION CLAIMS MANAGER**

**EXPERIENCE**

- Over 19 years experience in the insurance industry
- 5 years experience as a workers' compensation adjuster
- 14 years experience as a workers' compensation consultant
- 14 years experience as a Reserve Police Officer for the City of Costa Mesa

**EDUCATION**

- Bachelor of Science degree – California State Polytechnic University, Pomona

**DESIGNATIONS, CREDENTIALS AND AFFILIATIONS**

- Licensed General Lines Insurance Agent
- Associate in Risk Management designation (ARM)



**LOSS CONTROL & SAFETY**

**KEY RESPONSIBILITIES**

- Coordinate with the City's Safety and Facilities Management in the development and implementation of the loss control and safety monitoring procedures.
- Provide assistance in certification of the medical clinics used to treat injured personnel
- Assist with advisory duties on behalf of the City's designated safety coordinator

**EXPERIENCE**

- 26 Years Experience with LA County Fire Department (Captain)
- 21 years experience as a loss control/safety consultant
- Has been with Arthur J. Gallagher & Co. for over 13 years

**EDUCATION**

- Bachelor of Science in Industrial Technology and Fire Administration, California State University of Los Angeles

**DESIGNATIONS, CREDENTIALS AND AFFILIATIONS**

- Certified Safety Professional Designation
- Associate in Risk Management Designation
- Licensed General Lines Insurance Agent

**SENIOR ACCOUNT EXECUTIVE**

**KEY RESPONSIBILITIES**

- Acts as our client resource for assistance with Memorandum of Coverage updates and coverage analyses.
- Assists with coverage agreements, contract/indemnity clause review, and claims advocacy.

**EXPERIENCE**

- Over 13 years of legal experience, including representation of insureds and insurance carriers
- Expertise with risk management, healthcare, litigation, and contract negotiations
- Focused on risk analysis and mitigation strategies for reducing overall organization risk

**EDUCATION**

- Juris Doctor -- Loyal Law School Los Angeles
- Bachelor of Arts, Political Science -- Chapman University

**DESIGNATIONS, CREDENTIALS & AFFILIATIONS**

- Licensed Attorney, The State Bar of California -- Active Status, admitted 1997

**ARM, CRM, CIC, CHFC  
AREA SENIOR VICE PRESIDENT - CLAIMS**

**KEY RESPONSIBILITIES**

- Serves as Area Senior Vice President for Arthur J. Gallagher Risk Management Services, Inc. (Phoenix, AZ)
- Leader of the Phoenix Public Entity and Scholastic team
- Provides resource and technical information to Arizona public entity clients
- Claims Advocate

**EXPERIENCE**

- Twenty-five (25) years experience handling insurance, self-insurance, risk financing and claims for public entity clients in Arizona.
- Public entity client experience includes:
  - City of Avondale
  - City of Chandler
  - City of Phoenix
  - City of Prescott
  - City of Scottsdale
  - City of Tempe
  - Maricopa County
  - Pima County
  - Yuma County
  - State of Nevada
  - Mesa Unified School District #4
  - Clark County School District
  - Valley Metro Rail, Inc.; METRO
  - Regional Public Transportation Authority

**EDUCATION**

- Bachelor of Science, Purdue University

## MINIMUM QUALIFICATIONS

*Names of assigned personnel dedicated to the account and their specific responsibilities with respect to this scope of work. Please include an organizational chart that reflects the titles of key staff and management contacts of each individual assigned to provide services under this contract.*

Please see the names of our assigned personnel dedicated to the account and their responsibilities to the scope of work as Chart #3 in Appendix I of our Response. The organizational chart is also included.

*A summary of your firm's demonstrated capability, including length of time that your firm has provided the services being requested in this Request for Proposal.*

Arthur J. Gallagher & Co. was founded by Arthur Gallagher in 1927 as a family run agency based in Chicago, Illinois and, over the years, evolved into a risk management and insurance brokerage firm.

Gallagher's organizational structure is comprised of number specialty groups, which we refer to as Niches. Our Public Entity Niche is the largest in the United States. The average insurance experience of your proposed team is 25 years. Your team has successfully made hundreds of placements for the traditional lines of insurance such as those outlined in the RFP. In addition, we have created rolling OCIPS (Owner-Controlled Insurance Programs), designed complex Earthquake programs, negotiated All Lines Basket Aggregate programs, implemented many new self-insured programs, created captives, and implemented Enterprise Risk

Management programs. When we are appointed as your Broker, we would like to discuss in full detail all of the insurance that you are currently purchasing, your appetite for risk, and budget constraints, in order to mutually create short- and long-term plans. We will provide you with a number of Self-Insured Retentions, limit options and coverage enhancements and assist you in evaluating which programs will be most beneficial to you.

During our tenure as Broker for other cities, we have effectively marketed insurance programs, negotiated the most comprehensive terms and conditions available in the insurance marketplace, performed claim audits and negotiated closure on claims, and provided on-going risk management consulting services. All geared towards reducing and stabilizing the cost of risk. We will not enter the marketplace until we understand your risk management philosophy, your exposures and your appetite for risk.

A few recent examples: after being appointed as the Broker of Record for two counties and one large city, we negotiated superior liability insurance programs for each of them. We broadened coverage terms, increased coverage limits and delivered all three premium savings in excess of 20%.

On a large Earthquake program that we were awarded, we requested quotes from markets here on the West coast and East coast and determined that the pricing for California Earthquake and the capacity available on the East coast was much more favorable to the client. On another large Earthquake program, with \$800 Million in values all at one location, we restructured the primary \$25 Million layer and reduced the premium by 18%, while also negotiating lower deductibles.

### AJG At A Glance

- ▶ Founded in 1927
- ▶ NYSE Listed 1987
- ▶ \$2.0 Billion Annual Revenue
- ▶ Leader in Risk Management Services
- ▶ Strategic Partners in over 100 countries
- ▶ 13,000+ Global Employees
- ▶ Over 250 Offices Worldwide
- ▶ Annual Growth Rate Since 2002  
Approx. 10%

We have demonstrated our capacity and qualifications to perform the requested services. Please see the following examples of some of the work we have performed for our public entity and scholastic clients.

**EXAMPLES OF BROKERAGE EXPERIENCE:**

- Designed and placed a unique liability program for MUNI, the transportation division of the City & County of San Francisco.
- Implemented and currently manage a captive for ASCIP for their rolling wrap-up program.
- Provided Owner Protective Professional Insurance for the \$1.7 billion Central Subway Project in the City & County of San Francisco.
- Provided a Difference In Conditions (DIC) policy for the City of Santa Clarita which gave them better coverage and pricing based on modeling of the City's exposure to seismic activity.

