

9901
Amd 3

**AMENDMENT NUMBER THREE TO:
C O N T R A C T
B E T W E E N
THE CITY OF JACKSONVILLE
AND
ARTHUR J. GALLAGHER RISK MAANAGEMENT SERVICE, INC.
FOR
CASUALTY INSURANCE BROKER SERVICES**

THIS THIRD AMENDMENT to Agreement (the "Third Amendment") is made and entered into in duplicate this 13 day of NOV, 2015 (hereinafter the "Effective Date"), by and between the CITY OF JACKSONVILLE, FLORIDA (hereinafter sometimes the "Owner" or the "City"), a municipal corporation in Duval County, Florida, and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICE, INC. (the "SERVICE BROKER"), an Illinois corporation authorized to transact business in Florida and with its principal offices at Two Pierce Place, Itasca, Illinois 60143.

RECITALS:

WHEREAS, effective August 14, 2013, City and Service Broker made and entered into City of Jacksonville Contract No. 9901 (hereinafter, the "Agreement"); and

WHEREAS, said Agreement has been amended twice previously; and

WHEREAS, said Agreement should be amended by: (i) incorporating the Grant Total Average Commission Percentage ("GTAC") attached hereto as Exhibit "B3" within the Exhibit "B" attached to the Agreement; (ii) insert Exhibit "G" attached hereto into the Agreement as Exhibit "G", which is encumbrance information for City fiscal year 2015/16; (iii) incorporating Service Brokers 2015-2016 (FY16) Proposal for Casualty Insurance Proposal attached hereto as Exhibit "H" into the Agreement as Exhibit "H", which shall be included within the Description of Services and Deliverables for City fiscal year 2015/16; (iv) encumbering funds for fiscal year 2015/16 in the maximum indebtedness amount of \$1,404,811.00, for a new total maximum indebtedness of \$4,426,231.25; and (v) exercising the second of four, one year renewal periods to extend the term of the Agreement to be from the Effective Date to September 30, 2016, with two (2) additional, one

year renewal options remaining, with all other provisions, terms and conditions of said Agreement remaining unchanged; now therefore

IN CONSIDERATION of the Agreement and of the mutual covenants and promises hereinafter contained, the parties agree as follows:

1. The above-stated recitals are accurate, true and correct and are incorporated herein and made a part hereof by this reference.

2. Exhibit "B" of the Agreement, "Proposed GTACP Grand Total Average Commission Percentage" is hereby amended by attaching and incorporating into the Agreement Exhibit "B3" attached hereto and incorporated herein by this reference. Exhibit "B3" is the "Grand Total Average Commission Percentage" for the services of Service Broker for fiscal year 2015/16.

3. Exhibit "G" attached hereto, encumbrance information for 2015-2016 (FY16), is hereby attached to the Agreement as Exhibit "G" thereto.

4. Exhibit "H" attached hereto, 2015-2016 (FY 16) Proposal for Casualty Insurance Proposal, is hereby attached to the Agreement as Exhibit "H" thereto, and shall be included within the description of Services and Deliverables of Service Broker for City fiscal year 2015/16.

5. Paragraph 3, "Maximum Indebtedness," of the Agreement is hereby amended, in part, to encumber the maximum indebtedness amount and, as amended, shall read as follows:

"3. **Maximum Indebtedness.** For the period of October 1, 2015 through September 30, 2016, the maximum indebtedness, for all products and services under this Contract shall be a fixed monetary amount not-to-exceed and up to ONE MILLION FOUR HUNDRED FOUR THOUSAND EIGHT HUNDRED ELEVEN AND 00/100 (\$1,404,811.00), with a new, total maximum indebtedness under the Agreement of FOUR MILLION FOUR HUNDRED TWENTY-SIX THOUSAND TWO HUNDRED THIRTY-ONE AND 25/100 DOLLARS (\$4,426,231.25).

6. Paragraph 4 of the Agreement is amended, in part, by exercising the second of four, one year renewal periods to extend the term of the Agreement to be from the Effective Date to September 30, 2016, with two (2) additional, one year renewal options remaining and, as amended, shall read as follows:

“4. The initial term of this Contract shall commence on the Effective Date and shall expire on September 30, 2016, unless sooner terminated by either party in accordance with the terms of the RFP. This Contract may be renewed for up to two (2) additional one (1) year periods by (i) the CITY, at its sole discretion, upon written notice to SERVICE BROKER at least sixty (60) days prior to end of the then-current term, or (ii) upon the mutual agreement of the parties.”

7. Add, attach and incorporate by this referenced Exhibits “B3”, “G”, and “H” on and into said Agreement.

SAVE AND EXCEPT as expressly amended in this instrument, the provisions, terms and conditions of said Agreement shall remain unchanged and shall continue in full force and effect.

[Remainder of page left intentionally blank; signatures on following page.]

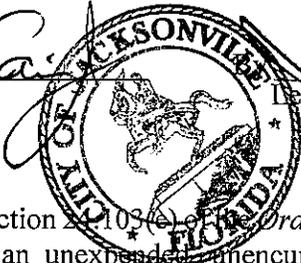
IN WITNESS WHEREOF, the parties hereto have duly executed this Contract, in duplicate, the day and year first above written.

ATTEST:

CITY OF JACKSONVILLE, FLORIDA

By James R. McCain, Jr.
James R. McCain, Jr.
Corporation Secretary

Lenny Curry
Lenny Curry, Mayor



Sam E. Mousa
Chief Administrative Officer
For: Mayor Lenny Curry
Under Authority of:
Executive Order No. 2015-05

In accordance with Section 2-103(e) of the Ordinance Code of the City of Jacksonville, I do hereby certify that there is an unexpended, unencumbered and unimpounded balance in the appropriation sufficient to cover the foregoing agreement; and that provision has been made for the payment of monies provided therein to be paid.

[Signature]
Director of Finance
City Contract Number: 9901, Amd #3, Add Ex. B3,
Ex. G and Ex. H; increase maximum indebtedness

Form Approved:

[Signature]
Office of General Counsel

ATTEST:

ARTHUR J. GALLAGHER RISK
MANAGEMENT SERVICE, INC.

