

ORIGINAL



Gallagher
Insurance | Risk Management | Consulting

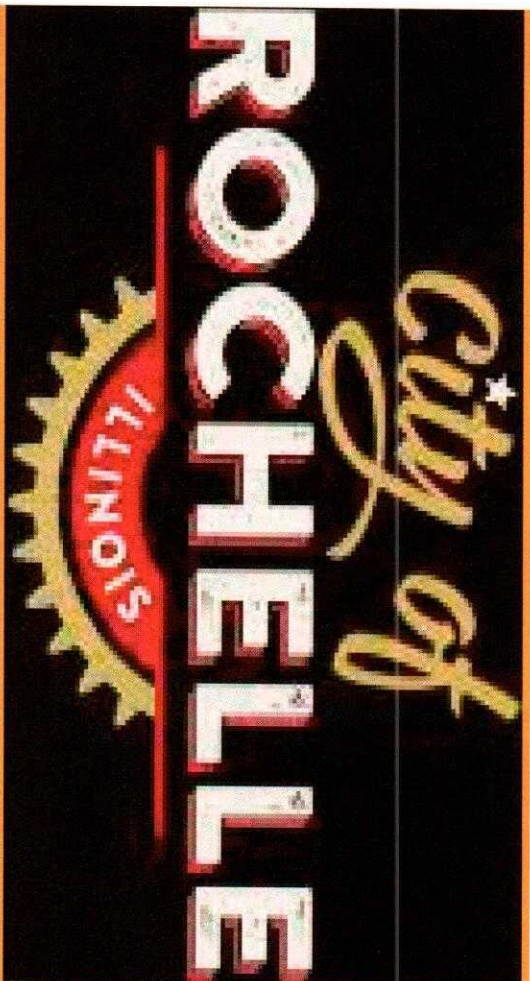
2018 Insurance Program

City of Rochelle

Jessica Govic

Ethan Salsinger

October 30, 2017



Today's Agenda

1. AJG Facts & Figures
2. Public Sector Practice Facts & Figures
3. Rochelle Service Team
4. Gallagher's Approach/Capabilities
5. Program Comparison
6. Gallagher Loss Control & Resources
7. Reference List



Gallagher

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CORE 360

Facts & Figures: Arthur J. Gallagher & Co.

Arthur J. Gallagher & Co. is one of the largest insurance risk management firms in the world. Gallagher was **founded in 1927** and is publicly **traded on the NYSE** under the symbol "AJG." Gallagher has over 85 years of experience in the insurance brokerage and risk management industry. We have offices and affiliates in over **150 countries** and are responsible for the placement and administration of approximately **\$20 billion in written premium.**



Arthur Gallagher

Family Founder



Robert "Bob" Gallagher

Publicly Traded



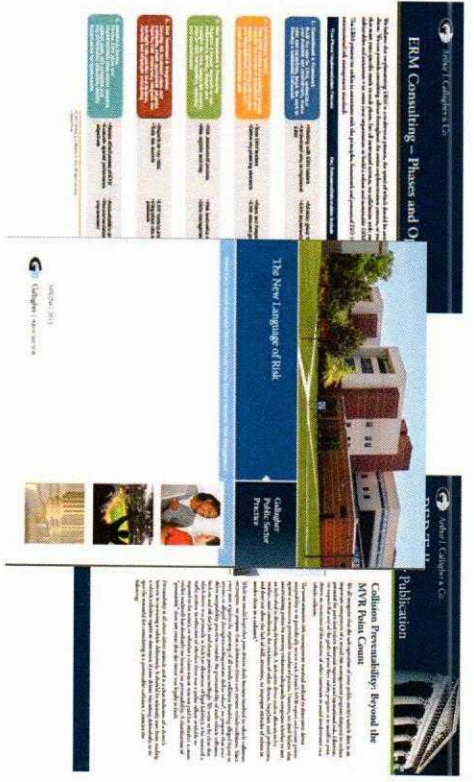
Patrick Gallagher, Jr.

Family Run

Arthur J. Gallagher & Co.	
Home Office	The Gallagher Centre 2850 Golf Road Rolling Meadows, IL
Local/Service Office	Arthur J. Gallagher & Co. 2850 Golf Road Rolling Meadows, IL
Size	World's fourth largest insurance broker
Revenues	\$4+ Billion in Total Revenues in 2016 17% Adjusted Revenue Growth in 2016
Employees	26,000+
Sales & Service Offices	680+ in 150+ countries with client service capabilities
Approximate Number of Clients	1,000's of individual cities, counties, parishes, and special districts
Area of Specialization	Gallagher has more than two-dozen industry and coverage practice groups servicing industries ranging from Education, Public Sector, Healthcare, Construction, Commercial Real Estate Developers, Restaurants, and Religious and Not-for-Profit Institutions.