**EXAMPLES OF RISK MANAGEMENT SERVICES:**

- We are working with one of our large municipal clients to support their business continuity efforts in the event of a catastrophic event (terrorism/seismic). The potential solutions being explored include a captive, a joint powers authority (JPA), obtaining CAT bonds and contingency capital planning. The project is being studied by the Harvard Kennedy school of Public Administration for application to municipalities and local governments on a national basis.
- We are providing customized Enterprise Risk Management (ERM) programs to meet the individual needs of "enterprise" funds of a large municipal client. The enterprises are issuing debt for the first time in 20 years or more and the bond underwriters require ERM (ISO 31000) as part of their underwriting criteria to establish the rating.
- Municipal Transportation Authority (City & County of San Francisco): In addition to regular broker services, Gallagher assisted with litigation management issues, the development of proof of loss reports, accounting reports and other insurer-required information. The final result was that "MUNI" was able to procure excess insurance for the first time in their known history.

**GALLAGHER EXCESS WORKERS' COMPENSATION** - As a leader in the excess workers' compensation insurance arena, Gallagher can utilize its relationship with each excess workers' compensation carrier by leveraging its significant premium volume to negotiate the most comprehensive and competitive terms for the City of Costa Mesa.

- Gallagher will prepare a comprehensive underwriting submission tailored to each carrier's requirements to secure the best available terms for the City.
- Gallagher will provide a stable Excess Worker's Compensation program during insurance market fluctuations.
- Gallagher will introduce underwriters to City personnel to build long term relationships.

*Provide at least three references that received similar services from your firm.*

City & County of San Francisco

Contact: [REDACTED] Director of Risk Management

Address: 25 Van Ness Avenue, Suite 750, San Francisco, CA 94102

[REDACTED]  
[REDACTED]  
Dates of Service: October 1, 2008 to present

City Service Team members currently working with the City & County of San Francisco are [REDACTED]  
[REDACTED]

In 2008, Arthur J. Gallagher & Co. was provided an opportunity to work with [REDACTED], the newly hired director of the risk management division, to craft a "true" enterprise risk management program (ERM). The City had several enterprises which were about to sell debt/issue bonds for the first time in many years. It was determined that the bond ratings could be strengthened with an ERM platform. The enterprises included The Port, Public Utilities Commission (PUC), and the MTA or MUNI. Other departments had also indicated a desire to implement ERM in a second or third phase.

Gallagher deployed 2 critical internal resources to commence the program and 2 critical external resources. Internally Gallagher was fortunate to have Dorothy Gjerdrum to lead the project as she is chairperson of the ISO 31000 council and was instrumental in the creation of the ISO standards. Also, Kelly Hines was assigned as a dedicated resource to train the City personnel on the use of the 2 external resources.

Utilizing the lessons learned from their work with the City Risk Management Division as to acceptable risk tolerance, the Gallagher team set up interviews with enterprise staff and department heads. From the interviews, Gallagher was able to identify Risk, Risk Drivers and potential solutions to be assigned within the departments.

The next step was to implement the software to run the project. Gallagher has vetted numerous potential software providers for ERM clients and discovered that the best option was the one being used by our British counterparts. The UK has mandated ERM for public agencies and the software use by virtually every county in the UK is from a company known as JCAD. Gallagher introduced JCAD to the City and they agreed it was the solution they needed.

The second sourced software solution is provided by a company called Exigis. Again Gallagher did the research and analysis to vet Exigis. The Exigis contract is designed to meet the City's need to track contracts and COI's. Exigis uses a proprietary method that involves the agent/broker directly in the process. This insures a far greater level of protection for the City. There are 2 enterprises that have implemented Exigis to date and 3 more are going through the procedure.

CCSF Insurance Placed through Gallagher

- Excess Liability
- Public Officials Bonds
- Crime
- Directors & Officers
- Public Official's Liability

**Alliance of Schools for Cooperative Insurance Programs (ASCIP)**

Contact: [REDACTED]

Address: 16550 Bloomfield Avenue, Cerritos, CA 90703

Phone: [REDACTED]

Dates of Service: 1985 to present

City Service Team members currently working with ASCIP are [REDACTED]

The Alliance of Schools for Cooperative Insurance Programs (ASCIP), a 30-year client, is a public agency joint powers authority (JPA) which provides liability and property coverage to 140+ school districts and community colleges in the State of California. They also offer a workers' compensation program and a Health Benefits pool for similar scholastic entities.

Formed in 1980 as a joint purchase pool, ASCIP became a risk sharing pool in 1985. ASCIP's total TIV is over \$26,000,000,000 and their ADA is over 1,400,000. John Chino has worked as ASCIP's broker for the past 16 years. Starting in 1999, John and key ASCIP staff have worked together to form one of the largest rolling OCIP programs in the country with total construction values totaling over \$2.5 Billion. More recently, the ASCIP OCIP Program was able to consider a more efficient structure than a deductible program.

**Public Entity Captive Insurance Program Development**

With the combined resources of Gallagher Captive Services, our office in Hawaii, the Gallagher Wrap-Up Unit, our office in Orange County, we were able to develop a captive insurance program with higher limits and better rates for the members. The Captive is known as CIPA and has been profitable since its third year in business and enjoys a significant surplus as of year-end 2010. Most recently, Gallagher negotiated a reinsurance program for the primary workers' compensation loss fund. The reinsurance provides a limit that is 150% of the anticipated fund which allows ASCIP to safely release surplus to members. In the current economic environment for schools the return of surplus is a key priority for the JPA's Board.

**ASCIP Insurance Placed through Gallagher:**

- Property/Reinsurance
- Liability/Reinsurance
- Excess Workers Compensation
- Workers' Compensation Reinsurance
- Crime
- Boiler & Machinery
- Underground Storage Tank Program
- Booster Club/Special Events (ASCIP-B)
- Owner Controlled Insurance Program (OCIP)
- Captive Program (CIPA)

**California Joint Powers Insurance Authority (CJPIA)**

Contact: [REDACTED] Risk Manager

Address: 8081 Moody Street, La Palma, CA 90623

Phone: [REDACTED]

Dates of Service: 2008 to present

City Service Team members currently working with ASCIP are [REDACTED]

California JPIA is a large, mature municipal joint powers authority (JPA) originally formed to provide liability insurance to municipalities in California. The CJPIA now provides 5 programs to their members including Property, Crime, Pollution, Special Events and Workers' Compensation in addition to the "core" liability program. California JPIA determined in 2004 that they needed a strategic plan to move forward, the strategic plan required the services of an independent and objective partner. The JPA issued an RFP and ultimately selected the partnership of Gallagher and Towers-Perrin to be that broker. The list below illustrates how Gallagher/Towers Perrin have worked with the JPA to provide progress in respect of the JPA's key initiatives.