[Signature]
Signature
Stephany Galardy
Type/Print Name
Client Service Director
Title

[Signature]
Signature
Peter Doyle
Type/Print Name
Regional EVP
Title

CONTRACTOR

Exhibit B-3
2015 -2016 (FY16)
GTACP

City of Jacksonville
 2015 Casualty Proposed GTACP
 Exhibit B3 - Option 2
 Grand Total Average Commission

Coverage(s)	Carrier Name	Wholesaler, MGA, or Intermediary Name	Estimated Annual Premium	Comm % or Fee	Wholesaler, MGA or Intermediary %	Total Commission %	Total Commission \$
Public Entity Excess	Lloyd's of London	N/A	\$433,527.00	10.00%	0.00%	10.00%	\$43,352.70
Excess Workers Compensation	New York Marine & General	N/A	\$873,858.00	10.00%	0.00%	10.00%	\$87,385.80
General Liability - Rails to Trails	National Fire & Marine	Hull & Co.	\$4,725.00	10.00%	10.00%	20.00%	\$945.00
Excess Liability - Rails to Trails	Evanston Ins. Co.	Hull & Co.	\$2,150.00	10.00%	10.00%	20.00%	\$430.00
General Liability - Powerline	Western World	Hull & Co.	\$2,625.00	10.00%	10.00%	20.00%	\$525.00
Excess Liability - Powerline	Scottsdale Ins. Co.	Hull & Co.	\$2,750.00	10.00%	7.50%	17.50%	\$481.25
General Liability - Riverwalk	Scottsdale Ins. Co.	AmWins (merged with Gresham)	\$60,541.00	0.00%	5.80%	5.80%	\$3,511.38
Excess Liability - Riverwalk	Scottsdale Ins. Co.	AmWins (merged with Gresham)	\$14,175.00	0.00%	5.80%	5.80%	\$822.15
General Liability - Voting Precincts	Mesa Specialty Underwriters	Regional Excess Underwriters	\$10,000.00	10.00%	10.00%	20.00%	\$2,000.00
TOTAL PREMIUM			\$1,404,351.00	TOTAL AGG COMMISSION	TOTAL INTERMEDIARY COMMISSION	TOTAL COMMISSION AVERAGE COMMISSION %	\$139,453.28
				\$132,963.50	\$6,489.78		9.93%

Notes:

Premiums includes TRIA but do not include taxes, fees and assessments

Note: The above premium exclude taxes and fees.

Exhibit G

2015 -2016 (FY16)

Encumbrance

ARTHUR J. GALLAGER RISK MANAGEMENT SERVICES, INC.
CASUALTY INSURANCE SERVICE BROKER
FOR
RFP - P 28--13 - CONTRACT
EXHIBIT G -ENCUMBRANCE FY15

Coverages	Subsubjects	Actual Premiums and Applicable Fees and Surcharges	Grand Totals
Excess WC (Subject to Audit - per the terms and conditions of the quotation)			
Excess WC (includes TRIA)	4521	\$873,858.00	\$873,858.00
Liability and WC Buffer (Primary Layer) - PKGE			
Combined Premium	4564/4521		
General Liability, etc.			
GL Premium	4564		
FHCFA	4564	\$323,400.00	
TRIA	4564	\$4,124.00	
FHCFA	4564	\$0.00	
	4564		\$327,524.00
Worker's Compensation			
Buffer Premium	4521	\$104,680.00	
FHCFA	4521	\$0.00	
TRIA	4521	\$1,323.00	
	4521		\$106,003.00
CSX -Rail to Trail General Liability			
Primary GL (Includes FHCFA & TRIA)	04524	\$4,760.00	
Excess GL (Includes FHCFA & TRIA)	04524	\$2,185.00	
	4524		\$6,945.00
Riverwalk General Liability			
Primary GL (Includes FHCFA & TRIA)	04528	\$60,826.00	
Excess GL (Includes FHCFA & TRIA)	04528	\$14,210.00	
	04528		\$75,036.00
Powerlines General Liability			
Primary GL (Includes FHCFA & TRIA)	04525	\$2,660.00	
	04525	\$2,785.00	
	4524		\$5,445.00
Primary GL (Includes FHCFA & TRIA)	04543	\$10,000.00	
	4543		\$10,000.00
Grand Total		\$1,404,811.00	\$1,404,811.00

Exhibit H
2015 -2016 (FY16)
Proposal
For
Casualty Insurance Proposal

**2015- 2016
Casualty Renewal
Executive Summary
Prepared For**

CITY OF JACKSONVILLE

117 West Duval Street, Suite #335
Jacksonville, Florida 32202-3381

Presented: September 3, 2015



Arthur J. Gallagher & Co.

John A. Wenz, CPCU
Vice President

Arthur J. Gallagher Risk Management Services, Inc.
1075 Lakes Road, Suite #200E
Boca Raton, Florida 33433

John A. Wenz, CPCU
www.ajg.com

City of Jacksonville

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City of Jacksonville

Our Team and Commitment

City of Jacksonville

Service Team

Judith A. Arenz has primary service responsibility for your City. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / ALT. PHONE	EMAIL
Judith A. Arenz, CPCU Area Senior Vice President	561-998-6780 561-719-2085	Judy_Arenz@ajg.com
Tom Gill, CIC, CRM, MBA Area Assistant Vice President	561-998-6812 561-866-0574	Tom_Gill@ajg.com
Cynthia L. Preston, ARM, CIC Senior Account Manager	561-998-6810 561-542-7668	Cynthia_Preston@ajg.com
Donna Perusi Senior Client Service Representative	561-998-6829	Donna_Perusi@ajg.com
Aimee Bell Senior Technical Assistant	561-998-6817	Aimee_Bell@ajg.com
Zeb Holt South Florida Branch Manager	305-639-3113 812-320-4482	Zeb_Holt@ajg.com
Jim Smith Director, Risk Control Services	561-998-6809 561-310-1747	Jim_Smith-FL@ajg.com
Andrea Tomasek Claims Advocate	561-998-6757	Andrea_Tomasek@ajg.com
David Dawson Jacksonville, Area Vice President	904-520-4473	David_Dawson@ajg.com

Arthur J. Gallagher Risk Management Services, Inc.

Main Office Phone Number: 561-995-6706

Main Fax Phone Number: 561-995-6708

City of Jacksonville

Executive Summary

Arthur J. Gallagher Risk Management Services, Inc. and your Account Service Team have prepared this proposal for the renewal of coverage for the City of Jacksonville, Florida for the 2015 – 2016 coverage term.

Renewal Goals:

- **Total Cost of Risk** – As your risk management consultant, our primary mutual goal is to lower your total cost of risk. Budgets continue to be stressed and we are not looking to increase the insurance premium spend. Our goal is to develop a cost-effective program that supports the City's self-insured risk management plan.