Facts & Figures: Public Sector Practice

Gallagher has structured its operations around the ability to provide **tailored solutions** to specific industries. Our value proposition is built on the concept that by devoting our best talent, corporate resources, and time into **specializing in municipalities**, we can provide measurable value to our clients in helping them **understand and manage their total cost-of-risk**.



Gallagher Public Sector Practice	
Size	World's largest insurance broker for Public Entities and Municipalities
Approximate Number of Clients	10,000+ municipalities \$1.1B+ Public Sector Premium Volume
Public Sector Practice Headquarters	The Gallagher Centre 2850 Gold Road Rolling Meadows, IL
Jessica + Ethan Similar Clients to Rochelle (premium, population, exposures, location)	Mendota, Rantoul, Oswego, Freeport, Peru, DeKalb, South Beloit, Marengo, Warren, Hampshire, Bloomington, Effingham, Mattoon, Geneva, DeKalb, Batavia, Joliet, Mendota, Roscoe, Pingree Grove
Public Sector Practice Resources	<ul style="list-style-type: none"> ERM consultants specifically focused on municipal operations Former municipal risk managers on staff 300+ sales experts across the US
Gallagher Public Sector Publications	<ol style="list-style-type: none"> "The New Language of Risk" whitepaper Monthly risk management e-newsletter

Gallagher's Linchpin Service Model

LINCHPIN

Noun / linch-pin

: an irreplaceable person who creates vital solutions and interactions



Transitioning to Gallagher

Hands on Approach

Initiative	Task	Suggested Critical Date
Program Analysis	<ul style="list-style-type: none"> • Deductible/Retention Analysis • Exposure/Coverage Analysis • Review of Alternative Risk Financing Options • Update Uninsured/Underinsured Insurables • Pre-Renewal Strategy Plan Document • Prepare request for underwriting information • Discussions with potential markets • Review Goals and Objectives – what does the City want to accomplish at renewal • Discuss Market Conditions • Define key renewal objectives by line of coverage • Develop Marketing Plan • Review Marketing Strategy including analysis of individual market's financial condition, experience, service capabilities • Estimate Timeline/Renewal Goals • Update on new exposures, changes in exposures, etc. • Review Uninsured/Underinsured Insurables 	180 days prior to renewal
Prerenewal Meeting	<ul style="list-style-type: none"> • Analyze existing program • Consider new exposures, acquisitions, new partnerships • Review existing policy contracts for adequacy of coverage; identify deficiencies or gaps in coverage • Review loss experience • Develop program design – analyze alternative coverages and retention levels to determine the most appropriate program structure and a program which meets your objectives 	180 days to 120 days prior to renewal
Program Design	<ul style="list-style-type: none"> • Survey and evaluate potential markets • Qualify the security the insurer/reinsurer; ask questions regarding their financial strength, claims paying ability, etc. Begin preliminary discussions • Identify those markets that match the city's needs 	120 to 90 days prior to renewal
Market Selection	<ul style="list-style-type: none"> • Receipt of updated exposure information • Preparation of Underwriting Specifications • Review Specifications with Client • Specifications to Underwriters • Review Coverage Documents • Negotiations with Markets to achieve the best possible terms, conditions and pricing • Status Reports 	Between 90 days and 60 days prior to renewal
Marketing	<ul style="list-style-type: none"> • Analyze and compare each alternative in scope of coverage, limits, and retentions • Preparation of Proposal • Presentation to Client • Arrange meetings with Underwriters, if required • Finalize terms and conditions • Issue Binders, invoices, etc. 	60 days and 30 days prior to renewal
Final Renewal Negotiations		

CORE360™: What's It All About?

Evaluating and Minimizing our Clients' Total Cost of Risk



CORE360™

Municipal Toolbox

Introduction: Listed below are the products, services, tools and resources that support each of the cost drivers in the Higher Education Practice's CORE360™ approach.