**Key Initiative: Position the Authority for Enhanced Productivity by Maximizing the Benefits of Technology Systems**

Gallagher and Towers began their work with the JPA by assessing the quality of the current application process to collect member data. The Gallagher/Towers team provided improvements to the system base upon their knowledge of the reinsurance and excess insurance underwriting process as well as management information systems (MIS).

**Key Initiative: We pursue distinction with a passion. We proactively assess our performance and strive to continuously improve programs, services, and work product**

California JPIA did not have an effective plan for the purchase of reinsurance and therefore was subject to market cycles. The result was that the JPA was forced to maintain very high retentions and inadequate limits often creating unstable cash flow demands on the pool's surplus position. By providing an analysis of losses based on levels of coverage, the JPA could properly assess the value of self insurance or retained limits. Gallagher/Towers using their intimate knowledge of the reinsurance market were able to craft a reinsurance program that not only matched membership needs but better protected the equity of the pool. For the first time in the JPA's history they had a strategic plan for renewal based on their strengths and were protected from the whims of the marketplace

**Key Initiative: Position the Authority to Better Understand Member Needs, and Respond with Appropriate Services to Promote Member Satisfaction**

Although the Gallagher/Towers partnership has only been working with the California JPIA since 2007 they have also implemented a strategy to improve the delivery of loss control services to members. Gallagher's unique knowledge of loss control services available on all medium (CD-Rom, DVD and internet) has allowed the JPIA to quickly assess the value to membership. Following Gallagher's research, they provided on site interviews with the JPA and established WEBEX sessions with members. The project is ongoing.



*Be licensed as insurance brokers in the State of California. A copy of license is to be provided with response.*

Please see our AJG License as well as John Chino's CA Broker License in the appendices of our response.

*Have at least five (5) years of experience in providing brokerage services to municipalities;*

Acknowledged. Please see Minimum Qualifications section.

*Have the experience with municipalities similar in size, types of exposures to the City and in the types of policies and coverage referenced herein;*

Acknowledged. Please see Minimum Qualifications section.

*Have the ability to place all lines of coverage currently purchased by the City, that may be appropriate for the City, or that may be recommended by the broker;*

Acknowledged. Please see Minimum Qualifications section.

*In addition, all firms shall have:*

1. At least ten (10) years experience with commercial insurance policies.  
Acknowledged. Please see Minimum Qualifications section.
2. At least five (5) years experience working with governmental agencies.  
Acknowledged. Please see Minimum Qualifications section.
3. No prior history of corrective action with the California Department of Insurance.  
We confirm that we have no prior history of corrective action with the California Department of Insurance.

FINANCIAL CAPACITY - Please see our latest annual financial report attached in the appendices of our response.

FEE PROPOSAL

**PRICING PROPOSAL FORM - Appendix D**

**Insurance Broker Services**

Provide hourly rates, along with estimated annual pricing in accordance with the City's current requirements, as set forth in section 3 Scope of Work. Also provide your firm's proposed Staffing Plan on a separate sheet of paper. Proposer should use a separate form to state pricing for any added value.

Pricing shall remain firm for a minimum of two (2) years. Any and all requests for pricing adjustments for follow-on contract renewal periods shall be provided no later than sixty (60) days prior to the end of the contract period. Any such proposed price adjustments shall not exceed The Bureau of Labor Statistics Consumer Price Index (CPI) data for Los Angeles-Riverside-Orange County, CA. All items Not Seasonally Adjusted, "annualized change comparing the original proposal month and the same month in the subsequent year. (This information may be found on the U.S. Department of Labor's website at [www.bls.gov](http://www.bls.gov).)

| Employee | Hourly Rate | Hours Worked | Total Cost | Overtime Rate |
|----------|-------------|--------------|------------|---------------|
| N/A      | \$ N/A      | N/A          | N/A        | \$ N/A        |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |

|                              |                       |
|------------------------------|-----------------------|
| Total Estimated Annual Price | \$ 50,000 (see below) |
|------------------------------|-----------------------|

**ADD ANY ADDITIONAL COST PROPOSAL SHEETS HERE**

We are proposing a flat fee for services for all staff of \$50,000 Annually. We confirm this flat fee to be free for a person of two years (2).

DISCLOSURE

*Please disclose any and all past or current business and personal relationships with any current Costa Mesa elected official, appointed official, City employee, or family member of any current Costa Mesa elected official, appointed official, or City employee.*

Our Worker's Compensation Claims manager, Dan Guth, is a reserve police officer for the City.

SAMPLE AGREEMENT

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**CHECKLIST OF FORMS TO ACCOMPANY PROPOSAL**

As a convenience to Proposers, following is a list of the forms, included as appendices to this RFP, which should be included with proposals.

**Items Completed**

- |  |          |
|--|----------|
| 1. Vendor Application Form             | Included |
| 2. Ex Parte Communications Certificate | Included |
| 3. Price Proposal Form                 | Included |
| 4. Disclosure of Government Positions  | Included |
| 5. Disqualifications Questionnaire     | Included |

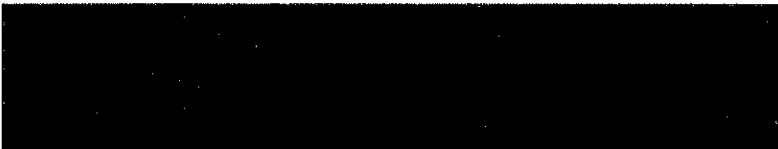
APPENDICES

Appendix C – Ex Parte Communications Certification

**EX PARTE COMMUNICATIONS CERTIFICATION**

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning the Insurance Broker Services RFP at any time after August 17, 2012.



**OR**

I certify that Proposer or Proposer's representatives have communicated after August 17, 2012 with a City Councilmember concerning the Insurance Broker Services RFP. A copy of all such communications is attached to this form for public distribution.

