16. Award RFP-4205-03/TLC – Insurance Brokerage Services for Seminole County to Arthur J. Gallagher & Co. – Orlando (6% Commission with a $100,000 Maximum).

RFP-4205-03/TLC will provide for an all lines aggregate insurance program including the following coverages: Property, General Liability, Automobile Liability, Public Official's Errors & Omission, Employee Benefits Liability, Crime, and Workers' Compensation. The contract term is five years.

This project was publicly advertised and the County received two proposals, listed alphabetically:

- Arthur J. Gallagher & Co., Orlando
- Marsh, Lake Mary

The Evaluation Committee, which consisted of Linda Eiland, Risk Management; Ann Colby, County Attorney's Office; and Meloney Lung, Administrative Services, evaluated the submittals. The initial evaluation criteria consisted of the following:

- Qualifications of firm, Personnel and Sub-consultants
- Broker Compensation; Disclosure of other revenue
- Services Provided
- Communication
- Program Design/Implementations

Based on the initial evaluations, the Committee interviewed both firms and then requested Best and Final offers from both. Upon evaluating the Best and Final offers, the Evaluation Committee recommended award to Arthur J. Gallagher & Co. of Orlando as the most advantageous to the County and for their willingness to enter into a five contract at a 6% commission rate and a not to exceed (NTE) cap of $100,000 per year. Marsh was unwilling to enter into a firm commitment for a five year contract, did not give a NTE cap, and could not provide a fee schedule beyond two years.

On January 7, 2004, Marsh filed a protest of award with the Purchasing and Contracts Division. In accordance with the Seminole County Purchasing code, this item was pulled from the January 13th agenda while the merits of the protest were evaluated. After a full consideration of the arguments presented by the protest, the Purchasing and Contracts Manager rejected the protest as being without merit on January 20th. (Marsh's protest letter and the Purchasing and Contracts Manager's response are both included in the backup.)

Administrative Services/Risk Management and Fiscal Services/Purchasing and Contracts Division recommend that the Board award the project and

authorize the Chairman to execute the agreement as prepared by the County Attorney's Office.

B.C.C. - SEMINOLE COUNTY, FL
RFP TABULATION SHEET

ALL RFP'S ACCEPTED BY SEMINOLE COUNTY ARE SUBJECT TO THE COUNTY'S TERMS AND CONDITIONS AND ANY AND ALL ADDITIONAL TERMS AND CONDITIONS SUBMITTED BY THE PROPOSERS ARE REJECTED AND SHALL HAVE NO FORCE AND EFFECT. RFP DOCUMENTS FROM THE CONSULTANTS LISTED HEREIN ARE THE ONLY RFP'S RECEIVED TIMELY AS OF THE ABOVE OPENING DATE AND TIME. ALL OTHER RFP DOCUMENTS SUBMITTED IN RESPONSE TO THIS SOLICITATION, IF ANY, ARE HEREBY REJECTED AS LATE.

RFP NUMBER: RFP-4205-03/TLC

RFP TITLE: Insurance Brokerage Services for Seminole County

DUE DATE: October 15, 2003, 2:00 P.M.

INFORMATION PROVIDED IN RESPONSE	Response 1	Response 2
	Arthur J. Gallagher & Co. 7380 Sand Lake Road, Suite 390 Orlando, FL 32819 Michele L. Schaare, Assistant Branch Manager 407 370-2320 Ph. 407 370-3057 Fx.	Marsh 615 Crescent Executive Court, Suite 300 Lake Mary, FL 32746 Ric Valentino, Sr. Vice President 407 804-590 Ph. 407 804-5999 Fx.

OPENED and TABULATED BY: **T. Roberts, CPPB**
RECOMMENDATION OF AWARD: TBA
POSTED: 10/15/03 Evaluation Committee Meeting: 11/06/03

Linda Eiland

12/30/2003 09:17 AM

To: Tammy Roberts/Seminole@Seminole
cc:
Subject: Broker Services

The evaluation committee recommends award of 5 year contract to Arthur J. Gallagher & Company with a 6% commission with a $100,000 maximum.

Please advise if you require additional information.

Thank you for your assistance.

BROKERAGE SERVICES
RFP-4205-03/TLC
FINAL COMMITTEE MEETING

November 19, 2003
10:00 am

Phone Conference Attendance:

Linda Eiland, Seminole County
Ann Colby, Seminole County
Meloney Lung, Seminole County
Peter Maley, Seminole County
Tammy Roberts, Seminole County
Terry Little, KPMG
Matt Royal, KPMG

Committee discussed references received for both firms.

Best and Final offers were discussed.

Committee decision to recommend Arthur J. Gallagher & Co. based on the Flat 6% commission with $100,000 max. for the duration of a 5 year contract.

Marsh fees were subject to an unknown increase after the second year. No guarantee of renewing a contract for the additional 3 yrs.

Committee to provide Terry with their evaluation sheets from presentations and final remarks from this meeting.

Terry will provide a draft of the Committee's combined remarks and recommendations.

Meeting adjourned 10:30 am.

RFP-4205-03/TLC – Insurance Brokerage Services

APPLICANT'S NAME: ARTHUR J. GALLAGHER & CO. – BEST & FINAL

QUALIFICATION COMMITTEE MEMBER: Team Summary

**Additional comments from conference call (11/19/) italicized

Describe strengths, weaknesses and deficiencies to support your assessment.

Criteria: Qualifications of firm, personnel and Subconsultants and MBE
Strengths – corporate background, experience with governmental entities, account team strength, bench strength and insurance market access ability

Criteria: Compensation: Broker compensation; Disclosure of other revenue
Strengths – *5-year contract, 6% commission with total annual maximum broker income of $100,000*
Deficiencies – amount, *commission instead of straight fee*

Criteria: Services Provided
Strengths – *consistently high remarks from references served broker office*
Deficiencies – *references were serviced from Boca Raton office,* program administration, contract review and risk identification

Criteria: Communication
Deficiencies – frequency of on-site meetings and status reporting
Weaknesses – renewal process timeline and annual stewardship report

Criteria: Program Design/implementations: Promised deliverables; Time frames for completion of specific events
Strengths – limits, *annual premium aggregate,* deductibles and other program design/structure elements
Deficiencies – description of market strategic benefits, resources utilized and timelines
Weaknesses – lack of options, design aggressiveness and creativity, market approach and strategy to achieve design

Criteria: Other Significant Matters
Strengths – locale, personal confidence, access, brokerage account team strength, key team member strength
Deficiencies – Proposal structure, RFP responsiveness, proposal professionalism, proposal creativity

The Qualification Team will evaluate each proposal against the requirements of the solicitation. Results of the assessment will be portrayed using the criteria for each rating:

Description	
Highly Acceptable:	Proposal exceeds the requirements in a way that benefits the County or meets the requirements and has enhancing features benefit the County.
Acceptable:	Proposal meets the County requirements. Any weakness is minor.
Marginal:	Proposal contains weaknesses or minor deficiencies which could have an impact, if accepted.
Unsatisfactory:	Proposal does not comply substantially with the requirements.

