FINANCE DIVISION

Jacksonville

Where Florida Begins.

MEMORANDUM

DATE: **September 15, 2017**

TO: **Gregory Pease, Chairman**
Professional Services Evaluation Committee

FROM: **Ann Willis, Property and Casualty Administrator**
Twane Duckworth, Chief of Risk Management

Subject: **Arthur J. Gallagher Risk Management Services, Inc. – Contract Casualty Insurance Broker Service, P-28-13 – Request for Amendment Six**

The current Contract No. 9901 Casualty Insurance Broker Services in the Broker Services allows for placement of Casualty Insurance coverages by Arthur J. Gallagher Risk Management Services, Inc. ("Gallagher"), for a term of October 1, 2016 to September 30, 2017, with one (1) additional one year option remaining at terms mutually agreeable, with Grand Total Average Commission Percentage ("GTACP") of 10% (Service Brokers, intermediates or wholesalers) as defined in the RFP with a total maximum indebtedness of not-to-exceed amount of $5,855,172.25 for all products and deliverables.

Risk Management is requesting to exercise the last remaining renewal for a policy term of October 1, 2017 to September 30, 2018 and to increase the maximum indebtedness by $1,573,695.00 for a not to exceed amount of $7,428,867.25 with all products and deliverables remaining the same.

The $1,573,695.00 represents an increase of 12% over the previous term for the Casualty Insurance coverages which is broken down as follows:

Casualty Package premium increased 8.6% due to a 1% rate increase and a 7.6% increase in payroll.

Excess Workers Compensation premium increased 13.6% due to increased payroll and restructuring of the program. No rate increase was given.

Ancillary Lines premium increased 5.4% mainly driven by loss development on the Riverwalk.

Attachments: Exhibit K

Exhibit K

2017 – 2018 Casualty Renewal Proposal

October 1, 2017-2018 Casualty Renewal Proposal For

CITY OF JACKSONVILLE

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

Presented: August 28, 2017

Arthur J. Gallagher & Co.

Judith A. Arenz CPCU
Area Senior Vice President

Arthur J. Gallagher Risk Management Services, Inc.
2255 Glades Road, Suite #200E
Boca Raton, Florida 33431

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This proposal of coverage is intended to facilitate your understanding of the insurance program we have arranged on your behalf. It is not intended to replace or supersede your insurance policies.

City of Jacksonville

Executive Summary (Cont.)

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 2017-2018 coverage term.

2016-2017 Accomplishments:

- **Program Structure** – Excess Workers' Compensation
  - Approached the markets for alternatives including separate terms and conditions for authorities with less exposure
  - Secured a two-year rate guarantee making the budget process easier
- **Program Structure** – Ancillary Lines:
  - We simplified the structure for Rails to Trails and Powerline policies by eliminating the excess policies and providing limits under the General Liability policy.
- **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
  - We continue to facilitate and work with the Hurricane claims, especially for the pier and the docks

2017-2018 Renewal Goals:

- **Total Cost of Risk** – As your risk management consultant, the primary 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:
  - Consider separate retentions for Authorities with less exposure
- **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 provides 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 The City specific documents such as insurance policies and schedules

Executive Summary (Cont.)

STATE OF THE MARKET
As of August 2017

Casualty – 2017

- Insurer's underwriting decisions and policy language will seek to transfer risk of the unknown from the General Liability form to specialty product lines.
- Over the past two years, the Insurance Service Office (ISO) and insurers have created a number of cyber exclusions for commercial general liability policies. These exclusions seek to eliminate some combination of intangible property damage, nonphysical damage, and advertising or personal-related liability that were not contemplated by Commercial General Liability policies.
- Since 2008, insurers have increased underwriting discipline as they are faced with limited investment income opportunities. In addition, they have largely focused on underwriting profitability rather than premium growth.
- Insurers are reporting increases in medical costs, automobile damage and claim settlement values. In 2016, many insurers reported the need to strengthen reserves in the commercial automobile segment due to unforeseen increases in claims frequency.
- Autonomous vehicles will create a new landscape for personal and commercial automobile insurance and products liability. Only time will tell what the underwriting requirements will be for driverless vehicles.
- Workers Compensation is still a challenge in 2017, as court rulings that some aspects of the Florida Workers Compensation system is unconstitutional will likely drive up costs as well as rising medical costs.
- Cyber coverage is the fastest growing insurance product but it is still under purchased. Every business has cyber risk. Cyber Extortion and Social Engineering (Cyber Deceit) are other types of crimes that continue to grow. Every business should consider this coverage. The application process, even if you don't buy the insurance can serve as a self-audit on your exposures and alert you to areas that can be improved.

City of Jacksonville

Executive Summary (Cont.)