\_\_\_\_\_



Appendix F - Disclosure of Government Positions

**DISCLOSURE OF GOVERNMENT POSITIONS**

Each Proposer shall disclose below whether any owner or employee of the firm currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None".

| Name     | Position               | Organization       |
|----------|------------------------|--------------------|
| Dan Guth | Reserve Police Officer | City of Costa Mesa |
|          |                        |                    |
|          |                        |                    |
|          |                        |                    |
|          |                        |                    |
|          |                        |                    |

Appendix G – Chart #1 - Sample Broker Service Plan

2013-2014 BROKER SERVICE PLAN – BASED UPON A 7/1 RENEWAL

| I. BROKER SERVICES   | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June | July |
|--|-----|------|-----|-----|-----|-----|-----|-------|-------|-----|------|------|
| <b>A. ASSIGNED PERSONNEL</b>   |     |      |     |     |     |     |     |       |       |     |      |      |
| 1. The BROKER shall designate a Principal to be assigned to this account to act as the primary contact for the CITY. The CITY must approve the Principal and any other personnel assigned to perform services for the CITY (hereafter collectively referred to as "assigned personnel"). If for any reason the CITY finds, in its sole discretion, that the service replacement personnel is unsatisfactory, the BROKER will agree to assign replacement personnel that must also be approved by the CITY. Personnel assigned to the account must have a minimum of five (5) years full-time experience as a broker and a minimum of three (3) years experience with public agency insured and self-insured insurance program management is preferred. |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>B. AUDIT</b>  |     |      |     |     |     |     |     |       |       |     |      |      |
| 1. The BROKER will cooperate with the CITY and make available any and all files and records available for audits. The CITY will have reasonable access to the necessary portions of the BROKER facilities, records and files for review or audit purposes.   |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>C. PROGRAM ADMINISTRATION</b>   |     |      |     |     |     |     |     |       |       |     |      |      |
| 1. Act as an independent insurance advisor to the City and proactively provide ongoing unbiased professional advice and recommendations that benefit the City.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 2. Proactively provide ongoing review and analysis of the City's insurance programs and identification of risk transfer and risk financing options.  |     |      |     |     |     |     |     |       |       |     |      |      |
| 3. Be familiar with the major exposures of the City.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 4. Be familiar with the coverage provided by all relevant insurance policies and documents issued to the City.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 5. Assure that insurance policies are placed in a timely manner, without lapses in coverage periods, with reputable and financially responsible insurers.  |     |      |     |     |     |     |     |       |       |     |      |      |
| 6. Provide service for the insurance policies placed for the City including processing all changes and endorsements and verifying the accuracy of invoices within a reasonable time.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 7. Provide early warning of rate and coverage changes or renewal problems through a process to be mutually agreed upon with the City.  |     |      |     |     |     |     |     |       |       |     |      |      |
| 8. Upon request of the City, but at least once a year, provide a comprehensive report that reviews all of the City's insurance programs.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 9. Through a mutually agreed upon process, monitor the City's operations and loss exposures and make any appropriate recommendations for coverage changes or new coverage.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 10. Be available to answer questions or obtain answers from underwriters for policy coverage questions.  |     |      |     |     |     |     |     |       |       |     |      |      |

2013-2014 BROKER SERVICE PLAN – BASED UPON A 7/1 RENEWAL




2013-2014 BROKER SERVICE PLAN – BASED UPON A 7/1 RENEWAL

| BROKER SERVICES (CONTINUED)  | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June | July |
|--|-----|------|-----|-----|-----|-----|-----|-------|-------|-----|------|------|
| 11. Meet with City staff and designated representatives as reasonably requested.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 12. Provide consultation service and written reports as normally expected of a professional broker to a large client.  |     |      |     |     |     |     |     |       |       |     |      |      |
| 13. Provide loss control services and assistance with claims as requested by the City. Assist in analyzing loss exposures from existing and new operations, and determine the appropriate risk management alternatives, including types, availability, costs and extent of coverage that should be considered.   |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>SPECIAL REQUIREMENTS</b>  |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>A. PERIOD OF AGREEMENT</b>  |     |      |     |     |     |     |     |       |       |     |      |      |
| The selected broker will be appointed as the City's Broker(s) of Record for property/casualty and other insurance as required for a period of three (3) years with two (2) additional one-year options, at the City's sole discretion. Appointment as Broker of Record creates no right to reappointment or continued service. If negotiations for renewal of this contract are delayed for reasons beyond control of broker, the contract shall automatically be extended under the same terms and conditions until terminated by written notice by either party or be execution of a new contract. |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>B. POLICY REVIEW</b>  |     |      |     |     |     |     |     |       |       |     |      |      |
| Review policies and other documents in detail within 14 days of receipt of the documents. Check the wording and accuracy of each policy, binder, certificate, endorsement or other document received from insurers. Ensure that the intended coverage is provided, all coverage, terms, conditions and other wording is complete and accurate, and in compliance with financial arrangements and administrative procedures acceptable to the City. Obtain revisions needed to achieve compliance with coverage request.  |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>C. POLICY AMENDMENTS</b>  |     |      |     |     |     |     |     |       |       |     |      |      |
| Process requests for additions or deletions to policies within five (5) business days of receipt. Provide follow up with insurer that the insurer has handled the request. Advise in writing of any changes to insurance policy(ies) within 14 days.   |     |      |     |     |     |     |     |       |       |     |      |      |
| <b>D. MARKETING</b>  |     |      |     |     |     |     |     |       |       |     |      |      |
| 1. Monitor expiration dates of policies and provide the City with written notification at least 90 days prior to expiration, including a description of information needed to process the renewal.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 2. Develop and implement a marketing strategy, including identifying potential markets, for program renewals at least 90 days before policy expiration.  |     |      |     |     |     |     |     |       |       |     |      |      |
| 3. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals of policies placed.   |     |      |     |     |     |     |     |       |       |     |      |      |
| 4. Work with carriers to design policies and programs most advantageous to the City for coverage of exposures, policy form, exclusions, deductibles, self-insured retentions, coordination with other policies, costs and other pertinent factors.   |     |      |     |     |     |     |     |       |       |     |      |      |