Program Comparison



IMLRMA Current Program

<u>Line of Coverage</u>	<u>Deductible</u>	<u>Limit</u>
Property	\$500	\$36,764,592
General Liability	\$0	\$8M
Law Enforcement Liability	\$0	\$8M
Auto Liability *Uninsured Motorist	\$0	\$8M \$40,000
Auto Physical Damage	\$500/\$500	N/A
Employee Practices Liability	\$0	\$8M
Employee Benefits Liability	\$0	\$8M
Cyber Liability	\$0	\$50,000
Crime	\$0	\$500,000
Total Premium: \$668,989		

Worker's Compensation
Total Premium: Included

Payroll: \$8,766,548

Gallagher Proposed Program

<u>Line of Coverage</u>	<u>Deductible</u>	<u>Limit</u>
Property	\$1,000	\$351,000,000
General Liability	\$0	\$10M
Law Enforcement Liability	\$0	\$10M
Auto Liability *Uninsured Motorist	\$0	\$10M \$40,000
Auto Physical Damage	\$1,000/\$1,000	N/A
Employee Practices Liability	\$0	\$10M
Employee Benefits Liability	\$0	\$10M
Cyber Liability	\$2,500	\$2,000,000
Crime	\$1,000	\$550,000

Total Premium: \$99,000
 Loss Fund Contribution (85%): \$97,750
 Cyber Premium: \$1,550
 Boiler Premium: \$1,814
 Excess Property: \$28,691
 Claims Fee + Loss Control: \$16,000
 Taxes: \$4,710
 Worker's Compensation
 Total Premium: \$229,390
 Brokerage Fee: \$20,000