CASUALTY LOSS SUMMARY as of 6/22/2017

COVERAGE	TERM	PAID	RESERVE	TOTAL INCURRED	CLAIM COUNT
Auto Liability	10/1/07-08	$1,616,938	$14,622	$1,631,560	314
	10/1/08-09	$2,053,942	$0	$2,053,942	251
	10/1/09-10	$1,319,210	$18,786	$1,337,996	237
	10/1/10-11	$1,632,733	$18,228	$1,650,961	242
	10/1/11-12	$1,649,360	$75,632	$1,724,992	228
	10/1/12-13	$1,338,322	$78,624	$1,416,946	211
	10/1/13-14	$2,308,507	$367,926	$2,676,433	245
	10/1/14-15	$1,573,283	$227,122	$1,800,405	237
	10/1/15-16	$919,753	$416,307	$1,336,060	268
	10/1/16-17	$240,835	$572,583	$813,418	223
Auto Liability Total		$14,652,884	$1,789,829	$16,442,713	2,456
General Liability	10/1/07-08	$3,093,591	$0	$3,093,591	2,595
	10/1/08-09	$2,408,981	$500	$2,409,481	2,001
	10/1/09-10	$2,473,300	$284,946	$2,758,247	1,768
	10/1/10-11	$5,144,794	$1,117,864	$6,262,658	1,600
	10/1/11-12	$4,624,628	$142,907	$4,767,535	1,603
	10/1/12-13	$3,395,722	$524,337	$3,920,059	1,613
	10/1/13-14	$2,650,255	$863,885	$3,514,140	1,679
	10/1/14-15	$2,526,328	$797,349	$3,323,677	1,717
	10/1/15-16	$1,383,250	$1,451,824	$2,835,074	1,778
	10/1/16-17	$530,980	$909,105	$1,440,085	1,230
General Liability Total		$28,231,831	$6,092,718	$34,324,549	17,584
Workers' Compensation	10/1/07-08	$11,864,574	$965,622	$12,830,196	1,719
	10/1/08-09	$9,822,968	$1,132,539	$10,955,507	1,830
	10/1/09-10	$9,611,592	$1,657,987	$11,269,579	1,763
	10/1/10-11	$6,574,242	$1,080,662	$7,654,904	1,673
	10/1/11-12	$11,185,503	$1,851,263	$13,036,767	1,580
	10/1/12-13	$7,848,881	$2,062,114	$9,910,995	1,771
	10/1/13-14	$8,418,302	$2,452,788	$10,871,090	1,487
	10/1/14-15	$9,240,972	$4,228,859	$13,469,831	1,540
	10/1/15-16	$7,828,381	$3,611,251	$11,439,632	1,481
	10/1/16-17	$3,001,625	$4,257,862	$7,259,486	980
Workers' Compensation Total		$85,397,041	$23,300,946	$108,697,987	15,824
Grand Total		$128,281,756	$31,183,493	$159,465,249	35,864

City of Jacksonville

Executive Summary (Cont.)

LOSS SUMMARY by AUTHORITY as of 6/22/2017

COVERAGE	AUTHORITY	PAID	RESERVE	TOTAL INCURRED	CLAIM COUNT
Auto Liability	City of JAX	$2,100,614	$379,937	$2,480,551	479
	Jacksonville Aviation Authority	$5,576	$0	$5,576	4
	Jax Housing Authority	$135,450	$0	$135,450	26
	Jax Port Authority	$15,281	$0	$15,281	5
	JEA - Water / Sewer	$32,748	$0	$32,748	11
	JEA Electric Authority	$2,474,861	$226,483	$2,701,344	439
	Other City Claims Fire	$2,026,536	$181,483	$2,208,019	336
	Other City Claims Sheriff	$7,861,819	$1,001,925	$8,863,744	1,156
Auto Liability Total		**$14,652,884**	**$1,789,829**	**$16,442,713**	**2,456**
General Liability	City of JAX	$12,476,271	$3,718,606	$16,194,877	$12,476,271
	Jacksonville Aviation Authority	$755	$0	$755	$755
	Jax Housing Authority	$431,612	$127,766	$559,378	$431,612
	Jax Port Authority	$58,908	$2,500	$61,408	$58,908
	JEA - Water / Sewer	$2,588,621	$323,410	$2,912,030	$2,588,621
	JEA Electric Authority	$3,622,983	$641,810	$4,264,793	$3,622,983
	Other City Claims Fire	$786,221	$14,748	$800,969	$786,221
	Other City Claims Sheriff	$8,266,461	$1,263,879	$9,530,340	$8,266,461
General Liability Total		**$28,231,831**	**$6,092,718**	**$34,324,549**	**17,584**
Workers' Compensation	City of JAX	$16,421,941	$2,273,495	$18,695,436	4,047
	Heart/Hypertension Fire	$9,357,754	$4,297,116	$13,654,870	282
	Heart/Hypertension Sheriff	$14,693,063	$7,067,054	$21,760,117	501
	Jacksonville Aviation Authority	$1,301,012	$175,168	$1,476,180	181
	Jax Housing Authority	$1,171,962	$244,218	$1,416,180	318
	Jax Port Authority	$458,940	$28,479	$487,419	82
	JEA - Water / Sewer	$1,165,993	$355,402	$1,521,396	205
	JEA Electric Authority	$4,817,584	$1,017,275	$5,834,859	1,110
	Other City Claims Fire	$12,456,070	$3,419,664	$15,875,734	3,194
	Other City Claims Sheriff	$23,552,721	$4,423,075	$27,975,796	5,904
Workers' Compensation Total		**$85,397,041**	**$23,300,946**	**$108,697,987**	**15824**
Grand Total		**$128,281,756**	**$31,183,493**	**$159,465,249**	**35,864**

Executive Summary (Cont.)