This firm is rated **Acceptable**

RFP-4205-03/TLC – Insurance Brokerage Services

APPLICANT'S NAME: **MARSH – BEST AND FINAL**

QUALIFICATION COMMITTEE MEMBER: Team Summary

**Additional comments from conference call (11/19/) italicized

Describe strengths, weaknesses and deficiencies to support your assessment.

Criteria: Qualifications of firm, personnel and Subconsultants and MBE
Strengths – corporate background and insurance market access ability
Weaknesses – local office, experience with governmental entities

Criteria: Compensation: Broker compensation; Disclosure of other revenue
Strengths – *fee based compensation*
Deficiencies – *2-year contract*

Criteria: Services Provided
Strengths – risk identification
Weaknesses – *concern with local office government experience service level*

Criteria: Communication
Strengths – renewal process timeline, annual stewardship report, frequency of on-site meetings and status reporting

Criteria: Program Design/implementations: Promised deliverables; Time frames for completion of specific events
Strengths – resources utilized and timelines
Deficiencies – lack of options, description of market strategic benefits, market approach and strategy to achieve design
Weaknesses – limits, aggregates, deductibles and other program design elements, design aggressiveness and creativity

Criteria: Other Significant Matters
Strengths – locale, access, proposal professionalism, desire in wanting to service account
Deficiencies – personal confidence, proposal structure, RFP responsiveness, proposal creativity
Weaknesses – brokerage account team strength, key team member strength, evidence of research on Seminole County

The Qualification Team will evaluate each proposal against the requirements of the solicitation. Results of the assessment will be portrayed using the criteria for each rating:

Description

Highly Acceptable:	Proposal exceeds the requirements in a way that benefits the County or meets the requirements and has enhancing features benefit the County.
Acceptable:	Proposal meets the County requirements. Any weakness is minor.
Marginal:	Proposal contains weaknesses or minor deficiencies which could have an impact, if accepted.
Unsatisfactory:	Proposal does not comply substantially with the requirements.

This firm is rated **Acceptable**

BEST AND FINAL

RFP-4205-03/TLC
INSURANCE BROKERAGE SERVICES FOR SEMINOLE COUNTY

Broker Compensation

Each Broker shall respond in the following format - indicate where none:

Broker Compensation (each item is mutually exclusive):

fee:

Commission (must indicate maximum): Flat 6% commission with $100,000 maximum each year for five (5) years beginning 10/01/04*

Claims Management: $0

Safety/Loss Control: $0

RMIS Services: Included

*It should be noted that coverages have been secured through 10/01/04 and commissions have been paid to A. J. Gallagher. Thus, NO ADDITIONAL compensation would be paid to AJG until 10/1/04 when renewal coverages are placed.

Disclosure of other revenue:

Profit commissions/contingencies: $0

Administrative fees: $0

Investment Income: $0

Other (Specify): $0

We will accept equal monthly installments after services are rendered.

[] Yes XX No **

Company Name Date

Signature Authority Title

**We are proposing a commission, which is paid by the insurance carrier. Thus, we have no control over when the carrier pays us the commission. If we were proposing a fee, we could offer monthly installments. However, as explained, it would be illegal and unethical for us to charge a fee because we currently place coverages through Excess & Surplus Lines carriers. We cannot guarantee that we will not be placing coverages with E&S carriers in the future. Thus, we must follow the guidelines of Florida Law as outlined in Bulletin 02-001, dated April 16,2002.

TOTAL P.02

MARSH

Marsh USA Inc.
615 Crescent Executive Court
Suite 300
Lake Mary, FL 32746
Richard.Valentino@Marsh.com
www.marsh.com

Fax

To:	**Tammy L. C. Roberts** **Purchasing and Contracts Division**	From:	Richard W. Valentino
Date:	January 07, 2004	Fax:	407 804 5999
Organization:	Seminole County	Phone:	407 804 5843
Fax:	407 665 7956	Pages:	2
		cc:	Fax: 407-665-7958 Commissioner Grant Maloy Commissioner Randy Morris Commissioner Dick Van Der Weide Commissioner Carlton Henley Commissioner Daryl Mclain

Subject: **RFP 4205-03/TLC - Insurance Brokerage Services**

Dear Tammy:

We were advised today that Seminole County has recommended the captioned services to be awarded to Arthur J. Gallagher.

We were further advised today that we have until 5:00 today (January 7, 2004) to issue a protest.

This fax is our formal protest of Seminole County's decision. Our protest is based on the following reasons:

1) Although Arthur J. Gallagher agreed to a multi-year contract, their costs are higher than Marsh's brokerage fee. Arthur J. Gallagher's 6% of premium subject to a maximum of $100,000 will be significantly higher than Marsh's fee of $60,000 plus $25,000 ($85,000 total) for consulting services. Also, there is uncertainty in Arthur J. Gallagher's fee.
2) Marsh protests to the Team Qualification Summary whereby it says that Marsh does not have strength in governmental entities. This is entirely untrue. In fact, Marsh handles more governmental entities (1,500 across the U.S.) than any other insurance broker or agent. In addition, the manager of our Lake Mary consulting department was the former risk manager

The documents accompanying this transmission contain confidential information, and may contain confidential health information, that is legally privileged. This information is intended only for the use of the individual or entity named above. The authorized recipient of this information is prohibited from disclosing this information to any other party unless required to do so by law or regulation and is required to destroy the information after its stated need has been fulfilled.

If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or action taken in reliance on the contents of these documents is strictly prohibited. If you have received this information in error, please notify the sender immediately and arrange for the return or destruction of these documents.

MMC Marsh & McLennan Companies

of Orange County. Also, before transferring to Lake Mary in May, I served as Marsh's Public Entity Practice Leader for Marsh's Baltimore / Washington, DC office.

3) We do not understand the statement saying Marsh's local office is a weakness for Seminole County. Marsh is the largest broker in Seminole County and I fail to understand this statement.
4) Under Program Design/Implementation, it says our weakness was we did not provide adequate limits. We are entirely confused by this statement. This was not a marketing competition. At our oral presentation, Marsh specifically outlined our intended marketing strategy outlining how Marsh would arrive at the required limits.
5) Finally, Seminole County has chosen a broker not based in Seminole County. Marsh has over 100 professionals in Seminole County and we are upset that you have chosen a broker with no employees in Seminole County over a broker that is clearly committed to the county.

Regards,

Ric Valentino

Ric Valentino
Senior Vice President
document2

SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

SEMINOLE COUNTY

Department of Fiscal Services
Purchasing and Contracts Division
1101 East First Street, Room 3208
Sanford, FL 32771
Phone: 407-665-7116; Fax: 407-665-7956

Fax: (407) 804-5999

January 20, 2004

Mr. Richard Valentino
Marsh USA Inc.
615 Crescent Executive Court, Suite 300
Lake Mary, FL 32746

Subject: Your protest letter dated January 7, 2004, concerning RFP 4205-03/TLC; Insurance Brokerage Services for Seminole County.