Payroll: \$8,766,548

Total Program Cost: \$668,989

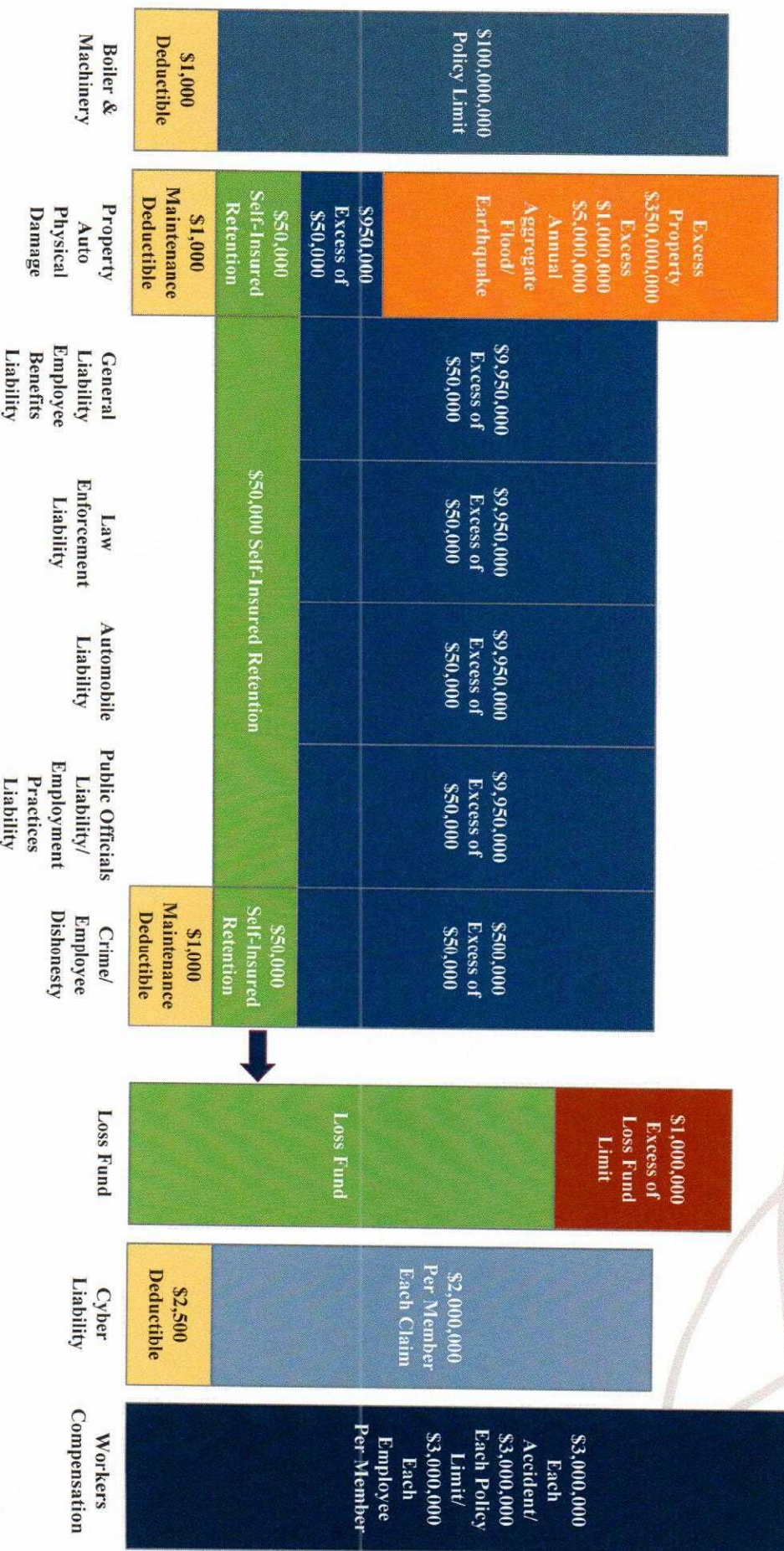
Total Program Cost: \$498,905

Initial Savings: 25%

*We have not identified any conflicts of interest between Rochelle & Gallagher

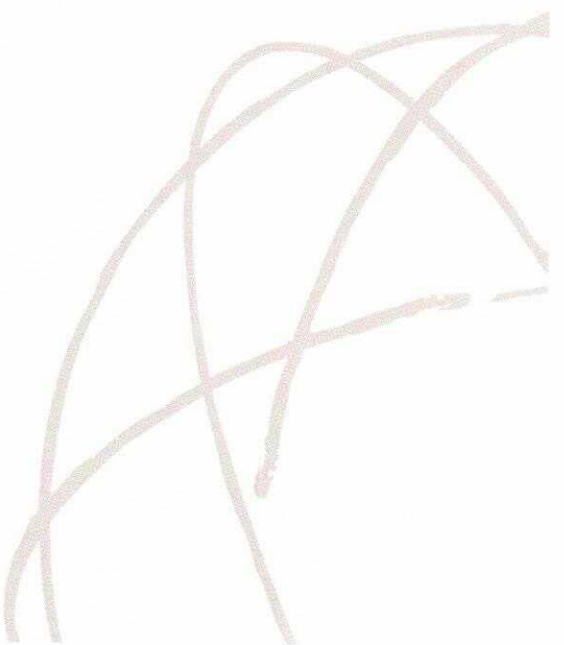
IMIC Public Entity Package Program

2018 Protected Self-Insurance Structure



The SIR is a Per Occurrence Retention. Only one Retention applies in the event of a multiple coverage loss.

IMIC Membership



- | | |
|------------|-------------|
| Mendota | Wilmington |
| Oglesby | Bradley |
| Marseilles | Braidwood |
| Oswego | Plano |
| Sandwich | Bourbonnais |
| Beecher | Channahon |
| Peotone | Peru |
| Coal City | Roscoe |
| Manteno | Dwight |



Arthur J. Gallagher & Co.

Loss Control Services

Client Focused

- Integrated Broker Service Program
- Experienced Loss Control Consultants
- On-Site, Hospitality Assistance, Webcast and Teleconference
- Services and Programs Referenced Against Best Practices
- Work Closely with Client and Carrier to Address Concerns

Customized Solutions

- Programs Targeted to Loss Drivers and Operations
- Focus on Areas That Will Make an Impact on Losses
- Services are Directed at Lowering Cost of Risk
- Hospitality-Specific Services
- Results-Oriented, Not Inspection-Driven

Accident Analysis

- First-Aid Log
- Investigation Report
- OSHA Log

- Loss Runs
- Root Cause
- Benchmarking

Assessments

- Slip, Trip and Fall
- Sprain and Strain
- Security
- Ergonomic
- Workplace
- Machine Safeguarding
- Job Safety

- Safety Program
- Mock OSHA
- OSHA Regulatory Compliance
- Personal Protective Equipment
- Emergency Response Plan

Program Development

- Safety Rules
- Employee Safety Handbook
- Policy, Procedure, Program

- Safety Manual
- Safety Committee
- Work Method
- Early Return to Work
- OSHA Compliance

Safety Training

- 10- and 30-Hour Outreach Training
- OSHA 300 Log Recordkeeping

- Hazard Awareness
- Defensive Driving
- Ergonomics

OSHA Citation Assistance

- Consultation Service
- Participation in Settlement Meeting
- Abatement Services