GENERAL LIABILITY LOSS EXCESS $200,000 as of 6/22/2017

TERM	AUTHORITY	DESCRIPTION	PAID TOTAL	RESERVE TOTAL	INCURRED TOTAL
10/1/2010-9/30/2011	City of JAX	Tree limb from crow injured claimant	$2,424,214.58	$1,100,000.00	$3,524,214.58
10/1/2011-9/30/2012	Other City Claims Sheriff	JSO police shooting @ traffic stop in Arlington	$1,944,090.43	$0.00	$1,944,090.43
10/1/2009-9/30/2010	Other City Claims Sheriff	Claimants vehicle carjacked during bank robbery shot in foot, injuries to minor son	$38,323.33	$206,887.53	$245,210.86
10/1/2012-9/30/2013	Other City Claims Sheriff	JSO shot and killed suspect	$229,922.75	$0.00	$229,922.75
10/1/2008-9/30/2009	Other City Claims Sheriff	JSO struck vehicle causing bodily injury	$219,221.86	$0.00	$219,221.86
10/1/2012-9/30/2013	Other City Claims Sheriff	Claimant slipped and fell broke foot was not cared for until 2 days after incident went to Shands hospital.	$99,782.11	$108,421.50	$208,203.61
10/1/2013-9/30/2014	JEA Electric Authority	JEA employee responded to a problem at the meter and as a result needed to gain entrance into the ct wiring. Richard Lee, maint guy opened door for JEA and in doing so he was also hit by the flash from the neck up.	$0.00	$205,000.00	$205,000.00
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
10/1/2013-9/30/2014	City of JAX	COJ employee hit a pedestrian on I-295 damaged personal vehicle	$200,000.00	$0.00	$200,000.00

AUTOMOBILE LIABILITY LOSS EXCESS $150,000 as of 6/22/2017

TERM	AUTHORITY	DESCRIPTION	PAID TOTAL	RESERVE TOTAL	INCURRED TOTAL
10/1/2014-9/30/2015	Other City Claims Fire	FIRE ENGINE WITH LIGHTS AND SIRENS ON DROVE THROUGH INTERSECTION @ MAIN ST & Tallulah AVE ENROUTE TO A CALL STRUCK CLAIMANTS VEHICLE	$302,551.68	$0.00	$302,551.68
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
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 pickup was ejected.	$204,748.30	$0.00	$204,748.30
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
10/1/2014-9/30/2015	Other City Claims Sheriff	JSO collided with motorcycle causing injuries	$180,790.00	$0.00	$180,790.00
10/1/2013-9/30/2014	Other City Claims Sheriff	JSO rear ended Anthony pushing Anthony into McCarty (linked to claim 1330 01227)	$173,676.45	$0.00	$173,676.45
10/1/2011-9/30/2012	JEA Electric Authority	JEA struck claimants vehicle	$157,480.07	$0.00	$157,480.07
10/1/2012-9/30/2013	Other City Claims Sheriff	JSO ran red light and hit cv	$155,059.21	$0.00	$155,059.21

City of Jacksonville

Executive Summary (Cont.)

WORKERS' COMPENSATION LOSS EXCESS $500,000 as of 6/22/2017

TERM	AUTHORITY	DESCRIPTION	PAID	RESERVE	TOTAL INCURRED
10/1/2007-9/30/2008	Heart/Hypertension Fire	Abdominal pain upper region; congestive heart failure	$2,757,884	$282,851	$3,040,735
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
10/1/2014-9/30/2015	Heart/Hypertension Fire	While at work fire fighter went into cardiac arrest.	$857,606	$495,876	$1,353,483
10/1/2007-9/30/2008	Heart/Hypertension Sheriff	Coronary By Passes. (CAD Heart)	$1,226,293	$21,940	$1,248,233
10/1/2013-9/30/2014	JEA Electric Authority	Arc flash burns	$580,884	$294,161	$875,045
10/1/2010-9/30/2011	Other City Claims Sheriff	Involved in a car crash and was transported to Shands with multiple injuries	$811,684	$0	$811,684
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)	$443,864	$287,636	$731,500
10/1/2016-9/30/2017	Other City Claims Sheriff	As the employee was exiting the vehicle a strong gust of wind forced the driver's door to shut, striking his right shin.	$412,479	$305,108	$717,587
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)	$595,004	$111,890	$706,894
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)	$659,522	$0	$659,522
10/1/2009-9/30/2010	Heart/Hypertension Sheriff	Heart condition, Hypertension. (Heart)	$547,234	$77,864	$625,098
10/1/2014-9/30/2015	City of JAX	Fall from ladder, injured head.	$470,316	$80,974	$551,290
10/1/2013-9/30/2014	Heart/Hypertension Sheriff	Chest pains	$384,303	$166,057	$550,360
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
10/1/2014-9/30/2015	Heart/Hypertension Sheriff	Heart Hypertension	$425,300	$91,928	$517,228
10/1/2008-9/30/2009	JEA Electric Authority	Stepped off platform onto ice covered deck of ship – slip and fall	$500,507	$0	$500,507

Executive Summary (Cont.)