Dear Mr. Valentino:

This is in response to your protest letter concerning the subject procurement. In accordance to Section 330.70 of the Seminole County Administrative Code, the following is the Purchasing and Contracts Manager's comments and decision concerning your protest:

- Although your proposal may be lower than the recommended firm, the price proposal was only 25% of the evaluation criteria for this procurement. I have reviewed the evaluation sheets and you were rated appropriately to your price proposal. Please be advised that the price proposal from Arthur J. Gallagher was 6% of the commission (unknown number) with $100K maximum. It is possible that the commission amount might be less than $100K and therefore the cost of the service may be below $100K per year. Another factor regarding pricing was the County's desire to lock in prices for five years. Your proposal did not offer this option.
- The committee evaluated the proposals based on a number of qualifications stated in the evaluation criteria, including experience within the Governmental sector. The committee did not rate Marsh's experience level in this area superior to Gallagher's proposal. The resumes of your professionals assigned the responsibility for negotiating the County's insurance policies and reviewing the County's contractor service agreements did not communicate this level of experience. References were contacted for both Marsh and Gallagher. None of Marsh's current client references of the four that you provided (five were requested) was a Board of County Commissioner's County compared to all five

of Gallagher references were County entities in the State. Further, the former reference of the City of Orlando is a not a current Property and Casualty Insurance client (the lines of insurance covered by this RFP) of yours.

- The resumes in your proposal of personnel proposed to work on this project locally did not express an extensive background in Property and Casualty Insurance. Again, the references that you provided were not similar County clients.
- A key aspect of the current property and casualty insurance program is the all-lines aggregate. This is particularly important given the way Seminole County operates in the planning, development and execution of the budget. Your proposal was unable to guarantee the continued availability of an all-lines aggregate program. The committee did not want to jeopardize Seminole County's overall insurance program structure due to this significant financial uncertainty.
- The committee recognizes the location of both firms to be located in the Central Florida area. Seminole County Government does not have a preference program for location in Seminole County.

As stated in the solicitation, all proposals will be evaluated in accordance with the evaluation criteria set forth in the RFP documents. The award recommendation to Arthur J. Gallagher was a result of this evaluation process and is considered to be the most advantageous to the County considering all the evaluation criteria stated in this solicitation.

Based upon the above, I find that the subject procurement is in compliance with the solicitation and the Seminole County Code. Therefore, it is my decision to reject your protest do to the lack of merit. You may appeal this decision in accordance with Section 330.70 of the Seminole County Code. We appreciate your time and efforts in responding to Seminole County's requirements.

If you have any questions or need further assistance, please contact my office at 407-665-7111.

Sincerely,

Ray Hooper, CPCM
Purchasing and Contracts Manager

cc: Commissioner Daryl McLain, Chairman
Commissioner Carlton Henley
Commissioner Grant Maloy
Commissioner Randy Morris
Commissioner Dick Van Der Weide
J. Kevin Grace, County Manager

Arnold Schneider, Assistant County Attorney
Peter Maley, Contracts Supervisor
Linda Eiland, Risk Manger
Lisa Spriggs, Fiscal Services Director

INSURANCE BROKERAGE SERVICES AGREEMENT (RFP-4205-03/TLC)

THIS AGREEMENT is made and entered into this _____ day of _____, 20___, by and between **ARTHUR J. GALLAGHER & CO.**, duly authorized to conduct business in the State of Florida, whose address is 7380 Sand Lake Road, Suite 390, Orlando, Florida 32819, hereinafter called the "BROKER" and **SEMINOLE COUNTY**, a political subdivision of the State of Florida, whose address is Seminole County Services Building, 1101 East First Street, Sanford, Florida 32771, hereinafter called the "COUNTY".

W I T N E S S E T H:

WHEREAS, the COUNTY desires to retain the services of a competent and qualified broker to provide insurance brokerage services in Seminole County; and

WHEREAS, the COUNTY has requested and received expressions of interest for the retention of services of brokers; and

WHEREAS, BROKER is competent and qualified to furnish insurance brokerage services to the COUNTY and desires to provide its professional services according to the terms and conditions stated herein,

NOW, THEREFORE, in consideration of the mutual understandings and covenants set forth herein, COUNTY and BROKER agree as follows:

SECTION 1. SERVICES. COUNTY does hereby retain BROKER to furnish professional services and perform those tasks as further described in the Scope of Services attached hereto and incorporated herein as Exhibit "A".

SECTION 2. COMMENCEMENT OF SERVICES. The services to be rendered by BROKER shall commence upon execution of this Agreement by the parties.

SECTION 3. COMPENSATION AND PAYMENT. The BROKER shall be compensated for the professional services called for under this Agreement by commission, paid by the insurance carrier. The commission shall be six percent (6%), not to exceed ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000.00) annually, for each year of the five (5) year term of this Agreement. BROKER shall perform all work required by the Scope of Services but, in no event, shall BROKER be paid more than the negotiated Fixed Fee amount stated above.

SECTION 4. AUDIT OF RECORDS.

(a) COUNTY may perform or have performed an audit of the records of BROKER at any time during the term of this Agreement. This audit would be performed at a time mutually agreeable to BROKER and COUNTY subsequent to the close of the final fiscal period in which the last work is performed.

(b) The BROKER agrees to maintain all books, documents, papers, accounting records and other evidences pertaining to work performed under this Agreement in such a manner as will readily conform to the terms of this Agreement and to make such materials available at BROKER's office at all reasonable times during the Agreement period and for five (5) years from the date of final payment under the contract for audit or inspection as provided for in subsection (a) of this Section.

(c) In the event any audit or inspection conducted after final payment, but within the period provided in subsection (b) of this Section reveals any overpayment under the terms of the Agreement, BROKER shall refund such overpayment within thirty (30) days of notice by the COUNTY.

SECTION 5. RESPONSIBILITY OF BROKER.

(a) BROKER shall be responsible for the professional quality, technical accuracy and the coordination of all plans, studies, reports

and other services furnished by BROKER under this Agreement. BROKER shall, without additional compensation, correct or revise any errors or deficiencies in his services.

(b) Neither the COUNTY'S review, approval or acceptance of, nor payment for, any of the services required shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement and the BROKER shall be and remain liable to the COUNTY in accordance with applicable law for all damages to the COUNTY caused by the BROKER's performance of any of the services furnished under this Agreement.

SECTION 6. OWNERSHIP OF DOCUMENTS. All deliverable reference data, survey data, plans and reports that result from the BROKER's services under this Agreement shall become the property of the COUNTY after final payment for the specific service provided is made to BROKER. No changes or revisions to the documents furnished by BROKER shall be made by COUNTY or its agents without the written approval of BROKER.