- **Program Structure** – Maintain current program structure with options as follows:
 - Workers Compensation with Alternative Retentions
 - Market to additional carriers for alternatives to existing program

- **Claim Advocacy** – Gallagher will provide claim review and advocacy
 - Quarterly claims review by AJGRMS Claims Advocate with emphasis on Workers Compensation claims and selected claim file review

- **Loss Control** – Gallagher will provide loss control through our specialist Jim Smith and his staff
 - Utilize services provided by BRIT "Team" program - **Casualty**
 - Utilize resources provided by Midlands Management – **Workers' Compensation**

- **Insight** – Gallagher's proprietary risk management data platform to provide City specific documents such as insurance policies and schedules

City of Jacksonville

Executive Summary (Cont.)

STATE OF THE MARKET

State of the Market – Casualty

Effective management of capacity remains a critical aspect of public entity underwriters. Use of corridor retentions by the underwriting community is also growing more frequent creating a buffer to the risk transfer on an aggregated basis. This has allowed insureds to validate changes in procedures and protocols in problematic loss areas and underwriters to monitor whether the stated improvements have an impact on the loss portfolio.

Markets continue to align their books based on preferred attachment points (with many establishing minimum retained limits dependent on geography and applicable government tort caps that may exist), maximum limit available, and pool only versus individual risk capabilities.

Budgetary restrictions have forced insureds to market their program more often, with boards often paying closer attention to the insurance purchase process and coverage structure due to prospective impacts on the municipal finances.

Interest in carrier-provided risk management services is increasing, often based on limited resources that exist due to budgetary constraints.

There is increased focus on financial viability of insurance partners, given the long tail liability nature and often extended claim payout patterns involved with some public entity liability claims (some markets citing seven or eight years).

Florida Workers Compensation

The Excess Workers' Compensation insurance market has presented challenges to Florida insureds. Essentially, after many years of overall rate reductions, we are seeing a significant tightening of this market. Although this line of coverage is intended to respond to infrequent, but very large losses, certain trends are now resulting in more "large" claims than expected, which are entering the insured layer. Some of these trends include:

- Newer, higher-cost treatments, which are more prevalent, and which are expected to have a major impact on today's claims, in the future.
- More use of prescription medications for injured employees.
- Medical inflation.
- Little to no investment income, due to the economy, that could otherwise offset insurance company losses.
- General inflationary expectations due global economic conditions.

These trends are now manifesting themselves in insurance company combined ratios that are exceeding 100%, which means that claims and expenses have been greater than the premiums that insurers have been collecting. In addition, since 2011, we have seen some insurers significantly reduce their writings or leave the market entirely. For the carriers that continue to offer this coverage, there remains uncertainty as to the adequacy of retention levels and pricing for this coverage.

Because of this, insureds across the state, are receiving renewal quotes that require higher retentions, and/or higher premiums. And, since more historically "smaller" claims are now becoming "large" claims, the market challenges are affecting all insureds, regardless of their individual loss experience.

City of Jacksonville

Executive Summary (Cont.)

STATE OF THE MARKET

Other Noteworthy Trends

- Drone usage
- Public Health resource constraints at the County/State level
- Increased frequency of severity in certain judicial areas and around certain claim types (civil rights / excess force)
- Wrongful incarceration claims
- Death in custody claims
- Issue around the aging of public entity infrastructures
- Some markets looking to impose BI/PD aggregates onto their forms
- Sexual abuse/molestation claims
- Concussive injury in sports within education and parks and recreation context is also gaining momentum, with some carriers mandating exclusionary language, and also addressing coverage trigger implications with losses occurring over multiple policy years

Cyber / Privacy Liability

This product continues to be highly publicized due to significant breaches, regulatory enforcement actions with hefty fines and penalties, and constant hacker threats. New carriers continue to enter the space and longer term players are updating and broadening their policy forms.

City of Jacksonville

Executive Summary (Cont.)

CASUALTY LOSS SUMMARY as of 7/1/2015

COVERAGE	TERM	PAID	RESERVE	TOTAL INCURRED	CLAIM COUNT
Auto Liability	10/1/05-06	\$1,499,478	\$0	\$1,499,478	369
	10/1/06-07	\$1,047,943	\$0	\$1,047,943	299
	10/1/07-08	\$1,614,570	\$16,990	\$1,631,560	314
	10/1/08-09	\$2,032,552	\$54,329	\$2,086,881	251
	10/1/09-10	\$1,319,210	\$18,786	\$1,337,996	237
	10/1/10-11	\$1,632,515	\$0	\$1,632,515	242
	10/1/11-12	\$1,522,981	\$335,522	\$1,858,503	226
	10/1/12-13	\$933,798	\$276,804	\$1,210,602	210
	10/1/13-14	\$1,228,753	\$824,549	\$2,053,302	241
	10/1/14-15	\$271,787	\$691,832	\$963,618	166
Auto Liability Total		\$12,103,636	\$1,213,816	\$13,317,452	1,566
General Liability	10/1/05-06	\$1,363,921	\$22,000	\$1,385,921	1,828
	10/1/06-07	\$1,460,677	\$0	\$1,460,677	1,730
	10/1/07-08	\$2,979,100	\$42,804	\$3,021,903	2,593
	10/1/08-09	\$2,262,323	\$179,751	\$2,442,074	1,995
	10/1/09-10	\$2,393,650	\$483,897	\$2,877,547	1,765
	10/1/10-11	\$2,834,208	\$3,476,034	\$6,310,242	1,597
	10/1/11-12	\$2,354,637	\$1,031,140	\$3,385,776	1,588
	10/1/12-13	\$2,190,230	\$1,393,398	\$3,583,628	1,596
	10/1/13-14	\$1,570,056	\$1,687,784	\$3,257,840	1,646
	10/1/14-15	\$732,406	\$1,041,816	\$1,774,222	1,235
General Liability Total		\$20,141,267	\$9,359,623	\$29,499,890	17,612
Workers' Compensation	10/1/05-06	\$7,592,977	\$2,931,226	\$10,524,203	2,086
	10/1/06-07	\$6,284,842	\$1,955,197	\$8,240,039	1,812
	10/1/07-08	\$10,637,300	\$1,955,855	\$12,593,155	1,718
	10/1/08-09	\$9,217,026	\$1,589,588	\$10,806,595	1,830
	10/1/09-10	\$9,081,157	\$2,963,623	\$12,044,780	1,763
	10/1/10-11	\$6,395,133	\$1,203,764	\$7,598,897	1,672
	10/1/11-12	\$9,993,363	\$3,246,189	\$13,239,551	1,578
	10/1/12-13	\$6,784,131	\$2,714,911	\$9,499,041	1,789
	10/1/13-14	\$8,400,802	\$3,861,016	\$12,261,818	1,486
	10/1/14-15	\$3,183,880	\$5,216,293	\$8,400,173	1,212
Workers' Compensation Total		\$76,570,611	\$27,637,641	\$104,208,252	16,906
Grand Total		\$108,815,404	\$39,215,075	\$148,030,479	37,034

City of Jacksonville

Executive Summary (Cont.)