RIVERWALK
GENERAL LIABILITY LOSS SUMMARY as of 6/22/2017

COVERAGE	TERM	PAID	RESERVE	TOTAL INCURRED	CLAIM COUNT
General Liability	10/1/04-05	$25,260.54	$0	$24,260.54	3
	10/1/05-06	$31,703.03	$0	$31,703.03	2
	10/1/06-07	$0	$0	$0	0
	10/1/07-08	$664	$0	$664	1
	10/1/08-09	$26,595.35	$0	$26,595.35	2
	10/1/09-10	$378.70	$0	$378.70	1
	10/1/10-11	$35,412.55	$0	$35,412.55	4
	10/1/11-12	$155,100.66	$0	$155,100.66	3
	10/1/12-13	$60,199.03	$0	$60,199.03	2
	10/1/13-14	$105,810.00	$0	$105,810.00	4
	10/1/14-15	$630.80	$0	$630.80	1
	10/1/15-16	$75,079.00	$0	$75,079.00	2
	10/1/16-17	$0	$0	$0	0
Auto Liability Total		**$516,833.66**	**$0.00**	**$515,833.66**	**25**

Executive Summary (Cont.)

RENEWAL PROGRAM HIGHLIGHTS

Overall, the casualty and workers' compensation renewals are favorable and provide broad coverage at a competitive price. We have explored options for the workers' compensation.

Excess Liability:

- The premium reflects a 1% rate increase based on the following
  - Exposures have increased an overall 7% led by payroll up 12%
  - Past large losses have developed showing a high probability to pierce the SIR for this policy
- BRIT has updated their form and they have provided a form comparison included in the appendix of this proposal. Most changes provide clarifications of coverage. They have revised TPA reporting requirements for all policyholders – we will go over this in detail, as the claim reporting threshold is 50% of the incurred. This is mandatory for all participants in the BRIT casualty program. The specimen form is attached.

Excess Workers' Compensation:

- In 2016, we were successful in negotiating a two-year rate commitment for the program. The City chose to take this option based on pricing trends in the market and the ability to positively impact the budget process.
- The rate is as agreed and the premium has trended in line with the payroll projected for the renewal term.

Separate Authority Workers' Compensation:

We pursued an option for a lower retention for authorities that have lower exposures and an interest in obtaining a separate program. This proposal includes an option to break out a separate retention for these authorities.

- Port Authority (JPA) / Housing Authority (JHA)
- Estimated exposure summary for this group – represent about 3% of the total program

Item	Entire Program	JPA/JHA Only	
Payroll	$632,382,967	$19,266,475	3.00%
Employees	12,019	355	2.95%
10 Year Total Incurred Losses	$108,697,987	$1,903,599	1.75%

Separate Authority Workers' Compensation OPTION:

- We have negotiated with both incumbent carriers to provide an option that includes a separate retention for the Jacksonville Port Authority and Jacksonville Housing Authority
- The table below provides an overview of the renewal structure as expiring and the option to split the program.

			Renewal Option Split Program	
Item	Expiring Program	Renewal Program As Expiring	City All Other Only	JPA/JHA Only
Excess Workers' Compensation Premium	$866,945	$995,434	$984,113	$69,914
Estimated* BRIT Buffer Layer Premium	$106,976	$116,153	$82,893	$40,000
			$1,067,006	**$109,914**
Total Premium	**$973,921**	**$1,111,150**	**$1,176,920**	
Variance From Expiring		**$137,229**	**$202,999**	

* Buffer layer premium is estimated as is part of a package program

* Above numbers do not include the excess liability portion of the package premiums

Ancillary Lines:

- Premiums are showing a slight increase as detailed on the following pages.

Executive Summary (Cont.)