SECTION 7. TERM. This Agreement shall take effect on the date of its execution by COUNTY and shall remain in effect for a period of five (5) years.

SECTION 8. TERMINATION.

(a) The COUNTY may, by written notice to the BROKER, terminate this Agreement, in whole or in part, at any time, either for the COUNTY's convenience or because of the failure of the BROKER to fulfill BROKER's Agreement obligations. Upon receipt of such notice, the BROKER shall:

(1) immediately discontinue all services affected unless the notice directs otherwise, and

(2) deliver to the COUNTY all plans, studies, reports, estimates, summaries, and such other information and materials as may

have been accumulated by the BROKER in performing this Agreement, whether completed or in process.

(b) If the termination is for the convenience of the COUNTY, the BROKER shall be paid commission for services performed to the date of termination.

(c) If the termination is due to the failure of the BROKER to fulfill his Agreement obligations, the COUNTY may take over the work and prosecute the same to completion by Agreement or otherwise. In such case, the BROKER shall be liable to the COUNTY for reasonable additional costs occasioned to the COUNTY thereby. The BROKER shall not be liable for such additional costs if the failure to perform the Agreement arises out of causes beyond the control and without the fault or negligence of the BROKER. Such causes may include, but are not limited to, acts of God or of the public enemy, acts of the COUNTY in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but, in every case, the failure to perform must be beyond the control and without the fault or negligence of the BROKER.

(d) If, after notice of termination for failure to fulfill Agreement obligations, it is determined that the BROKER had not so failed, the termination shall be deemed to have been effected for the convenience of the COUNTY.

(e) The rights and remedies of the COUNTY provided in this clause are in addition to any other rights and remedies provided by law or under this Agreement.

SECTION 9. EQUAL OPPORTUNITY EMPLOYMENT. BROKER agrees that it will not discriminate against any employee or applicant for employment for work under this Agreement because of race, color, religion, sex, age, national origin, or disability and will take steps to ensure that

applicants are employed, and employees are treated during employment, without regard to race, color, religion, sex, age, national origin or disability. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

SECTION 10. NO CONTINGENT FEES. BROKER warrants that it has not employed or retained any company or persons, other than a bona fide employee working solely for the BROKER, to solicit or secure this Agreement and that BROKER has not paid or agreed to pay any persons, company, corporation, individual or firm, other than a bonafide employee working solely for BROKER, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. For the breach or violation of this provision, COUNTY shall have the right to terminate the Agreement at its discretion, without liability and to deduct from the Agreement price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

SECTION 11. ASSIGNMENT. This Agreement, or any interest herein, shall not be assigned, transferred, or otherwise encumbered, under any circumstances, by the parties hereto without prior written consent of the opposite party and only by a document of equal dignity herewith.

SECTION 12. SUBCONTRACTORS. In the event BROKER, during the course of the work under this Agreement, requires the services of any subcontractors or other professional associates in connection with service covered by this Agreement, BROKER must secure the prior written approval of the COUNTY. If subcontractors or other professional associates are required in connection with the services covered by this Agreement, BROKER shall remain fully responsible for the services of

subcontractors or other professional associates.

SECTION 13. INDEMNIFICATION OF COUNTY. The BROKER agrees to hold harmless, replace, and indemnify the COUNTY, its commissioners, officers, employees, and agents against any and all claim, losses, damages or lawsuits for damages, arising from, allegedly arising from, or related to the provision of services hereunder by the BROKER, whether caused by the BROKER or otherwise. This hold harmless, release and indemnification shall include any claim based on negligence, action or inaction of the parties.

SECTION 14. INSURANCE.

(a) General. The BROKER shall at the BROKER's own cost, procure the insurance required under this Section.

(1) The BROKER shall furnish the COUNTY with a Certificate of Insurance signed by an authorized representative of the insurer evidencing the insurance required by this Section (Professional Liability, Workers' Compensation/Employer's Liability and Commercial General Liability). The COUNTY, its officials, officers, and employees shall be named additional insured under the Commercial General Liability policy. The Certificate of Insurance shall provide that the COUNTY shall be given not less than thirty (30) days written notice prior to the cancellation or restriction of coverage. Until such time as the insurance is no longer required to be maintained by the BROKER, the BROKER shall provide the COUNTY with a renewal or replacement Certificate of Insurance not less than thirty (30) days before expiration or replacement of the insurance for which a previous certificate has been provided.

(2) The Certificate shall contain a statement that it is being provided in accordance with the Agreement and that the insurance is in full compliance with the requirements of the Agreement. In lieu

of the statement on the Certificate, the BROKER shall, at the option of the COUNTY submit a sworn, notarized statement from an authorized representative of the insurer that the Certificate is being provided in accordance with the Agreement and that the insurance is in full compliance with the requirements of the Agreement. **The Certificate shall have this Agreement number clearly marked on its face.**

(3) In addition to providing the Certificate of Insurance, if required by the COUNTY, the BROKER shall, within thirty (30) days after receipt of the request, provide the COUNTY with a certified copy of each of the policies of insurance providing the coverage required by this Section.

(4) Neither approval by the COUNTY or failure to disapprove the insurance furnished by BROKER shall relieve the BROKER of the BROKER's full responsibility for performance of any obligation including BROKER's indemnification of COUNTY under this Agreement.

(b) Insurance Company Requirements. Insurance companies providing the insurance under this Agreement must meet the following requirements:

(1) Companies issuing policies other than Workers' Compensation must be authorized to conduct business in the State of Florida and prove same by maintaining Certificates of Authority issued to the companies by the Department of Insurance of the State of Florida. Policies for Workers' Compensation may be issued by companies authorized as a group self-insurer by Section 440.57, Florida Statutes.

(2) In addition, such companies other than those authorized by Section 440.57, Florida Statutes, shall have and maintain a Best's Rating of "A" or better and a Financial Size Category of "VII" or better according to A.M. Best Company.

(3) If, during the period which an insurance company is providing the insurance coverage required by this Agreement, an insurance company shall: 1) lose its Certificate of Authority, 2) no longer comply with Section 440.57, Florida Statutes, or 3) fail to maintain the requisite Best's Rating and Financial Size Category, the BROKER shall, as soon as the BROKER has knowledge of any such circumstance, immediately notify the COUNTY and immediately replace the insurance coverage provided by the insurance company with a different insurance company meeting the requirements of this Agreement. Until such time as the BROKER has replaced the unacceptable insurer with an insurer acceptable to the COUNTY the BROKER shall be deemed to be in default of this Agreement.

(c) Specifications. Without limiting any of the other obligations or liability of the BROKER, the BROKER shall, at the BROKER's sole expense, procure, maintain and keep in force amounts and types of insurance conforming to the minimum requirements set forth in this Section. Except as otherwise specified in the Agreement, the insurance shall become effective prior to the commencement of work by the BROKER and shall be maintained in force until the Agreement completion date. The amounts and types of insurance shall conform to the following minimum requirements.