LIABILITY LOSS EXCESS \$200,000 as of 7/1/2015

COVERAGE	TERM	DEPARTMENT	DESCRIPTION	PAID TOTAL	RESERVE TOTAL	INCURRED TOTAL
General Liability	10/1/2010-9/30/2011	City of JAX	TREE LIMB FROM CROW INJURED CLAIMANT	\$224,214.58	\$3,300,000.00	\$3,524,214.58
General Liability	10/1/2011-9/30/2012	Other City Claims Sheriff	JSO POLICE SHOOTING @ TRAFFIC STOP IN ARLINGTON	\$33,319.96	\$311,680.04	\$345,000.00
General Liability	10/1/2009-9/30/2010	Other City Claims Sheriff	CLAIMANTS VEHICLE CARJACKED DURING BANK ROBBERY SHOT IN FOOT. INJURIES TO MINOR SON	\$35,270.58	\$209,940.28	\$245,210.86
General Liability	10/1/2008-9/30/2009	Other City Claims Sheriff	JSO STRUCK VEHICLE CAUSING BODILY INJURY	\$219,221.86	\$0.00	\$219,221.86
General Liability	10/1/2006-9/30/2007	Other City Claims Sheriff	CLMT WAS SHOT BY DETECTIVE CONDUCTING DRUG BUSTS IN NEIGHBORHOOD, HE HAD DRAWN A WEAPON.	\$205,189.96	\$0.00	\$205,189.96
General Liability	10/1/2010-9/30/2011	Other City Claims Sheriff	JSO OFFICER DID NOT SEE CLAIMANT PULL OUT	\$200,000.00	\$0.00	\$200,000.00
Auto Liability	10/1/2011-9/30/2012	Other City Claims Sheriff	HIGH SPEED PURSUIT	\$59.10	\$209,940.90	\$210,000.00
Auto Liability	10/1/2007-9/30/2008	Other City Claims Sheriff	JSO W/SIGNALS ON THE WAY TO A DISTRESS CALL COLLIDED W/CLAIMANT - CLAIMANT FATALITY	\$205,455.22	\$0.00	\$205,455.22
Auto Liability	10/1/2014-9/30/2015	Other City Claims Fire	FIRE ENGINE WITH LIGHTS AND SIRENS ON DROVE THROUGH INTERSECTION @ MAIN ST & ALLULAH AVE ENROUTE TO A CALL STRUCK CLAIMANTS VEHICLE	\$0.00	\$205,000.00	\$205,000.00
Auto Liability	10/1/2008-9/30/2009	Other City Claims Fire	CHIEF (FIRE 7) RESPONDING TO EMERGENCY CALL WITH SIGNALS BEING FOLLOWED BY ENGINE 9. WHEN ENTERING THE INTERSECTION OF LIBERTY AND 21ST STREET COLLIDED WITH PICK UP HEADED SOUTH ON LIBERTY. DRIVER OF PICK UP WAS EJECTED.	\$204,748.30	\$0.00	\$204,748.30
Auto Liability	10/1/2008-9/30/2009	Other City Claims Sheriff	JSO STRUCK CLAIMANTS VEHICLE WHILE INITIATING A PURSUIT OF A SUSPICIOUS VEHICLE.	\$204,430.85	\$0.00	\$204,430.85

Note: This list does not include any potential claim bill data

City of Jacksonville

Executive Summary (Cont.)

WORKERS' COMPENSATION LOSS EXCESS \$500,000 as of 7/1/2015

TERM	DEPARTMENT	DESCRIPTION	PAID	RESERVE	TOTAL INCURRED
10/1/2007-9/30/2008	Heart/Hypertension Fire	ABDOMINAL PAIN UPPER REGION; congestive heart failure	\$2,280,806	\$380,298	\$2,661,104
10/1/2008-9/30/2009	City of JAX	Employee was involved in a vehicle accident, also was transported to hospital via EMT	\$1,460,581	\$0	\$1,460,581
10/1/2009-9/30/2010	Other City Claims Fire	While turning fan around in L-10 compartment hurt right shoulder numbness had progressed to all extremities. (Full body)	\$659,445	\$545,567	\$1,205,012
10/1/2007-9/30/2008	Heart/Hypertension Sheriff	Coronary By Passes. (CAD Heart)	\$668,962	\$209,271	\$878,233
10/1/2010-9/30/2011	Other City Claims Sheriff	Involved in a car crash and was transported to Shands with multiple injuries	\$811,563	\$0	\$811,563
10/1/2013-9/30/2014	JEA Electric Authority	Arc flash burns	\$492,092	\$251,671	\$743,763
10/1/2009-9/30/2010	Other City Claims Fire	Experiencing increased episodes of dyspnea. Long term exposure to toxic fumes, smoke, heat and chemicals. (Lungs)	\$306,547	\$424,953	\$731,500
10/1/2009-9/30/2010	Other City Claims Sheriff	Employee leaned against the table. Table collapsed, due to inadequate support. (No table legs). This was a table top between two tables. Arm, wrist right, back, right foot. (Whole body hurt)	\$501,064	\$199,830	\$700,894
10/1/2011-9/30/2012	City of JAX	While loading signs onto truck, he experienced a bad headache. He went to fire station and they told him to get some rest. The next day he had pain in his lower back.	\$457,996	\$226,953	\$684,949
10/1/2005-9/30/2006	Other City Claims Sheriff	THIS OFFICER SHOWES UP ON A CALL THAT WAS FOR A BAKER ACT. THIS OFFICER WAS TOLD THAT SUBJECT WAS RUNNING AROUND THE BACK DOOR. SO THIS OFFICER RAN AFTER HIM TO THE BACK. AT THAT TIME HE FELT SOMETHING PULL IN HIS BACK. (INJURY BACK)	\$638,431	\$0	\$638,431
10/1/2009-9/30/2010	Heart/Hypertension Sheriff	Heart condition, Hypertension. (Heart)	\$468,423	\$156,675	\$625,098
10/1/2005-9/30/2006	Heart/Hypertension Sheriff	OFFICE PARRISH SUFFERED A HEART ATTACK ON 08-24-06 AT HIS RESIDENCE. HEART ATTACK (HEART)	\$360,872	\$199,398	\$560,269
10/1/2005-9/30/2008	Other City Claims Sheriff	TWISTED RIGHT KNEE WHILE ATTEMPTING TO CONTROL A RESISTING MENTALLY ILL PERSON	\$256,476	\$279,108	\$535,585
10/1/2011-9/30/2012	City of JAX	Employee was on ladder, believe was transitioning to roof, fell to ground landing on curb at parking area injuring hip. Transported by Rescue to Shands.	\$531,544	\$0	\$531,544
10/1/2006-9/30/2007	Heart/Hypertension Sheriff	POSSIBLE STROKE HYPERTENSION CLAIM. (POSSIBLE STROKE ENTIRE BODY)	\$505,418	\$0	\$505,418
10/1/2014-9/30/2015	Heart/Hypertension Sheriff	Heart Hypertension	\$341,078	\$162,462	\$503,540
10/1/2008-9/30/2009	JEA Electric Authority	STEPPED PFF PLATFORM ONTO ICE COVERED DECK OF SHIP. FEET WENT OFF FROM UNDERNEATH ME AND I FELL ACROSS A 10" STEEL PIPE ONTO THE DECK OF THE SHIP HITTING MY BACK AND FALLING ON MY TAIL BONE (RIGHT ARM,BACK, HIP, TAIL BONE)	\$500,507	\$0	\$500,507
10/1/2014-9/30/2015	Heart/Hypertension Fire	While at work fire fighter went into cardiac arrest.	\$202,430	\$297,570	\$500,000