2013-2014 BROKER SERVICE PLAN – BASED UPON A 7/1 RENEWAL

2013-2014 BROKER SERVICE PLAN – BASED UPON A 7/1 RENEWAL

| SPECIAL REQUIREMENTS (CONTINUED)   | Aug                        | Sept | Oct       | Nov       | Dec       | Jan       | Feb       | March     | April     | May       | June      | July |
|--|----------------------------|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| 5. Market renewal coverage for the City by obtaining timely and competitive quotations from available and responsible insurers & reinsurers.   |                            |      | As Needed | As Needed | As Needed | As Needed | As Needed | As Needed | As Needed |           |           |      |
| 6. Provide quotations to the City at least thirty (30) days prior to insurance policy expiration unless otherwise approved by the City.  |                            |      |           |           |           |           |           | As Needed | As Needed | As Needed |           |      |
| 7. If requested by the City, provide the City with copies of declination letters and all premium quotations received with a summary of coverage explaining deficiencies or benefits of the quote compared to the recommended insurance program.  |                            |      |           |           |           |           |           | As Needed | As Needed | As Needed |           |      |
| 8. Provide quotations for specialized types of insurance, as requested by the City.  |                            |      |           |           |           |           |           | As Needed | As Needed | As Needed |           |      |
| <b>E. CLAIMS</b>   |                            |      |           |           |           |           |           |           |           |           |           |      |
| 1. Assist the City staff, as necessary with filing claims.   |                            |      |           |           | As Needed |           |           |           |           |           |           |      |
| 2. Work with outside claims adjustors as necessary.  |                            |      |           |           | As Needed |           |           |           |           |           |           |      |
| 3. Represent the interests of the City in policy interpretation and other negotiations with insurance carriers.  |                            |      |           |           | As Needed |           |           |           |           |           |           |      |
| 4. Assist the City with review of claim reserves and represent the City to the insurer with regard to requested explanation or reduction of reserve amounts. Follow-up with insurer as necessary until resolution of any reserve reduction requests are accomplished or until claim is closed. | Continuous throughout year |      |           | Quarterly |           |           |           | As Needed |           |           | Quarterly |      |
| 5. Provide annual summaries by policy year for each of the last five years indicating total number of losses by type for each line of coverage and showing earned premium, incurred losses and loss ratio.   | Continuous throughout year |      |           |           |           |           |           |           |           |           |           |      |
| <b>F. CERTIFICATES OF INSURANCE</b>  |                            |      |           |           |           |           |           |           |           |           |           |      |
| Issue certificates of insurance within three (3) business days following the date of request.  |                            |      | As Needed |           |           |           |           |           |           |           |           |      |
| <b>G. CONTRACT REVIEW</b>  |                            |      |           |           |           |           |           |           |           |           |           |      |
| Review contracts and lease agreements as requested and notify the City whether the insurance programs of the City are in compliance with insurance requirements of contracts and/or agreements.  |                            |      | As Needed |           |           |           |           |           |           |           |           |      |
| <b>H. LEGAL COMPLIANCE</b>   |                            |      |           |           |           |           |           |           |           |           |           |      |
| Comply with all State and Federal laws and regulations pertaining to insurance brokers licensed in the State of California.  |                            |      | As Needed |           |           |           |           |           |           |           |           |      |

 = Continuous throughout year

 = Quarterly

 = As Needed

 = Specific

Appendix H – Chart #2 – Sample Transition Plan

| Transition & Marketing Tasks |  | Responsible Party | 120-60 Days | 60-30 Days | 30-0 Days |
|------------------------------|--|-------------------|-------------|------------|-----------|
| 1                            | File Broker of Record Letters with respective markets.   | City              |             |            |           |
| 2                            | Request Cert Holder and other materials from prior broker. Establish Client Service Expectations, Safety/Loss Control Goals and Claims Reporting Procedures. Request list of appropriate insurance contacts  | City & AJG        |             |            |           |
| 3                            | Issue request for renewal information  | AJG               |             |            |           |
| 4                            | Update Renewal Information   | City              |             |            |           |
| 5                            | Request updated loss runs and status reports on all open claims from current & prior carriers  | AJG               |             |            |           |
| 6                            | Send a letter of introduction to each Insurance Contact. Make contact with all International Partners and establish service needs.   | AJG               |             |            |           |
| 7                            | Renewal Strategy Meeting   | City & AJG        |             |            |           |
| 8                            | Prepare & Send Submission to Market  | AJG               |             |            |           |
| 9                            | Transition any applicable international operations into respective AJG network partners. Create Electronic policy digest for locally admitted policies.  | AJG               |             |            |           |
| 10                           | Review current Loss Control & Disaster Program<br>Perform Engineering Needs Analysis<br>Assist in coordination of carrier renewal inspections  | City & AJG        |             |            |           |
| 11                           | Provide loss runs and summary  | AJG               |             |            |           |
| 12                           | Client - Carrier Meetings, As Necessary  | City & AJG        |             |            |           |
| 13                           | Negotiation with Markets   | AJG               |             |            |           |
| 14                           | Bind Order   | City              |             |            |           |
| 15                           | Forward Bind Order to Market(s). Transmit Binders once received and checked for accuracy. Provide Summary of Insurance. Process Renewal Certificates. Invoice LS&CO/Premium Financing Arrangements. Process & File Surplus Lines Filings, As Necessary | AJG               |             |            |           |
| 16                           | Quarterly Program & Service Review<br>Quarterly Loss Control Meeting & Goal Status Review  | AJG               |             |            |           |
| 17                           | Prepare Loss Control status reports  | AJG               |             |            |           |

## Appendix I - Chart #3 - Broker Services - Team Chart

**KEY ACCOUNT TEAM****Team Leader / Principal**

██████████ is the Team Leader and is responsible for all services included in the RFP. ██████████ has been with Gallagher for 31 years and has spent nearly his entire career in the public sector. ██████████'s areas of expertise include public entity property & casualty, policy design/manuscript, market trends/strategy, self insurance approaches; owner controlled insurance programs (OCIP), and education/training. He currently works with over 100 Cities in 5 states including the City & County of San Francisco.

**Account Manager/Marketing**

██████████ will work closely with the entire team to keep a focus on placements, policy administration, claims advocacy, legal reviews and technology issues. She maintains outstanding relationships with insurers and has successfully managed complex multilayered placements on behalf of our clients.

**Casualty Placement**

██████████ will lead the marketing efforts on the Liability placements. ██████████ has been an underwriter for one of the largest programs in the State as well as a wholesale broker at Victor Schinner a division of Marsh. She has 30 years experience underwriting and placing excess liability for complex public agency clients including Orange County.

**Environmental**

As a member of Gallagher's Environmental Risk & Insurance Group (GERI) ██████████ brings to the team his experience as an Environmental Consultant and Environmental Underwriter. ██████████ has over 10 years experience in environmental consulting and environmental insurance experience and is working as part of the team at the City and County of San Francisco.

**Area Senior Vice President, Claims Review**

██████████ will provide claims reviews and audits of the Property & Liability programs. ██████████ was a branch manager at Sedgwick for 12 years and provides claims reviews and audits for many of our public agency clients. Steve has 25 years experience handling insurance, self insurance, risk financing, and claims handling for public entities in the western United States. He is a CPCU and is the account executive to Maricopa County and Pima County in Arizona. In addition to his claims expertise, Steve has been a broker for more than 20 years.

**ARM-P, CSP, Area Vice President, Loss Control & Safety**

Prior to joining Gallagher, ██████████ spent 26 years with the Los Angeles County Fire Department retiring with the rank of Captain. He was also the Safety Manager for an Industrial Construction Company and most recently served as a Senior Loss Consultant for the world's largest multi-national insurance organization. Bruce is a professional member of the American Society of Safety Engineers serving on the Construction Risk Specialty Panel and is a member of the Associated General Contractors of America, serving on the California Safety and Health Committee. He is also a certified OSHA instructor.