(1) Workers' Compensation/Employer's Liability.

(A) BROKER's insurance shall cover the BROKER for liability which would be covered by the latest edition of the standard Workers' Compensation Policy, as filed for use in Florida by the National Council on Compensation Insurance, without restrictive endorsements. The BROKER will also be responsible for procuring proper proof of coverage from its subcontractors of every tier for liability which is a result of a Workers' Compensation injury to the

subcontractor's employees. The minimum required limits to be provided by both the BROKER and its subcontractors are outlined in subsection (c) below. In addition to coverage for the Florida Workers' Compensation Act, where appropriate, coverage is to be included for the United States Longshoremen and Harbor Workers' Compensation Act, Federal Employers' Liability Act and any other applicable federal or state law.

(B) Subject to the restrictions of coverage found in the standard Workers' Compensation Policy, there shall be no maximum limit on the amount of coverage for liability imposed by the Florida Workers' Compensation Act, the United States Longshoremen's and Harbor Workers' Compensation Act, or any other coverage customarily insured under Part One of the standard Workers' Compensation Policy.

(C) The minimum amount of coverage under Part Two of the standard Workers' Compensation Policy shall be:

$ 500,000.00	(Each Accident)
$1,000,000.00	(Disease-Policy Limit)
$ 500,000.00	(Disease-Each Employee)

(2) Commercial General Liability.

(A) The BROKER's insurance shall cover the BROKER for those sources of liability which would be covered by the latest edition of the standard Commercial General Liability Coverage Form (ISO Form CG 00 01), as filed for use in the State of Florida by the Insurance Services Office, without the attachment of restrictive endorsements other than the elimination of Coverage C, Medical Payment and the elimination of coverage for Fire Damage Legal Liability.

(B) The minimum limits to be maintained by the BROKER (inclusive of any amounts provided by an Umbrella or Excess policy) shall be as follows:

	LIMITS
General Aggregate	$Three (3) Times the Each Occurrence Limit

Personal & Advertising Injury Limit	$500,000.00
Each Occurrence Limit	$500,000.00

(3) Professional Liability Insurance. The BROKER shall carry limits of not less than FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00).

(d) Coverage. The insurance provided by BROKER pursuant to this Agreement shall apply on a primary basis and any other insurance or self-insurance maintained by the COUNTY or the COUNTY's officials, officers, or employees shall be excess of and not contributing with the insurance provided by or on behalf of the BROKER.

(e) Occurrence Basis. The Workers' Compensation Policy and the Commercial General Liability required by this Agreement shall be provided on an occurrence rather than a claims-made basis. The Professional Liability insurance policy must either be on an occurrence basis, or, if a claims-made basis, the coverage must respond to all claims reported within three (3) years following the period for which coverage is required and which would have been covered had the coverage been on an occurrence basis.

(f) Obligations. Compliance with the foregoing insurance requirements shall not relieve the BROKER, its employees or agents of liability from any obligation under a Section or any other portions of this Agreement.

SECTION 15. ALTERNATIVE DISPUTE RESOLUTION (ADR).

(a) In the event of a dispute related to any performance or payment obligation arising under this Agreement, the parties agree to exhaust COUNTY ADR procedures prior to filing suit or otherwise pursuing legal remedies. COUNTY ADR procedures for proper invoice and payment disputes are set forth in Section 55.1, "Prompt Payment Procedures,"

Seminole County Administrative Code. Contract claims include all controversies, except disputes addressed by the "Prompt Payment Procedures," arising under this Agreement and ADR procedures therefor are set forth in Section 220.102, "Contract Claims," Seminole County Code.

(b) BROKER agrees that it will file no suit or otherwise pursue legal remedies based on facts or evidentiary materials that were not presented for consideration in the COUNTY ADR procedures set forth in subsection (a) above of which the BROKER had knowledge and failed to present during the COUNTY ADR procedures.

(c) In the event that COUNTY ADR procedures are exhausted and a suit is filed or legal remedies are otherwise pursued, the parties shall exercise best efforts to resolve disputes through voluntary mediation. Mediator selection and the procedures to be employed in voluntary mediation shall be mutually acceptable to the parties. Costs of voluntary mediation shall be shared equally among the parties participating in the mediation.

SECTION 16. REPRESENTATIVE OF COUNTY AND BROKER.

(a) It is recognized that questions in the day-to-day conduct of performance pursuant to this Agreement will arise. The COUNTY, upon request by BROKER, shall designate in writing and shall advise BROKER in writing of one (1) or more COUNTY employees to whom all communications pertaining to the day-to-day conduct of the Agreement shall be addressed. The designated representative shall have the authority to transmit instructions, receive information and interpret and define the COUNTY's policy and decisions pertinent to the work covered by this Agreement.

(b) BROKER shall, at all times during the normal work week, designate or appoint one or more representatives of BROKER who are

authorized to act on behalf of BROKER regarding all matters involving the conduct of the performance pursuant to this Agreement and shall keep COUNTY continually advised of such designation.

SECTION 17. ALL PRIOR AGREEMENTS SUPERSEDED. This document incorporates and includes all prior negotiations, correspondence, conversations, agreements or understandings applicable to the matters contained herein and the parties agree that there are not commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained or referred to in this document. Accordingly, it is agreed that no deviation from the terms hereof shall be predicated upon any prior representations or agreements, whether oral or written.

SECTION 18. MODIFICATIONS, AMENDMENTS OR ALTERATIONS. No modification, amendment or alteration in the terms or conditions contained herein shall be effective unless contained in a written document executed with the same formality and of equal dignity herewith.

SECTION 19. INDEPENDENT CONTRACTOR. It is agreed that nothing herein contained is intended or should be construed as in any manner creating or establishing a relationship of copartners between the parties, or as constituting the BROKER including its officers, employees, and agents, the agent, representative, or employee of the COUNTY for any purpose, or in any manner, whatsoever. The BROKER is to be and shall remain an independent contractor with respect to all services performed under this Agreement.

SECTION 20. EMPLOYEE STATUS. Persons employed by the BROKER in the performance of services and functions pursuant to this Agreement shall have no claim to pension, workers' compensation, unemployment compensation, civil service or other employee rights or privileges granted to the COUNTY's officers and employees either by operation of law or by

the COUNTY.

SECTION 21. SERVICES NOT PROVIDED FOR. No claim for services furnished by the BROKER not specifically provided for herein shall be honored by the COUNTY.

SECTION 22. PUBLIC RECORDS LAW. BROKER acknowledges COUNTY's obligations under Article 1, Section 24, Florida Constitution and Chapter 119, Florida Statutes, to release public records to members of the public upon request. BROKER acknowledges that COUNTY is required to comply with Article 1, Section 24, Florida Constitution and Chapter 119, Florida Statutes, in the handling of the materials created under this Agreement and that said statute controls over the terms of this Agreement.