City of Jacksonville

Executive Summary

RENEWAL PROGRAM HIGHLIGHTS

This page will summarize any coverage changes. The program diagrams and premium detail are included on the next pages of this section.

Excess Liability:

- Coverage terms and conditions remain as per expiring
- Self-administration of claims continues to be approved
- City will have continued use of the TEAM Learning Management System (LMS) that you are currently using to facilitate training
- EEOC claim reporting has been endorsed to make it significantly user friendly for the City

Excess Workers' Compensation:

- We have several options to remove the gap for first responders

TERM	EXPIRING	RENEWAL AS EXPIRING	RENEWAL OPTION 1	RENEWAL OPTION 2
WC Self-Insured Retention (SIR)	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Britt Package Buffer Layer	\$250,000 excess of \$1,250,000	\$250,000 excess of \$1,250,000	\$500,000 excess of \$1,250,000	\$250,000 excess of \$1,250,000
WC Self-Insured Retention (SIR) First Responders Only	\$250,000 excess of \$1,500,000	\$250,000 excess of \$1,500,000	Included above	Included above
Midlands Excess Layer	Statutory excess of \$1,750,000	Statutory excess of \$1,750,000	Statutory excess of \$1,750,000	Statutory excess of \$1,500,000
Estimated Package Buffer Premium	\$168,221	\$158,470	\$227,795	\$106,003
Excess Workers' Compensation Premium	\$782,204	\$756,067	\$756,067	\$873,857

Coverage Notes:

- Coverage terms and conditions are in line with the current program:
 - We have options to fill the gap for first responders
 - We have updated endorsements other than Jones Act – awaiting State approval.
 - Although Limited Jones Act endorsement is still not available, the program will provide State Statutory Workers' Compensation benefits and the BRIT Package WC Buffer continues to provide Limited Jones Act coverage. Additional coverage may be secured through Marine Protection and Indemnity.
- Self-administration of claims continues to be approved. The carrier reserves the right to audit the claims handling operation.
- Safety National reviewed the City's account for an Excess Workers Compensation alternative. Their initial response was an indication only subject to a \$2,000,000 self-insured retention and a premium of \$495,000. They require vetting and approval of your Self-Administration program prior to release of a formal quotation. This option would present another self-insured gap for the City.

City of Jacksonville

Executive Summary (Cont.)

Risk Management Program Diagram Renewal Structure as Expiring

PUBLIC ENTITY PACKAGE - BRIT				XS WC - FIRST RESPONDERS	XS WC - ALL OTHER
General Liability (GL) \$5,000,000 Per Occurrence/ \$5,000,000 Aggregate Excess of	Law Enforcement Liability \$5,000,000 Per Occurrence/ \$5,000,000 Annual Aggregate Excess of	Public Officials Miscellaneous Liability (E&O) Claims-Made \$1,000,000 Per Occurrence/ \$2,000,000 Annual Aggregate Excess of	Auto Liability (AL) \$1,000,000 Limit Per Occurrence Excess of	NYMAGIC Statutory Limits Excess of \$1,750,000 Per Occurrence	
				Self-Insured Retention (SIR) \$1,500,000 Per Occurrence	Self-Insured Retention (SIR) \$250,000 Per Occurrence
				BRIT Buffer Layer \$250,000 Excess of \$1,250,000 Per Occurrence	Self-Insured Retention (SIR) \$1,250,000 Per Occurrence
				Self-Insured Retention (SIR) \$1,250,000 Per Occurrence	Self-Insured Retention (SIR) \$1,250,000 Per Occurrence

City of Jacksonville

Executive Summary

Risk Management Program Diagram Renewal Structure as Expiring

Line of Coverage	Occurrence Limit	DIR	2014 Premium	Occurrence Limit	DIR	2015 Premium	\$ Change	% Change
General Liability	\$5,000,000	\$1,500,000		\$5,000,000	\$1,500,000			
Law Enforcement Liability	\$5,000,000	\$1,500,000		\$5,000,000	\$1,500,000			
Automobile Liability	\$1,000,000	\$1,500,000	\$227,500.00	\$1,000,000	\$1,500,000	\$327,100.00	\$99,600.00	43.8%
E&O/EPL/EEOC	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
Employee Benefits Liability	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
Liability TRIA / TRIPRA			\$4,441.00			\$5,180.00	\$739.00	16.6%
Liability Surcharges, Assessments & Fees			\$3,015.23			\$0.00	(\$3,015.23)	-100.0%
Liability Premium Subtotal			\$234,956.23			\$332,280.00	\$97,323.77	41.4%
Workers Compensation - first responder exposures Buffer Layer	\$250,000	\$1,250,000	\$250,000.00	\$250,000	\$1,250,000	\$155,000.00	(\$94,000.00)	-37.6%
Workers Compensation - all other employees Buffer Layer	\$500,000	\$1,250,000		\$500,000	\$1,250,000			
Work Comp TRIA / TRIPRA			\$5,413.00			\$2,470.00	(\$2,943.00)	-54.4%
Work Comp Surcharges, Assessments & Fees			\$3,320.37			\$0.00	(\$3,320.37)	-100.0%
Work Comp Premium Subtotal			\$258,733.37			\$158,470.00	(\$100,263.37)	-38.8%
Package Premium			\$493,689.60			\$490,750.00	(\$2,939.60)	-0.6%
Workers Compensation	Statutory	\$1,750,000	\$772,186.00	Statutory	\$1,750,000	\$746,383.00	(\$25,803.00)	-3.3%
TRIA / TRIPRA			\$10,018.00			\$9,684.00	(\$334.00)	-3.3%
Excess Workers' Compensation Premium			\$782,204.00			\$756,067.00	(\$26,137.00)	-3.3%
Ancillary Lines - Coverage Details on following page			\$97,258.65			\$97,961.00	\$702.35	0.7%
Surcharges, Assessments & Fees			Included			Included		
TRIA / TRIPRA			Included			Included		
Ancillary Lines			\$97,258.66			\$97,428.00	\$167.35	0.2%
PROGRAM TOTAL			\$1,373,152.26			\$1,344,243.00	(\$28,909.26)	-2.1%