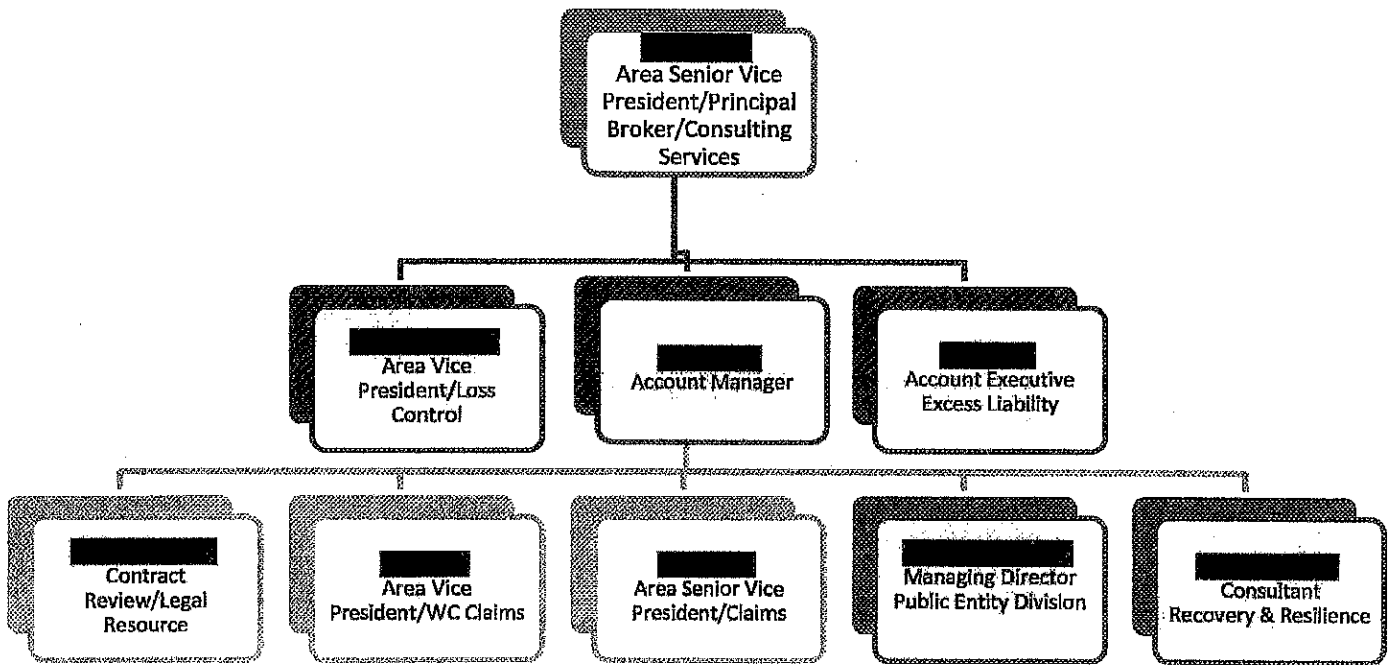
**ARM, Area Vice President, Workers' Compensation Claims Manager**

██████████ is the Workers' Compensation claims manager for Arthur J. Gallagher & Co.'s office in Aliso Viejo, CA. He utilizes his extensive knowledge in Workers' Compensation, safety, and loss control to assist clients with various risk management issues, which include ensuring that claims are accurately reserved, and are being adjusted timely and properly, as well as reducing the frequency and severity of claims through positive safety and loss control measures. ██████████ also assists in classification disputes, experience modification audits and accident investigations.

**JD, Senior Account Executive, Insurance Compliance/Contract Review**

██████████ acts as our client resource for insurance compliance. She consults with our clients on memorandum of coverage documents, coverage analysis, contract review, and claims advocacy. She has over 13 years of legal experience, including representation of insureds and insurance carriers, complex litigation, and risk mitigation strategies for reducing overall organizational risk.

**Organizational Chart of Your Gallagher Team**

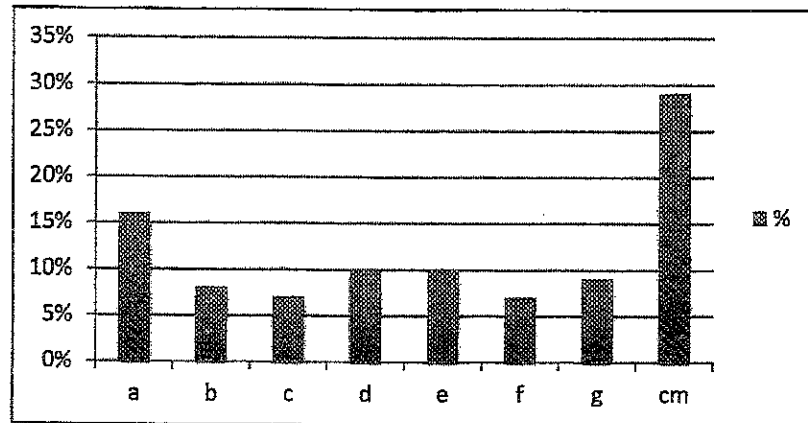


Appendix J – Chart #4 – Comparison of City's Loss Data to Benchmark Group

Comparison of City's Loss Data to Benchmark Group

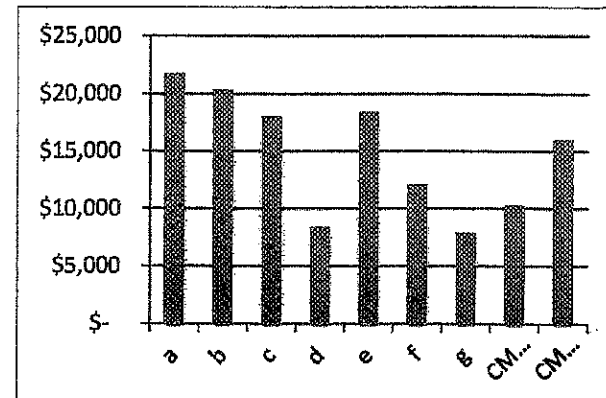
City of Costa Mesa  
 Compared to 7 Cities | Population: 100 – 150K

|    | OPEN | CLOSED | TOTAL | PERCENTAGE |
|----|------|--------|-------|------------|
| a  | 102  | 556    | 658   | 16%        |
| b  | 14   | 173    | 187   | 8%         |
| c  | 26   | 329    | 355   | 7%         |
| d  | 62   | 574    | 636   | 10%        |
| e  | 27   | 241    | 268   | 10%        |
| f  | 20   | 266    | 286   | 7%         |
| g  | 57   | 565    | 622   | 9%         |
| CM | 438  | 477    | 1437  | 29%        |



Overall Average Cost of Claims  
 7 Cities | 5 Year Average

|    | 5 Year Average  |
|----|---|
| a  | \$21,710  |
| b  | \$20,328  |
| c  | \$18,016  |
| d  | \$8,369   |
| e  | \$18,387  |
| f  | \$12,064  |
| g  | \$7,862   |
| CM | \$10,234 (5 Year Average)<br>\$15,983 (10 Year Average) |