SECTION 23. NOTICES. Whenever either party desires to give notice unto the other, it must be given by written notice, sent by certified United States mail, with return receipt requested, addressed to the party for whom it is intended at the place last specified and the place for giving of notice shall remain such until it shall have been changed by written notice in compliance with the provisions of this Section. For the present, the parties designate the following as the respective places for giving of notice, to wit:

FOR COUNTY:

Risk Management
200 W. County Home Rd.
Sanford, FL 32773

FOR BROKER:

Arthur J. Gallagher & Co.
7380 Sand Lake Rd., Suite 390
Orlando, FL 32819

SECTION 24. RIGHTS AT LAW RETAINED. The rights and remedies of the COUNTY, provided for under this Agreement, are in addition to any other rights and remedies provided by law.

SECTION 25. COMPLIANCE WITH LAWS AND REGULATIONS. In providing all services pursuant to this Agreement, the BROKER shall abide by all statutes, ordinances, rules, and regulations pertaining to, or regulating the provisions of, such services, including those now in effect and hereafter adopted. Any violation of said statutes, ordinances, rules, or regulations shall constitute a material breach of this Agreement, and shall entitle the COUNTY to terminate this Agreement immediately upon delivery of written notice of termination to the BROKER.

SECTION 26. CONFLICT OF INTEREST.

(a) The BROKER agrees that it will not engage in any action that would create a conflict of interest in the performance of its obligations pursuant to this Agreement with the COUNTY or which would violate or cause others to violate the provisions of Part III, Chapter 112, Florida Statutes, relating to ethics in government.

(b) The BROKER hereby certifies that no officer, agent or employee of the COUNTY has any material interest (as defined in Section 112.312(15), Florida Statutes, as over 5%) either directly or indirectly, in the business of the BROKER to be conducted here, and that no such person shall have any such interest at any time during the term of this Agreement.

(c) Pursuant to Section 216.347, Florida Statutes, the BROKER hereby agrees that monies received from the COUNTY pursuant to this Agreement will not be used for the purpose of lobbying the Legislature or any other State or Federal Agency.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement for the purposes stated herein.

ATTEST:

_____
Secretary

(CORPORATE SEAL)

ARTHUR J. GALLAGHER & CO.

By:_____
GLENN R. TOBEY, Area President

Date:_____

ATTEST:

_____
MARYANNE MORSE
Clerk to the Board of
County Commissioners of
Seminole County, Florida.

For the use and reliance
of Seminole County only.
Approved as to form and
legal sufficiency.

_____
County Attorney

BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA

By:_____
DARYL G. MCLAIN, Chairman

Date:_____

As authorized for execution by
the Board of County Commissioners
at their _____, 20____,
regular meeting.

AC/lpk
11/19/03
rfp-4205

Attachment:
Exhibit "A" - Scope of Services

SECTION 3 – SERVICES PROVIDED

Program Design Summary:

The program that is currently being provided to Seminole County is an All Lines Aggregate program. The following coverages are included within this program:

Property
General Liability
Automobile Liability
Public Official's Errors & Omissions
Employee Benefits Liability
Crime
Workers' Compensation

The program is structured so that the County assumes a certain level of risk on each coverage (i.e. $200,000 each and every Property Occurrence) known as a Self Insurance Retention (SIR). Then, excess insurance is placed above the SIR's up to the appropriate catastrophic limit. Attached is a graphical illustration of the program structure.

Program Implementation Summary:

In order to determine the best advantageous insurance markets to provide the services requested by the County, a History of Losses and Exposures to the County is paramount.

1. Who will insure the environmental liability?
2. Who can provide medical malpractice for EMT?
3. Will the insurance company allow the County to select their own legal defense, or will it be assigned by the company?
4. Who can provide Florida Wind capacity at reasonable deductible levels?
5. Who can offer the most competitive rates on Workers' Compensation?

These are only five (5) examples of probably one hundred (100) scenarios we at Gallagher consider before approaching any market for insurance coverages.

The Loss Analysis we conduct, not only demonstrates premium to loss ratio's, but specifically provides type of loss, by what department, by part of body. This information is crucial in determining what insurance markets may be approached.

SEMINOLE COUNTY BOARD OF COUNTY COMMISSIONERS
PROTECTED SELF-INSURANCE PROGRAM
PROPOSED PROGRAM
2003-2004

PROPERTY	GENERAL LIABILITY & AUTO LIABILITY	PUBLIC OFFICIALS' LIABILITY	WORK COMP	CRIME
$100,000,000 xs $10,000,000				
$9,000,000 xs $1,000,000	$4,000,000 xs $1,000,000	$4,000,000 xs $1,000,000	Statutory Limits xs $400,000 Annual Agg. Ded: $200,000	
$800,000 xs SIR	$900,000 xs SIR	$900,000 xs SIR	$200,000 xs SIR	$225,000 xs SIR
SIR 200,000	SIR 100,000	SIR 100,000	SIR 200,000	SIR 25,000

Aggregate Excess
Applies when Loss Fund is Exhausted
$1,000,000

LOSS FUND
$3,300,000
Minimum

SECTION 3 – SERVICES PROVIDED (CONT'D)

Program Implementation Summary (Cont'd):

In theory, for a Public Entity client, the Brokers' timeline should be as follows to provide optimal service and coverage placement for an October 1st effective date:

ACTIVITY	DATE
Underwriting data requested from client	May 1st
Underwriting data received by Broker	June 15th
Underwriting data compiled and submission created	June 30th
Submission sent to carriers	July 1st
Quotations received by Broker	August 15th
Proposal preparation, quotation negotiations, etc.	Sept. 1st
Broker presentation to client	Sept. 10th
Request to Bind received from client	Sept. 25th
Coverage bound and effective	Oct. 1st

Please note: This is an "optimal" timeline. It is impossible to predict the timeline for circumstances such as market hardening, major natural disasters/catastrophies, etc.

Program Administration:

Your account team at AJGCo. will coordinate, request, review, and deliver all insurance policies, audits and endorsements issued by the carrier in a timely fashion. Each policy (and subsequent endorsements) placed by your account team is thoroughly checked for errors. Our corporate guidelines call for a complete check to be performed using a Errors & Omissions Checklist to make sure that each policy matches the carrier's quotation and proposal.

Furthermore, all certificates of insurance and vehicle identification cards needed by the County are issued by your account team. We typically issue certificates of insurance within the same day that the request is received. If not completed in the same business day, it is completed in the next business day.