Arthur J. Gallagher Risk Management Services, Inc.

City of Jacksonville

Executive Summary (Cont.)

Risk Management Program Diagram

OPTION #1

BRIT \$500,000 Buffer Layer

Midlands \$1,750,000 Retention

PUBLIC ENTITY PACKAGE - BRIT				Excess Workers' Compensation NYMAGIC Statutory Limits Excess of \$1,750,000 Per Occurrence
General Liability (GL) \$5,000,000 Per Occurrence/ \$5,000,000 Aggregate Excess of	Law Enforcement Liability \$5,000,000 Per Occurrence/ \$5,000,000 Annual Aggregate Excess of	Public Officials Miscellaneous Liability (E&O) Claims-Made \$1,000,000 Per Occurrence/ \$2,000,000 Annual Aggregate Excess of	Auto Liability (AL) \$1,000,000 Limit Per Occurrence Excess of	
Self-Insured Retention (SIR) \$1,500,000 Per Occurrence				BRIT Buffer Layer \$500,000 Excess of \$1,250,000 Per Occurrence Excess of
				Self-Insured Retention (SIR) \$1,250,000 Per Occurrence

City of Jacksonville

Executive Summary

Risk Management Program Diagram OPTION #1 BRIT \$500,000 Buffer Layer Midlands \$1,750,000 Retention

Line of Coverage	Occurrence Limit	SP	2014 Premium	Occurrence Limit	SP	2015 Premium	\$ Variance	Variance
General Liability	\$5,000,000	\$1,500,000	\$227,500.00	\$5,000,000	\$1,500,000	\$327,100.00	\$99,600.00	43.8%
Law Enforcement Liability	\$5,000,000	\$1,500,000		\$5,000,000	\$1,500,000			
Automobile Liability	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
E&O/EPL/EEOC	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
Employee Benefits Liability	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
Liability TRIA / TRIPRA			\$4,441.00			\$5,180.00	\$739.00	16.6%
Liability Surcharges, Assessments & Fees			\$3,015.23			\$0.00	(\$3,015.23)	-100.0%
Liability Premium Subtotal			\$234,966.23			\$332,280.00	\$97,323.77	41.4%
Workers Compensation - first responder exposures Buffer Layer	\$250,000	\$1,250,000	\$250,000.00	\$500,000	\$1,250,000	\$224,690.00	(\$25,320.00)	-10.1%
Workers Compensation - all other employees Buffer Layer	\$500,000	\$1,250,000		\$500,000	\$1,250,000			
Work Comp TRIA / TRIPRA			\$5,413.00			\$3,115.00	(\$2,298.00)	-42.5%
Work Comp Surcharges, Assessments & Fees			\$3,320.37			\$0.00	(\$3,320.37)	-100.0%
Work Comp Premium Subtotal			\$268,733.37			\$227,795.00	(\$30,938.37)	-12.0%
Package Premium			\$493,889.60			\$660,075.00	\$66,385.40	13.4%
Workers Compensation	Statutory	\$1,750,000	\$772,186.00	Statutory	\$1,750,000	\$746,383.00	(\$25,803.00)	-3.3%
TRIA / TRIPRA			\$10,018.00			\$9,684.00	(\$334.00)	-3.3%
Excess Workers' Compensation Premium			\$782,204.00			\$756,067.00	(\$26,137.00)	-3.3%
Ancillary Lines - Coverage Details on following page			\$97,258.65			\$97,961.00	\$702.35	0.7%
Surcharges, Assessments & Fees			included			included		
TRIA / TRIPRA			included			included		
Ancillary Lines			\$97,258.65			\$97,426.00	\$167.35	0.2%
PROGRAM TOTAL			\$1,373,162.26			\$1,413,568.00	\$40,416.75	2.9%

Arthur J. Gallagher Risk Management Services, Inc.

City of Jacksonville

Executive Summary

Risk Management Program Diagram
OPTION #2 – All Employees
BRIT \$250,000 Buffer Layer
Midlands \$1,500,000 Retention

PUBLIC ENTITY PACKAGE - BRIT				Excess Workers' Compensation
General Liability (GL)	Law Enforcement Liability			NYMAGIC
		Public Officials Miscellaneous Liability (E&O) Claims-Made	Auto Liability (AL)	Statutory Limits Excess of \$1,500,000 Per Occurrence
\$5,000,000 Per Occurrence/ \$5,000,000 Aggregate	\$5,000,000 Per Occurrence/ \$5,000,000 Annual Aggregate	\$1,000,000 Per Occurrence/ \$2,000,000 Annual Aggregate	\$1,000,000 Limit Per Occurrence Excess of	Excess of
Self-Insured Retention (SIR) \$1,500,000 Per Occurrence				BRIT Buffer Layer \$250,000 Excess of \$1,250,000 Per Occurrence
				Self-Insured Retention (SIR) \$1,250,000 Per Occurrence

City of Jacksonville

Executive Summary

Risk Management Program Diagram OPTION #2 All Employees Midlands \$1,500,000 Retention / BRIT \$250,000 Buffer Layer