Appendix K - CA Licenses

## California Department of Insurance

Pursuant to the requirements of the State of California Insurance Code,  
**JOHN GEORGE CHINO** is authorized to act in the following capacity:

| <u>License</u>              | <u>Effective Date</u> | <u>Expiration Date</u> |
|-----------------------------|-----------------------|------------------------|
| Resident Insurance Producer | 02/01/1988            | 07/31/2013             |
| <u>Qualifications</u>       |                       |                        |
| Accident and Health Agent   | 02/01/1988            |                        |
| Casualty Broker-Agent       | 03/21/1988            |                        |
| Life-Only Agent             | 02/01/1988            |                        |
| Property Broker-Agent       | 03/21/1988            |                        |
| Surplus Lines Broker        | 03/24/2005            |                        |

Business Address: 15 Enterprise Sta 200, Aliso Viejo, California 92656

  
 Dave Jones, Insurance Commissioner



Please note: To validate the accuracy of this license you may review the individual or business entity's license record on the California Department of Insurance's website at [www.insurance.ca.gov](http://www.insurance.ca.gov) "Check License Status."

Appendix L - Annual Report



**EXHIBIT B**  
**FEE SCHEDULE**

FEE PROPOSAL

**PRICING PROPOSAL FORM - Appendix D**

**Insurance Broker Services**

Provide hourly rates, along with estimated annual pricing in accordance with the City's current requirements, as set forth in section 3 Scope of Work. Also provide your firm's proposed Staffing Plan on a separate sheet of paper. Proposer should use a separate form to state pricing for any added value.

Pricing shall remain firm for a minimum of two (2) years. Any and all requests for pricing adjustments for follow-on contract renewal periods shall be provided no later than sixty (60) days prior to the end of the contract period. Any such proposed price adjustments shall not exceed The Bureau of Labor Statistics Consumer Price Index (CPI) data for Los Angeles-Riverside-Orange County, CA. All items Not Seasonally Adjusted, "annualized change comparing the original proposal month and the same month in the subsequent year. (This information may be found on the U.S. Department of Labor's website at [www.bls.gov](http://www.bls.gov).)

| Employee | Hourly Rate | Hours Worked | Total Cost | Overtime Rate |
|----------|-------------|--------------|------------|---------------|
| N/A      | \$ N/A      | N/A          | N/A        | \$ N/A        |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |
|          | \$          |              |            | \$            |

|                              |                       |
|------------------------------|-----------------------|
| Total Estimated Annual Price | \$ 50,000 (see below) |
|------------------------------|-----------------------|

**ADD ANY ADDITIONAL COST PROPOSAL SHEETS HERE**

We are proposing a flat fee for services for all staff of \$50,000 Annually. We confirm this flat fee to be free for a person of two years (2).

**EXHIBIT C**  
**PROJECT SCHEDULE**

**City of Costa Mesa Insurance Policies  
As Expiring**

Broker services begin September 1, 2013 to assist with the renewal of policies as they expire. New policy proposals are due to the City of Costa Mesa at least 30 days prior to the current policy's expiration date. Please see below table for the timeline of expiring policies.

| <b>Insurance Coverage</b>   | <b>Expiration Date</b> | <b>Effective Date Arthur J. Gallagher Risk Management insures the respective policies</b> |
|---|------------------------|---|
| Excess General Liability, incl. Employment practices                                | July 1, 2014           | July 1, 2014  |
| Property Insurance  | July 1, 2014           | July 1, 2014  |
| Cyber Liability   | July 1, 2014           | July 1, 2014  |
| Automobile  | July 1, 2014           | July 1, 2014  |
| Boiler and Machinery  | July 1, 2014           | July 1, 2014  |
| Earthquake and Flood  | July 1, 2014           | July 1, 2014  |
| Crime   | July 1, 2014           | July 1, 2014  |
| Environmental (Pollution Liability)   | July 1, 2015           | July 1, 2015  |
| Special Event Insurance**   | January 1, 2014        | January 1, 2014   |
| Any other coverage requested by the City of Costa Mesa or recommended by the broker | N/A                    |   |

\*\* Includes Tenant/User event, Instructor/recreation event, Nominee event, Concessionaire and additional insured

**EXHIBIT D**  
**CITY COUNCIL POLICY 100-5**

| SUBJECT             | POLICY NUMBER | EFFECTIVE DATE | PAGE   |
|---------------------|---------------|----------------|--------|
| DRUG-FREE WORKPLACE | 100-5         | 8-8-89         | 1 of 3 |

**BACKGROUND**

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

**PURPOSE**

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

**POLICY**

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
  - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;

| SUBJECT             | POLICY NUMBER | EFFECTIVE DATE | PAGE   |
|---------------------|---------------|----------------|--------|
| DRUG-FREE WORKPLACE | 100-5         | 8-8-89         | 2 of 3 |

- b. Establishing a Drug-Free Awareness Program to inform employees about:
  - 1. The dangers of drug abuse in the workplace;
  - 2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
  - 3. Any available drug counseling, rehabilitation and employee assistance programs; and
  - 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- d. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
  - 1. Abide by the terms of the statement; and
  - 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- e. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- f. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
  - 1. Taking appropriate personnel action against such an employee, up to and including termination; or
  - 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

| SUBJECT             | POLICY NUMBER | EFFECTIVE DATE | PAGE   |
|---------------------|---------------|----------------|--------|
| DRUG-FREE WORKPLACE | 100-5         | 8-8-89         | 3 of 3 |

- g. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
    - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
    - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
    - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
  3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
08/14/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

|  |  |               |
|--|--|---------------|
| <b>PRODUCER</b><br>Arthur J. Gallagher Risk Management Services, Inc.<br><br>300 South Riverside Plaza<br>Suite 1900<br>Chicago, IL 60606<br>Direct All Inquiries to Email | 1-312-704-0100<br><b>CONTACT NAME:</b> Chi_Certificates@AJG.com  |               |
|  | <b>PHONE (A/C, No, Ext):</b><br><b>FAX (A/C, No):</b><br><b>E-MAIL ADDRESS:</b> Chi_Certificates@AJG.com |               |
| <b>INSURED</b><br>Arthur J. Gallagher & Co. Insurance Brokers<br>of California, Inc.<br>18201 Von Karman, Suite #200<br><br>Irvine, CA 92612                               | <b>INSURER(S) AFFORDING COVERAGE</b>   | <b>NAIC #</b> |
|  | INSURER A: ARCH INS CO (A XV)  | 11150         |
|  | INSURER B:   |               |
|  | INSURER C:   |               |
|  | INSURER D:   |               |
|  | INSURER E:   |               |