RENEWAL PROGRAM PREMIUM SUMMARY

Structure as Expiring

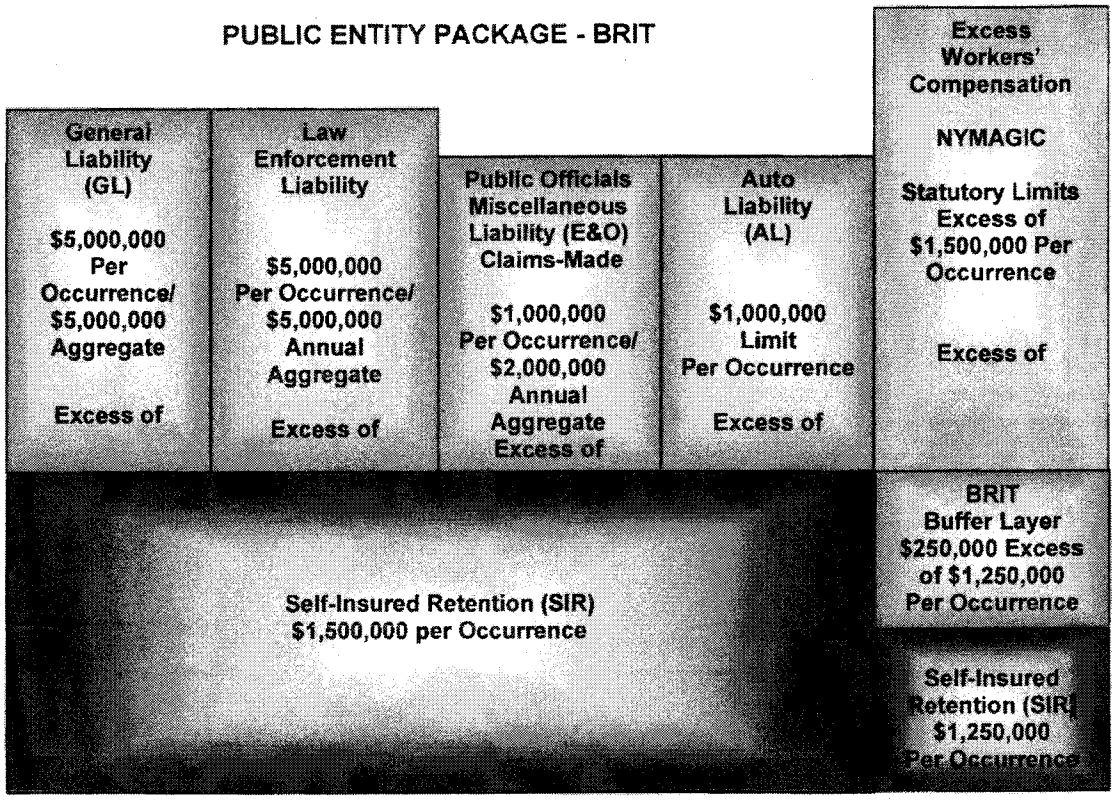
Line of Coverage	Occurrence Limit	SIR	2016 Premium	2017 Premium	$ variance	% variance
General Liability	$5,000,000	$1,500,000	$429,000.00	$465,150.00	$36,150.00	8.4%
Law Enforcement Liability	$5,000,000	$1,500,000				
Automobile Liability	$1,000,000	$1,500,000				
E&O/EPL/EEOC	$1,000,000	$1,500,000				
Employee Benefits Liability	$1,000,000	$1,500,000				
Excess Workers' Compensation	$250,000	$1,250,000				
Liability TRIA / TRIPRA			$5,500.00	$6,625.00	$1,125.00	20.5%
Liability Package Premium Subtotal			**$434,500.00**	**$471,775.00**	**$37,275.00**	**8.6%**
Workers Compensation	Statutory	$1,500,000	$866,945.00	$984,620.00	$117,675.00	13.6%
TRIA / TRIPRA			$9,521.00	$10,814.00	$1,293.00	13.6%
Excess Workers' Compensation Premium			**$876,466.00**	**$995,434.00**	**$118,968.00**	**13.6%**
Ancillary Lines – Coverage Details on following page			$101,480.00	$106,942.00	$5,462.00	5.4%
TRIA / TRIPRA			included	included	included	N/A
Ancillary Lines			**$101,480.00**	**$106,486.00**	**$5,462.00**	**5.4%**
PROGRAM TOTAL			**$1,404,805.00**	**$1,573,695.00**	**$168,890.00**	**12.0%**

Notes:

- ***Overall program costs have increased 12% or $168,890.***
- ***Casualty package increased 8.6% based on a 1% rate increase and an overall exposure increase of 7%.***
- ***Excess Workers' Compensation includes a guaranteed flat rate for a premium increase of 13.6% based on an increase in payroll.***
- ***Ancillary lines pricing is mostly driven by Riverwalk due to loss ratio development to 67.41%.***

Executive Summary (Cont.)

RISK MANAGEMENT PROGRAM DIAGRAM
Structure as Expiring



Executive Summary (Cont.)

RENEWAL PROGRAM PREMIUM SUMMARY
OPTION – Separate Workers' Compensation tower for JPA/JHA

Line of Coverage	Occurrence Limit	SIR	2016 Premium	2017 Premium	$ variance	% variance
General Liability	$5,000,000	$1,500,000	$429,000.00	$499,150.00	$70,150.00	16.4%
Law Enforcement Liability	$5,000,000	$1,500,000				
Automobile Liability	$1,000,000	$1,500,000				
E&O/EPL/EEOC	$1,000,000	$1,500,000				
Employee Benefits Liability	$1,000,000	$1,500,000				
Excess Workers' Compensation **CITY Program**	$250,000	$1,250,000				
NEW Excess Workers' Compensation JPA/JHA ONLY	$250,000	$250,000	N/A			
Liability TRIA / TRIPRA			$5,500.00	$7,500.00	$2,000.00	36.4%
Liability Package Premium Subtotal			**$434,500.00**	**$506,650.00**	**$72,150.00**	**16.6%**
Workers Compensation **CITY PROGRAM**	Statutory	$1,500,000	$866,945.00	$973,629.00	$106,684.00	12.3%
TRIA / TRIPRA			$9,521.00	$10,484.00	$963.00	10.1%
Excess Workers' Compensation Premium			**$876,466.00**	**$984,113.00**	**$107,647.00**	**12.3%**
NEW Workers' Compensation **JPA/JHA ONLY**	Statutory	$500,000	N/A	$69,359.00	N/A	N/A
TRIA / TRIPRA			N/A	$555.00	N/A	N/A
Excess Workers' Compensation Premium			**N/A**	**$69,914.00**	**N/A**	**N/A**
Ancillary Lines			**$101,480.00**	**$106,942.00**	**$5,462.00**	**5.4%**
PROGRAM TOTAL			**$1,404,805.00**	**$1,667,619.00**	**$262,814.00**	**18.7%**