Line of Coverage	Occurrence Limit	SIR	2014 Premium	Occurrence Limit	SIR	2015 Premium	\$ Variance	Variance
General Liability	\$5,000,000	\$1,500,000		\$5,000,000	\$1,500,000			
Law Enforcement Liability	\$5,000,000	\$1,500,000		\$5,000,000	\$1,500,000			
Automobile Liability	\$1,000,000	\$1,500,000	\$227,500.00	\$1,000,000	\$1,500,000	\$323,400.00	\$95,900.00	42.2%
E&O/EPL/EEOC	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
Employee Benefits Liability	\$1,000,000	\$1,500,000		\$1,000,000	\$1,500,000			
Liability TRIA / TRIPRA			\$4,441.00			\$4,124.00	(\$317.00)	-7.1%
Liability Surcharges, Assessments & Fees			\$3,015.23			\$0.00	(\$3,015.23)	-100.0%
Liability Premium Subtotal			\$234,966.23			\$327,624.00	\$92,667.77	39.4%
Workers Compensation - first responder exposures Buffer Layer	\$250,000	\$1,250,000	\$250,000.00	\$250,000	\$1,250,000	\$104,680.00	(\$145,320.00)	-58.1%
Workers Compensation - all other employees Buffer Layer	\$500,000	\$1,250,000		\$250,000	\$1,250,000			
Work Comp TRIA / TRIPRA			\$5,413.00			\$1,323.00	(\$4,090.00)	-75.6%
Work Comp Surcharges, Assessments & Fees			\$3,320.37			\$0.00	(\$3,320.37)	-100.0%
Work Comp Premium Subtotal			\$258,733.37			\$106,003.00	(\$152,730.37)	-59.0%
Package Premium			\$493,889.60			\$433,627.00	(\$60,162.60)	-12.2%
Workers Compensation	Statutory	\$1,750,000	\$772,186.00	Statutory	\$1,500,000	\$864,174.00	\$91,988.00	11.9%
TRIA / TRIPRA			\$10,018.00			\$9,684.00	(\$334.00)	-3.3%
Excess Workers' Compensation Premium			\$782,204.00			\$873,868.00	\$91,664.00	11.7%
Ancillary Lines - Coverage Details on following page			\$97,258.65			\$97,961.00	\$702.35	0.7%
Surcharges, Assessments & Fees			included			included		
TRIA / TRIPRA			included			included		
Ancillary Lines			\$97,258.65			\$97,426.00	\$167.35	0.2%
PROGRAM TOTAL			\$1,373,152.26			\$1,404,811.00	\$31,668.76	2.3%

Arthur J. Gallagher Risk Management Services, Inc.

City of Jacksonville

ANCILLARY LINES OF COVERAGE – Detail

COVERAGE DESCRIPTION	POLICY	DESCRIPTION	2014 with TRIA surcharges fees and assessments	2015 with TRIA surcharges fees and assessments
Rails to Trails	General Liability	\$1,000,000 Each Occurrence \$2,000,000 General Aggregate \$1,000,000 Personal / Advertising Injury DEDUCTIBLE: \$1,000 Bodily Injury / Property Damage Per Claim	\$4,821.88	\$4,760.00
	Excess Liability	\$2,000,000 Each Occurrence \$2,000,000 General Aggregate	\$2,429.17	\$2,185.00
Rails to Trails	Total		\$7,251.05	\$6,945.00
Powerline	General Liability	\$1,000,000 Each Occurrence \$2,000,000 General Aggregate DEDUCTIBLE: \$500.00 Bodily Injury / Property Damage Per Claim	\$2,694.58	\$2,660.00
	Excess Liability	\$1,000,000 Each Occurrence \$1,000,000 General Aggregate	\$2,567.96	\$2,785.00
Powerline	Total		\$5,262.54	\$5,445.00
Riverwalk	General Liability	\$1,000,000 Each Occurrence \$2,000,000 General Aggregate \$1,000,000 Personal / Advertising Injury \$2,000,000 Products/Completed Operation Aggregate \$100,000 Damage to Premises Rented DEDUCTIBLE: \$5,000 Bodily Injury / Property Damage Per Claim	\$58,693.09	\$60,826.00
	Excess Liability	\$4,000,000 Each Occurrence \$4,000,000 Annual Aggregate	\$16,828.97	\$14,210.00
Riverwalk	Total		\$75,522.06	\$75,036.00
Voting Precincts	General Liability	\$1,000,000 Each Occurrence \$1,000,000 General Aggregate DEDUCTIBLE: \$500.00 Bodily Injury / Property Damage Per Claim	\$9,223.00	\$10,000.00
Voting Precincts	Total		\$9,223.00	\$10,000.00
GRAND TOTAL			\$97,268.65	\$97,426.00

City of Jacksonville

Recommendation:

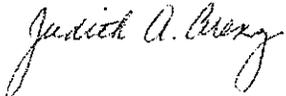
The changes in the marketplace have placed new challenges to the City's program for this renewal period. We were able to negotiate alternatives and provide the City with three options:

- As Expiring
- Option 1 – Improved Workers' Compensation Terms to lower self-insured retention for first responders by purchasing more limits through the Casualty Package program.
- Option 2 - Improved Workers' Compensation Terms to lower self-insured retention for first responders by purchasing a lower retention of \$1.5 million through the Excess Workers' Compensation program.

Arthur J. Gallagher Risk Management Services, Inc. recommends renewal of your Casualty program as proposed:

- Option 2 – Subject to budget constraints, this option does the most cost effective job of filling in the gap in the workers' compensation coverage for first responders.
- Ancillary lines of coverage as proposed.
 - We negotiated hard to keep the Riverwalk premium in line. The renovations certainly help; however, prior to the renewal, we have had our first claim since the renovations.

Thank you for giving us the opportunity to provide these important renewal placements on behalf of the City of Jacksonville. We appreciate our partnership with Risk Management and staff and look forward to serving the City throughout the year.



Judith A. Arenz
Thursday, September 1, 2015



September 11, 2015

Mr. Twane L. Duckworth
Chief of Risk Management, City of Jacksonville
117 West Duval Street Suite #335
Jacksonville, FL 32207-3381

Re: TULIP: Tenant Users Policy for the City of Jacksonville,
Its members, officials, officers, employees and agents
Effective: 10/1/2015 to 10/1/2016

Dear Mr. Duckworth,

Your TULIP General Liability policy will be renewing shortly. Coverage has automatically been renewed for the effective date of October 1, 2015 and the program is ready for use. Attached is the policy.

We are not aware of any changes in your exposures nor are we aware of any changes in the City's business operations that would necessitate additional coverage options. Please notify us immediately if you are planning any new business operations.

We would like to outline the following notable points for your consideration:

- Named Insured: Tenant Users of the City of Jacksonville, its members, officials, officers, employees and agents (by endorsement). Any entity not named above, may not be an insured entity. This may include partnerships and joint ventures.
- The insurance carrier is Atlantic Specialty Insurance Company (same as prior policy term).
- The renewal premium is \$00. Coverage has automatically been renewed and is ready for use. No deposit is required and the commission of 5% reflected in this letter is paid by the tenant user, not the City of Jacksonville.
- The premium is not subject to minimum earned or minimum premium.
- The premium, coverage terms, and conditions is based upon the expiring and outlined in the attached policy.
- The premium is based upon the below noted exposure basis and defined on the attached binder.