SECTION 3 – SERVICES PROVIDED (CONT'D)

Risk Financing Alternatives:

There are many methods of insurance purchasing that should be mentioned. AJGCo. has the experience and capabilities of providing any of the following types of alternatives:

- Protected Self-Insurance Program
- Self-Insurance Program
- Traditional Insurance Policies and Coverages
- Incurred Loss Retro
- Paid Loss Retro
- Basket Aggregate
- High Deductibles
- Rent-A-Captive
- Group Captive
- Association - Pool - Funds

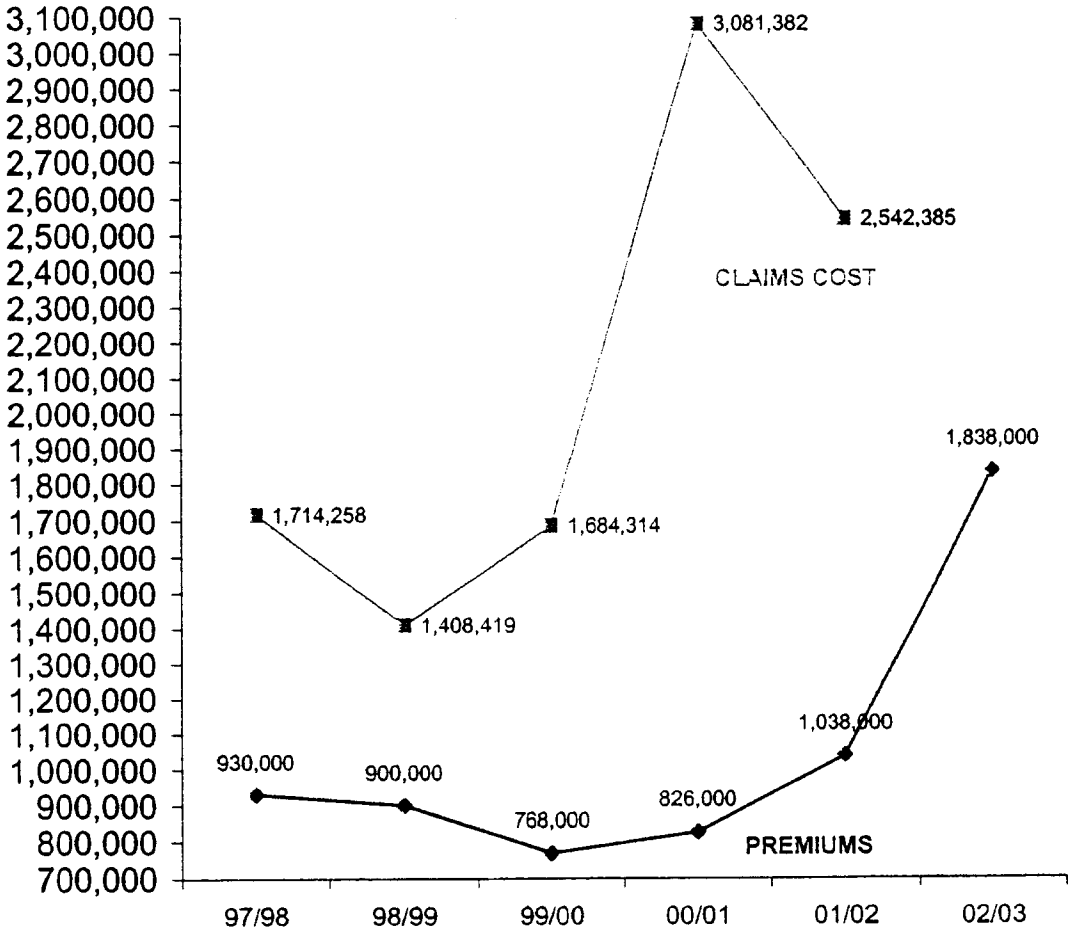
Emphasis from our perspective is in a Protected Self-Insurance Program, also known at the Premier Public Entity Package Program. A High Deductible Program for Workers' Compensation would also be explored.

Due to the County's significant increase in losses over the past five years, we feel that Protected Self-Insurance and/or Self-Insurance is the most economical. By the County assuming some of the risk, excess insurance premiums are much lower than premiums in traditional insurance.

The following charts are illustrations of the County's recent loss history as it relates to program costs. As you will see, the County's losses have steadily increased over the past five years. Traditional insurance costs for the County would be significantly higher than the costs currently being paid.