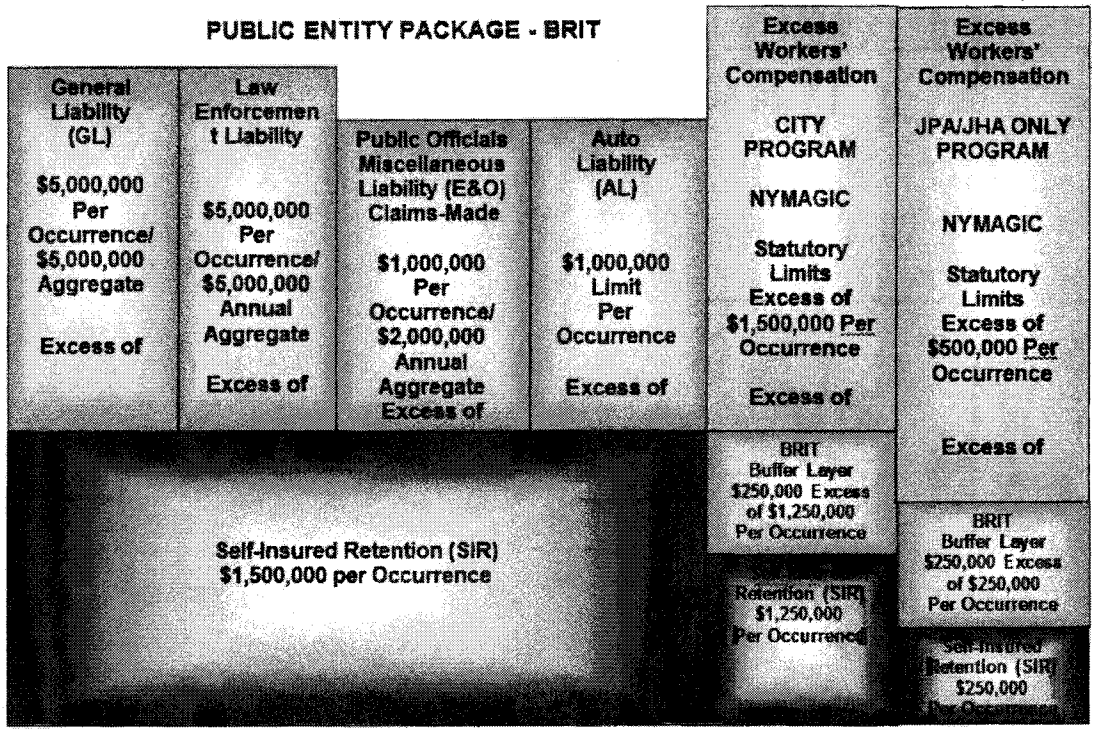
Notes:

- ***Overall program costs will increase 18.7% or $262,814 should The City select the option for a separate Workers' Compensation tower for JPA/JHA only.***

Executive Summary (Cont.)

RISK MANAGEMENT PROGRAM DIAGRAM

Renewal Structure OPTION – Separate Workers' Compensation Tower for JPA/JHA



Executive Summary (Cont.)

ANCILLARY LINES OF COVERAGE PREMIUM SUMMARY

COVERAGE DESCRIPTION	POLICY	DESCRIPTION	2016 with TRIA, surcharges, fees and assessments	2017 with TRIA, surcharges, fees and assessments
Rails to Trails	General Liability	$3,000,000 Each Occurrence $4,000,000 General Aggregate $3,000,000 Personal / Advertising Injury DEDUCTIBLE: $1,000 Bodily Injury / Property Damage Per Claim	$7,096.00	$7,661.00
Rails to Trails	**Total**		**$7,096.00**	**$7,661.00**
Powerline	General Liability	$1,000,000 Each Occurrence $2,000,000 General Aggregate DEDUCTIBLE: $1,000.00 Bodily Injury / Property Damage Per Claim	$5,285.00	$5,698.00
Powerline	**Total**		**$5,285.00**	**$5,698.00**
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	$63,603.00	$66,895.00
	Excess Liability	$4,000,000 Each Occurrence $4,000,000 Annual Aggregate	$14,866.00	$15,899.00
Riverwalk	**Total**		**$78,469.00**	**$82,794.00**
Voting Precincts	General Liability	$1,000,000 Each Occurrence $1,000,000 General Aggregate DEDUCTIBLE: $500.00 Bodily Injury / Property Damage Per Claim	10,630.00	10,789.00
Voting Precincts	**Total**		**10,630.00**	**$10,789.00**
GRAND TOTAL			**$101,480.00**	**$106,942.00**

Notes:

- ***Riverwalk – 5.8% increase based on the loss ratio development with a current loss ratio of 67.41%.***
- ***Losses for the 15-16 term have increased from $40,000 to $75,000.***

Executive Summary (Cont.)

Recommendation:

Arthur J. Gallagher Risk Management Services, Inc. recommends renewal of your Casualty program with emphasis on the separation of JHA/JPA that reduces the retention from $1,250,000 to $250,000 per occurrence.

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

Judith A. Arenz

ENDORSEMENT attaching to and forming part of Policy No.

NAMED ASSURED:

Effective date of this endorsement:

Endorsement No.

GENERAL POLICY CONDITIONS NOTIFICATION OF CLAIMS, OCCURRENCES OR SUITS

It is hereby understood and agreed that **General Policy Condition 7. CLAIMS, OCCURRENCES or SUITS** is amended to read as follows:

7. **CLAIMS, OCCURRENCES or SUITS:** Underwriters reserves the right to deny coverage under this policy if there has not been full compliance with the following duties:

The **ASSURED** shall as soon as practical notify Underwriters through the **ASSURED'S THIRD PARTY CLAIM ADMINISTRATOR** of any **CLAIM, OCCURRENCE, or SUIT** meeting the following criteria:

(a) The cost of which is likely to result in payment by Underwriters under this Policy;

(b) All claims reserved at 50% or more of **SELF INSURED RETENTION**;

(c) All claims where there has been a settlement demand above the **SELF INSURED RETENTION** and there is a trial, binding arbitration or binding mediation date within ninety (90) days;

(d) Catastrophic losses (including Paraplegia, Quadriplegia, Severe Burns, Fatalities, Significant Brain Injury, Amputation of Major Extremity);

(e) **SEXUAL ABUSE** claims;

(f) Discrimination or Violation of Civil Rights where the claim is reserved at 50% or more of the **SELF INSURED RETENTION** or within ninety (90) days of a trial date, whichever is sooner;

(g) Third-party claims involving **LAW ENFORCEMENT ACTIVITIES**;

(h) Act or series of **ACTS OF TERRORISM**;

(i) Any claims where there is a question as to whether there will be coverage under this Policy.