**COVERAGES**                      **CERTIFICATE NUMBER:** 35186421                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE   | ADDL INSR | SUBR WVD | POLICY NUMBER                           | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS  |
|----------|---|-----------|----------|---|-------------------------|-------------------------|---|
| A        | <b>GENERAL LIABILITY</b><br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR<br><input checked="" type="checkbox"/> Gen Agg per loc subj.<br><input checked="" type="checkbox"/> to \$10 MIL policy agg.<br><br>GEN'L AGGREGATE LIMIT APPLIES PER:<br><input type="checkbox"/> POLICY <input type="checkbox"/> PROJ <input checked="" type="checkbox"/> LOC |           |          | 41GPP4938405                            | 10/01/12                | 10/01/13                | EACH OCCURRENCE \$ 1,000,000<br>DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000<br>MED EXP (Any one person) \$ 10,000<br>PERSONAL & ADV INJURY \$ 1,000,000<br>GENERAL AGGREGATE \$ 3,000,000<br>PRODUCTS - COMP/OP AGG \$ 3,000,000<br>\$ |
| A        | <b>AUTOMOBILE LIABILITY</b><br><input checked="" type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input checked="" type="checkbox"/> HIRED AUTOS<br><br><input type="checkbox"/> SCHEDULED AUTOS<br><input checked="" type="checkbox"/> NON-OWNED AUTOS   |           |          | 41CAB4938305 (AOS)<br>41CAB4939005 (MA) | 10/01/12<br>10/01/12    | 10/01/13<br>10/01/13    | COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$<br>\$   |
|          | <b>UMBRELLA LIAB</b><br><input type="checkbox"/> EXCESS LIAB<br>OCCUR<br><input type="checkbox"/> CLAIMS-MADE<br><br>DED \$      RETENTION \$   |           |          |   |                         |                         | EACH OCCURRENCE \$<br>AGGREGATE \$<br>\$  |
| A        | <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b><br><input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH)<br>If yes, describe under DESCRIPTION OF OPERATIONS below<br>Y/N<br><input checked="" type="checkbox"/> N / A  |           |          | 41WCI4938205 WI<br>41WCI4938105 AOS     | 10/01/12<br>10/01/12    | 10/01/13<br>10/01/13    | <input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER<br>E.L. EACH ACCIDENT \$ 1,000,000<br>E.L. DISEASE - EA EMPLOYEE \$ 1,000,000<br>E.L. DISEASE - POLICY LIMIT \$ 1,000,000                                |

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES** (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
 The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees and volunteers are shown as Additional Insureds solely with respect to General Liability coverage as required by written contract per form 00 GL0596 00 04 10

|   |  |
|---|--|
| <b>CERTIFICATE HOLDER</b><br><br>City of Costa Mesa<br><br>Attn: Jennifer Simmons<br>P.O. Box 1200<br><br>Costa Mesa, CA 92628<br><br>USA | <b>CANCELLATION</b><br><br>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.<br><br>AUTHORIZED REPRESENTATIVE<br><br><i>Thomas B. Gallagher</i> |
|---|--|

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**BLANKET ADDITIONAL INSURED**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM  
LIQUOR LIABILITY FORM  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM

**SECTION II – WHO IS AN INSURED** is amended to include as an additional insured the person or organization who is required under a written contract with you to be included as an insured under this policy, but only with respect to liability arising out of your operations or premises owned by or rented to you.

All other terms and conditions of this policy remain unchanged.

Endorsement Number:

Policy Number: 41GPP4938405

Named Insured: ARTHUR J GALLAGHER & COMPANY

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 10/1/12



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
08/30/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

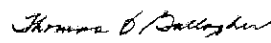
|   |  |                        |
|---|--|------------------------|
| <b>PRODUCER</b> 1-312-704-0100<br>Arthur J. Gallagher Risk Management Services, Inc.<br><br>300 South Riverside Plaza<br>Suite 1900<br>Chicago, IL 60606<br>Direct All Inquiries to Email | <b>CONTACT NAME:</b><br>PHONE (A/C, No, Ext): _____ FAX (A/C, No): _____<br>E-MAIL ADDRESS: Chi_Certificates@AJG.com |                        |
|   | <b>INSURER(S) AFFORDING COVERAGE</b>   |                        |
| <b>INSURED</b><br>Arthur J. Gallagher & Co.<br>Insurance Brokers of California, License #0726293<br>15 Enterprise<br><br>Aliso Viejo, CA 92656  | <b>INSURER A:</b> INDIAN HARBOR INS CO   | <b>NAIC #</b><br>36940 |
|   | <b>INSURER B:</b>  |                        |
|   | <b>INSURER C:</b>  |                        |
|   | <b>INSURER D:</b>  |                        |
|   | <b>INSURER E:</b>  |                        |
|   | <b>INSURER F:</b>  |                        |

**COVERAGES**                      **CERTIFICATE NUMBER:** 28884469                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE  | ADDL INSR | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS   |
|----------|--|-----------|----------|---------------|-------------------------|-------------------------|--|
|          | <b>GENERAL LIABILITY</b><br><input type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR<br><br>GEN'L AGGREGATE LIMIT APPLIES PER:<br><input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC |           |          |               |                         |                         | EACH OCCURRENCE \$<br>DAMAGE TO RENTED PREMISES (Ea occurrence) \$<br>MED EXP (Any one person) \$<br>PERSONAL & ADV INJURY \$<br>GENERAL AGGREGATE \$<br>PRODUCTS - COMP/OP AGG \$ |
|          | <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS   |           |          |               |                         |                         | COMBINED SINGLE LIMIT (Ea accident) \$<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$                                    |
|          | <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR<br><input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE<br>DED    RETENTION \$  |           |          |               |                         |                         | EACH OCCURRENCE \$<br>AGGREGATE \$   |
|          | <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b><br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y <input checked="" type="checkbox"/> N<br>If yes, describe under DESCRIPTION OF OPERATIONS below                                       |           |          |               |                         |                         | WC STATUTORY LIMITS    OTH-ER<br>E.L. EACH ACCIDENT \$<br>E.L. DISEASE - EA EMPLOYEE \$<br>E.L. DISEASE - POLICY LIMIT \$  |
| A        | <b>Errors &amp; Omissions</b><br>(Claims Made)   |           |          | ELU12691512   | 09/01/12                | 09/01/13                | Each Wrongful Act 20,000,000<br>Aggregate 20,000,000   |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

|  |   |
|--|---|
| <b>CERTIFICATE HOLDER</b><br><br>For evidence of insurance coverage only | <b>CANCELLATION</b><br><br>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. |
|  | AUTHORIZED REPRESENTATIVE<br><br>  |

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