Supervisory Skill Development

- Fraud Prevention
- Insurance 101
- Personal Liability Awareness
- Hazard Awareness
- Managing Safety & Culture

- Incident Investigation
- Safety Meetings & Communication
- Selling Safety to Management
- Workplace Violence
- Sexual Harassment

Property Fire Protection Engineering

- Property Loss Control Advocacy
- Evaluate Fire Protection Systems
- Provide Property Risk Reports

- Account Engineering Coordination
- Evaluate Loss Expectancies
- HPR Guidance and Assistance
- Flood Exposure Assessments

Other Services

- Onboarding with New Carrier
- Carrier Service Management
- Recommendation Compliance

- Stewardship Report
- Marketing Safety Efforts to Underwriters



Arthur J. Gallagher & Co.

Claim Advocacy Services

Claim Reviews

- Coverage advocacy/reductions
- Reserve advocacy/reductions
- Aggressive POA
- Thorough investigations
- Medical management
- Litigation management
- Fraud awareness and defense
- Identify systemic problems
- Push for resolution and closure

Claim Audits

- Best practices review
- Compliance with special handling requests/instructions
- Compensability verification AOE/COE
- Reserve adequacy—recognition of changes impacting reserves
- Detailed file review of adjusting activity
- Confirm file/adjuster supervision and directions
- Cost-containment litigation management
- Timely resolution—structured settlement considered if appropriate

Coverage Advocacy

- Coverage intervention and resolution
- Coverage resolution

Complex Claims Consulting

- Analysis and strategy development
- Troubleshooting/intervention
- Damage control
- Cost control
- Timely and appropriate vendor list
- Negotiation/resolution strategy
- Mediation and pretrial preparation and participation

CAT Management

- Vendor resources/immediate responders
- Off-site coordination of team
 - » Client
 - » Adjuster
 - » Consultant
 - » Forensic accountant
 - » Construction manager
- And others as necessary
- Facilitating advance payments
- Proactive claim management
- Assist with documentation

Claim-Needs Analysis

- Interview client
- Determine goals and exposures
- Outline carriers requirements
- Develop service plan and timeline
- Ensure accountability

Special Handling Instructions

- Client-needs analysis
- Negotiation with carrier regarding claim handling instructions
- Implement
- Ensure compliance

Seminars/Workshops

- Internal training sessions
- WC, GL, Products, EPL, Auto, Fraud, Medical Management, New Legislation

Insurer Insolvencies

- Rehabilitation vs. Liquidation
- Guaranty fund availability/limitations
- Proof of claim processing
- Management of claims

TPA/RFP/RFQ

- Client-needs analysis
- TPA alternatives
- Develop RFP and disseminate
- Analysis of responses
- Interview candidates and visit (four facilities)
- Prepare comparative matrix
- Assist client in decision

Attorney/Vendor Selection

- Determine list of potential candidates
- Interview candidates
- Request/Review CV
- Obtain carrier approval
- Review selection of attorney/vendor
- Implement to ensure satisfaction

RMI Claim Management Manual

- Comprehensive reference source
- Tailored to client
- Flexible document
- Track Best Practices

Data Analysis

- Benchmarking
- Loss picks
- X-Mod calculations

LOC Advocacy

- Scrub losses for reduction
- Identify/explain high-impact variables
- Initiate/facilitate RM Best Practices
- Discussion/negotiation with carrier

Healthcare Provider Selection

- Review medical providers
- Tour client facility/plant
- Discuss RTW requirements
- Implement needed changes
- Evaluate NCM
- Job descriptions to doctor
- Video workstation requirements and provide to doctor

RMIS Evaluation and Assistance

- Identify client needs
- Identify vendors
- Develop matrix
- Contrast/compare RMIS programs

Dissemination of Industry Information

- Changes in law
- Industry changes
- Newsletters

Subrogation Assistance

Additional Services and Products

- Actuarial Support
- Benchmarking Capabilities
- Catastrophe Modeling
- Contract Review
- Cyber Risk Assessment
- Director/Supervisor Trainings
- Exclusive Programs – MICA and IMIC
- OSHA Training
- Risk Management Seminars
- Online Training
- Onsite Safety Reviews and Inspections
- Free Webinars
- Tenants and Users Liability Insurance Policy (TULIP)
- Third Party Administrator (TPA) RFP Assistance



Reference List

City of Geneva

Stephanie Dawkins

City Administrator

(630) 262-8495

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Client since 2008



Village of Coal City

Matt Fritz

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Client since 2009



City of Peru

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Client since 2016