Auditable Exposures:

CLASS CODE	EXPOSURE	RATE
43424e	Exhibitions - Outside	Per Tulip Rate Endorsement
63217e	Exhibitions - In Buildings	Per Tulip Rate Endorsement

- Significant policy exclusions include but are not limited to the following: Coverage C Medical Payments, All Hazards in Connection with Designated Events or Premises, Designated Activities, Fireworks, Total Pollution, Employment Related Practices.
- Schedule of locations is per the expiring policy. It is the City's responsibility to notify us of all the necessary changes to your schedule.
- Immediately report all claims to:



Arthur J. Gallagher & Co.

ebi-claims@ebi-ins.com or faxed to (310) 824-0202
claim forms are available on-line.
Should you have any difficulty reporting claims, please contact
Arthur J. Gallagher & Co.
Phone: (561) 995-6706
Email: judy_arenz@ajg.com or tom_gill@ajg.com

- It is recommended that you consider purchasing coverage for the following coverages, which are not included in your insurance program. Cyber Liability.
- **To renew/bind this policy, please refer to the "Client Authorization to Bind Coverage" page attached.**
 1. Note any changes you desire to be made.
 2. Date and sign.
 3. Return prior to the effective date of coverage.

We appreciate your business and look forward to working with you in the coming year. Please contact me if you have any questions.

Sincerely,

Judy Arenz
Area Senior Vice President



Compensation Disclosure Schedule

Coverages	Carrier Name(s)	Wholesaler/ MGA or Intermediary Name	Estimated Annual Premium	Commission %	Wholesaler/ MGA or Intermediary	Auto Owned Policy
Tenant Users General Liability	Atlantic Specialty Insurance Company	OneBeacon Entertainment	\$0.00 (no premium or deposit required at renewal)	5%	MGA	No

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10 % of the policy premium. Please refer to the Compensation Disclosure or contact your Gallagher representative for additional information.

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.
2. If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
3. The commission rate is a percentage of annual premium excluding taxes & fees. Gallagher is receiving 5% commission on this policy from tenant user's payment.
4. * The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/ intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.



Important Disclosures

The quotation(s) attached are an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher Risk Management Services, Inc. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

TRIA/TRIPRA Disclaimer – If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.



Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies. Contingent commissions provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. Some insurance markets, including Gallagher-owned intermediaries, have modified their commission schedule with Gallagher, resulting in an increase in some commission rates. These additional commissions, commonly referred to as "supplemental commissions" are known as of the effective date, but some insurance companies are paying this commission later and apart from when commission is normally paid at policy issuance. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. Note: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.
3. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
4. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
5. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.
6. From time to time, Gallagher may participate in insurance company promotional events or training and development that insurers provide for Gallagher employees.
7. Gallagher strives to find appropriate coverage at a competitive price for our customers. In order to achieve these goals, we gather and analyze data about our customers and their insurance coverage. This data and the resulting analytical tools help us better understand the current marketplace, more accurately predict future trends and offer tailored solutions to our customers. The data may also be provided to insurers pursuant to consulting service agreements from which we earn fees.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.



Arthur J. Gallagher & Co.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to Compensation_Complaints@ajg.com or send a letter to:

Compliance Officer
Arthur J. Gallagher & Co.
Two Pierce Place, 20th Floor
Itasca, IL 60143



Carrier Ratings and Admitted Status

Proposed Carriers	A.M. Best's Rating	Admitted/Non-Admitted
Atlantic Specialty Insurance Company	AX	Admitted

If the above indicates coverage is placed with a non-admitted carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

The above A.M. Best Rating was verified on the date the proposal document was created.

Guide to Best Ratings
Rating Levels and Categories

<u>Level</u>	<u>Category</u>	<u>Level</u>	<u>Category</u>	<u>Level</u>	<u>Category</u>
A++, A+.....	Superior	B, B-.....	Fair	D.....	Poor
A, A-.....	Excellent	C++, C+.....	Marginal	E.....	Under Regulatory Supervision
B++, B+.....	Good	C, C-.....	Weak	F.....	In Liquidation
				S.....	Suspended

Financial Size Categories
(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I	Up to 1,000	FSC IX	250,000 to 500,000
FSC II	1,000 to 2,000	FSC X	500,000 to 750,000
FSC III	2,000 to 5,000	FSC XI	750,000 to 1,000,000
FSC IV	5,000 to 10,000	FSC XII	1,000,000 to 1,250,000
FSC V	10,000 to 25,000	FSC XIII	1,250,000 to 1,500,000
FSC VI	25,000 to 50,000	FSC XIV	1,500,000 to 2,000,000
FSC VII	50,000 to 100,000	FSC XV	2,000,000 or more
FSC VIII	100,000 to 250,000		

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A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.



Arthur J. Gallagher & Co.

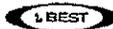
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GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS			
A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.			
Best's Financial Strength Ratings			
	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.
Rating Modifiers			
Modifier	Descriptor	Definition	
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.	
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010)	
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.	
Rating Outlooks			
Indicates potential direction of a Best's Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.			
Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.		
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.		
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.		
Under Review Implications			
Indicates the potential direction of a Best's Financial Strength Rating that is in Under Review status based on information currently available.			
Positive	Indicates there is a reasonable likelihood the company's rating will be raised as a result of A.M. Best's analysis of a recent event.		
Negative	Indicates there is a reasonable likelihood the company's rating will be lowered as a result of A.M. Best's analysis of a recent event.		
Developing	Indicates there is uncertainty as to the final rating outcome, but there is a reasonable likelihood the company's rating will change as a result of A.M. Best's analysis of a recent event.		
Not Rated Designation			
NR: Assigned to companies that are not rated by A.M. Best.			
Rating Disclosure			
A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at www.ambest.com .			
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**Client Authorization to Bind Coverage
The School District of Palm Beach Cty.**

After careful consideration of your proposal dated September 11, 2015, we accept your insurance program subject to the following exceptions/changes:

POLICY OPTIONS:

YES	NO	OPTION DESCRIPTION
		Bind All Policies As Shown Herein Except As Listed Below: o TULIP Program
		Bind TRIA Terrorism Coverage As Quoted
		Provide Quotations or Additional Information on the following Coverage Considerations: o Cyber

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

Client Signature
For The City of Jacksonville

Dated