Underwriters shall have the right, but not the obligation, to be associated with the **ASSURED** in, and/or assume charge of, the investigation, handling, defense or settlement of any claims, **SUIT** or proceedings relative to an **OCCURRENCE** or **CLAIM** where in the opinion of the Underwriters, their liability under this Policy is likely to be involved or when the **SELF INSURED RETENTION** has been exhausted; in which case the **ASSURED** and Underwriters shall co-operate to the mutual advantage of both. In all other circumstances, Underwriters will have the right, but not the obligation, to assume charge of the defense of any claim or suit relative to an **OCCURRENCE** or **CLAIM** at its own expense.

The **ASSURED** shall make no commitment to pay or settle any **CLAIMS, OCCURRENCES** or **SUITS** where Underwriters liability under this Policy is involved without the prior written agreement of Underwriters. Underwriters shall not withhold agreement without just cause. Neither shall the

ENDORSEMENT attaching to and forming part of Policy No.

NAMED ASSURED:

Effective date of this endorsement:

ASSURED refuse any reasonable opportunity to pay or settle a claim when such refusal will result in Underwriters having liability under this Policy without the prior agreement of Underwriters. Underwriters shall not withhold agreement without just cause. If the **ASSURED** refuses to consent to settlement of any **CLAIMS, OCCURRENCES** or **SUITS** where Underwriters liability under this Policy is potentially involved, and settlement or compromise is recommended by Underwriters and acceptable to the claimant, then calculation of, and Underwriters obligation under **ULTIMATE NET LOSS** with respect to the **CLAIMS, OCCURRENCES** or **SUITS** shall be limited to the amount of damages or payments for which the **CLAIMS, OCCURRENCES** or **SUITS** could have been settled for, plus any expenses payable under **ULTIMATE NET LOSS** incurred until the date of the **ASSURED'S** refusal to settle or compromise the **CLAIMS, OCCURRENCES** or **SUITS** as recommended by Underwriters.

PROCEDURES FOR THE THIRD PARTY CLAIMS ADMINISTRATORS

It is also understood and agreed that **General Policy Condition 21. THIRD PARTY CLAIM ADMINISTRATOR** and **ATTORNEYS** is amended to read as follows:

21. **THIRD PARTY CLAIM ADMINISTRATOR** and **ATTORNEYS** In the event of cancellation, expiration or revision of the agreement between the **NAMED ASSURED** and the designated **THIRD PARTY CLAIM ADMINISTRATOR**, the **NAMED ASSURED** must notify the Underwriters 90 days prior to the effective date of such cancellation, expiration or revision, and the **NAMED ASSURED** and the Underwriters must agree upon the specifications for the new **THIRD PARTY CLAIM ADMINISTRATOR**.

If the agreement between **NAMED ASSURED** and the **THIRD PARTY CLAIM ADMINISTRATOR** is terminated for any reason without Underwriters prior written approval, Underwriters reserves the right to deny coverage under this policy for any **CLAIM** or **OCCURRENCES** reported to Underwriters after the termination date of the **ASSURED'S** agreement with the **THIRD PARTY CLAIM ADMINISTRATOR.**

These conditions shall survive the termination of this policy without regard to whether said termination is due to cancellation or natural expiration of this policy.

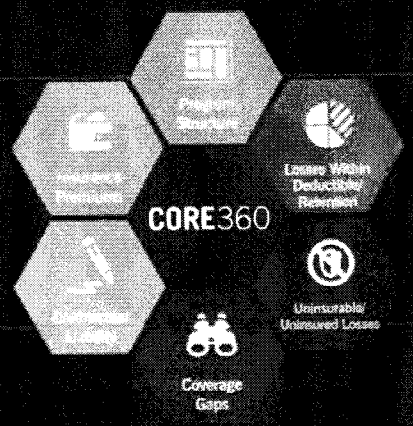
Except as amended in this Endorsement, this insurance is subject to all coverage terms, clauses and conditions in the policy to which this Endorsement is attached.

Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Arthur J. Gallagher & Co. at a glance

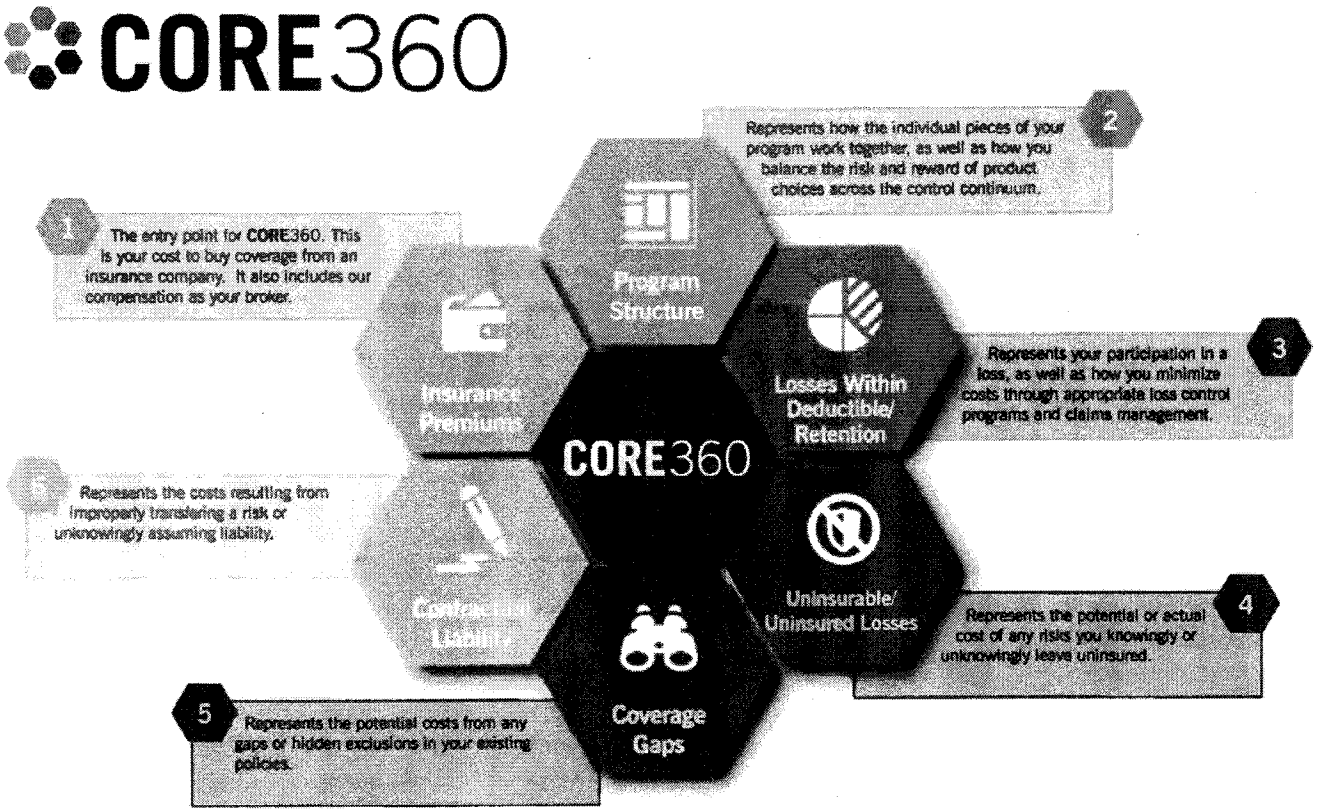
Arthur J. Gallagher & Co. has been designing solutions to meet our clients' unique needs for almost 90 years. We pioneered many of the innovations in risk management used by businesses in all industries today. We believe that the best environment [illegible] learning [illegible] growing is one that remembers the past and invents the future.

- Founded in 1927 by Arthur J. Gallagher and still run by the founding family.
- A global corporation with a strong heritage and culture, Gallagher is a company with 21,500+ family members.
- Divisions specializing in retail insurance brokerage operations, benefits and HR consulting, wholesale distribution, and third-party administration and claims processing.
- More than 680 offices in 31 countries and revenues of $4 billion.
- Client-service capabilities in more than 150 countries around the world through a global network of correspondent brokers and consultants.



www.ajg.com

A Better Way to Address the City's Needs



You deserve a partner that takes a comprehensive approach to evaluating your risk management program. Trying to find the cheapest policy from a small number of insurance companies is hardly a strategy for success. At Gallagher, we believe there's a better way.

CORE360 is a comprehensive model that considers the 6 cost drivers of your risk management program. By helping you understand all of your actual and potential costs, providing actionable advice, and delivering world-class service & support - we help you develop a program that minimizes your total cost of risk.

Proven delivery

- Data & Analytics
- Tools & Technology
- Global Network of Experts
- Proprietary Programs
- World-Class Service

City of Jacksonville

Service Team

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

NAME / TITLE		PHONE / ALT. PHONE	EMAIL	ROLE
Judith A. Arenz, CPCU Area Senior Vice President		561.998.6780	judy_arenz@ajg.com	Team Leader
Tony Abella, Jr. CPCU, ARM, Are, MSIM Area Senior Vice President		305.639.3108	tony_abellajr@ajg.com	Catastrophe Property Specialist
Tom Gill, MBA, CIC, CRM Area Assistant Vice President		561.998.6812	tom_gill@ajg.com	Account Executive
Cindy Preston, ARM, CIC Client Service Executive		561.998.6810	cynthia_preston@ajg.com	Account Manager
Livia Oliveira Client Service Manager		561.998.6804	livia_oliveira@ajg.com	Client Service Manager
Aimee Bell Client Service Associate Senior		561.998.6817	aimee_bell@ajg.com	Client Service Associate
Jim Smith, M.S., CSP Director Risk Control Services		561.998.6809	jim_smith@ajg.com	Loss Control
Andrea Tomasek Area Senior Vice President Managing Director Advocacy Practice		561.998.6757	andrea_tomasek@ajg.com	Claims Advocacy