SEMINOLE COUNTY BOARD OF COUNTY COMMISSIONERS

Total Premiums to Total Claims Cost

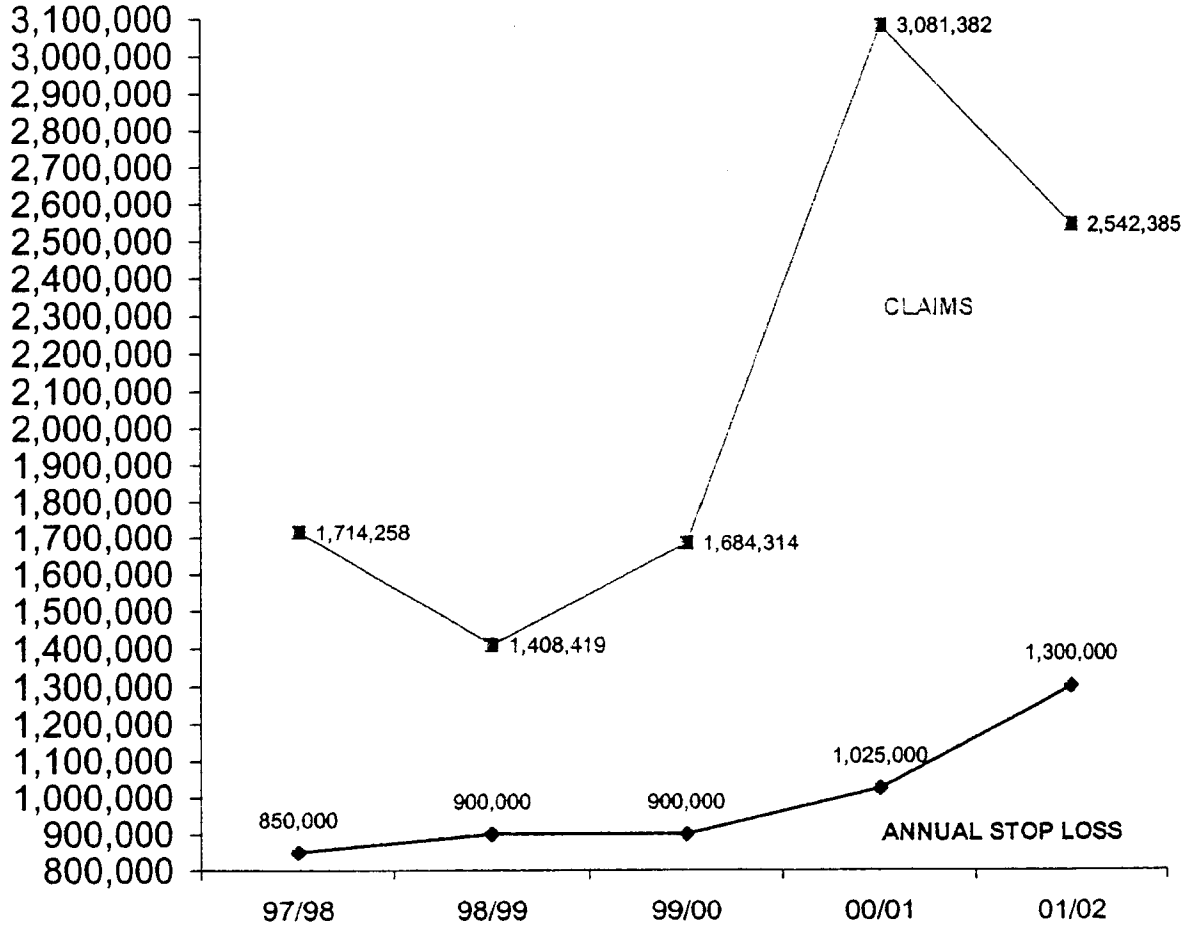


Premiums	Claims Cost	YEAR	Variance	% Variance
930,000	1,714,258	97/98	784,258	184%
900,000	1,408,419	98/99	508,419	156%
768,000	1,684,314	99/00	916,314	219%
826,000	3,081,382	00/01	2,255,382	373%
1,038,000	2,542,385	01/02	1,504,385	245%
1,838,000		02/03	Too New	

Premiums
Claims Cost

SEMINOLE COUNTY BOARD OF COUNTY COMMISSIONERS

Total Annual Stop Loss to Total Claims



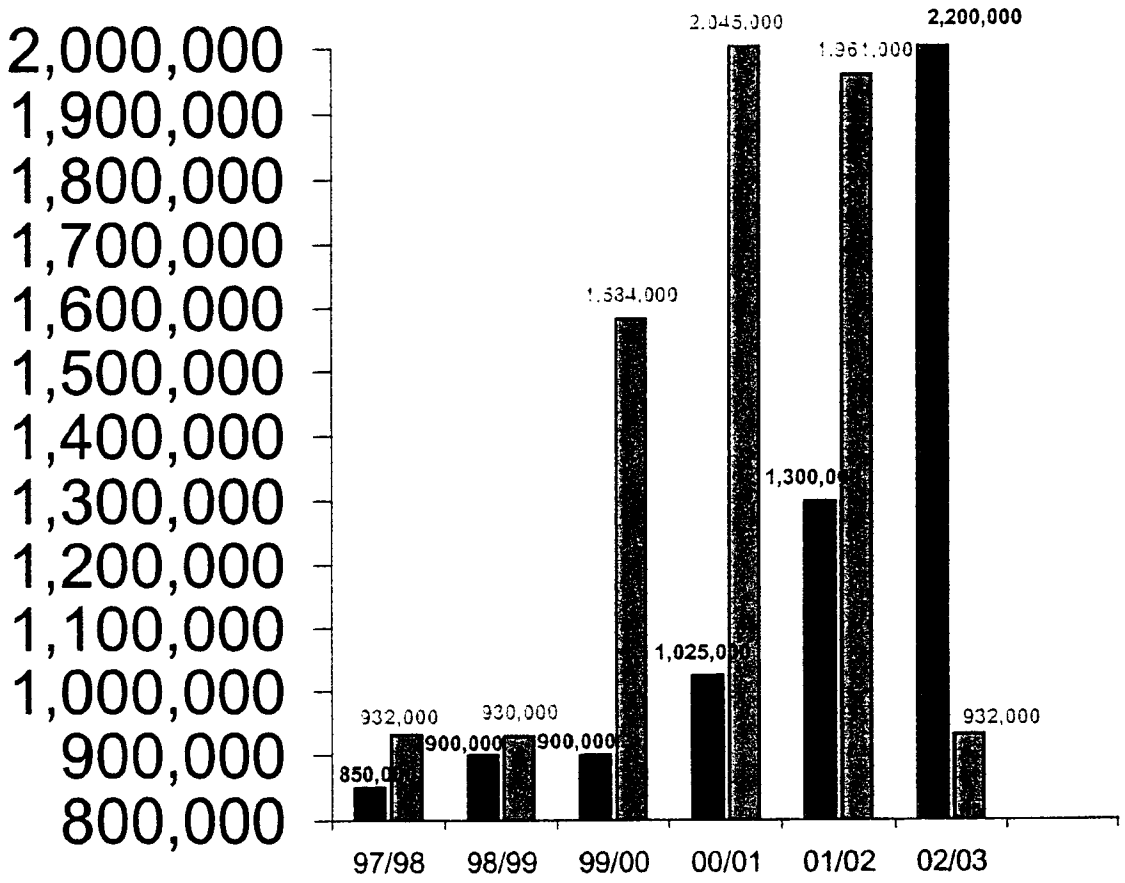
Annual Stop Loss	Claims Costs	YEAR	Variance	% Variance
850,000	1,714,258	97/98	864,258	202%
900,000	1,408,419	98/99	508,419	156%
900,000	1,684,314	99/00	784,314	187%
1,025,000	3,081,382	00/01	2,056,382	301%
1,300,000	2,542,385	01/02	1,242,385	196%
2,200,000 Min.	Too New	02/03		
3,300,000 Min.		03/04		

Annual Stop Loss

Claims Costs

SEMINOLE COUNTY BOARD OF COUNTY COMMISSIONERS

Total Loss Experience Excess of Annual Stop Loss



	Annual Stop Loss	Losses	YEAR	Variance	% Variance
	850,000	932,000	97/98	82,000	110%
	900,000	930,000	98/99	30,000	103%
	900,000	1,584,000	99/00	684,000	176%
	1,025,000	2,045,000	00/01	1,020,000	200%
	1,300,000	1,961,000	01/02	661,000	151%
Totals:	4,975,000	7,452,000		2,477,000	

Annual Stop Loss
Losses

SECTION 3 – SERVICES PROVIDED (CONT'D)

Risk Financing Alternatives (Cont'd):

Although we will explore other alternatives, we wanted to include some detail on the Premier Public Entity Package Program, which the County currently purchases.

THE PREMIER PUBLIC ENTITY PACKAGE PROGRAM

The Premier Public Entity Package Program with "protected" self-insurance was first developed in the 1970's for public entity clients. Since that time, this innovative risk management concept has proven successful for thousands of public entities across the country.

The difference between Arthur J. Gallagher & Co.'s Premier Public Entity Package Program and other insurance products offered by the marketplace is that we provide **an integrated program** of insurance and risk management services.

The Premier Public Entity Package Program provides an additional element of security by "capping your exposure." Coverages are provided on **a manuscript policy form** that provides the broadest protection available.

The Premier Public Entity Package Program is one of our premier accomplishments, and we have made both a personal and corporate commitment to making it your **best** solution to managing public entity risk.

The Premier Public Entity Package Program and related services is offered exclusively by Arthur J. Gallagher & Co. The program is a result of over 30 years of experience in the field and has been specifically designed and tailored for public entities.

The uniqueness of the program is that it addresses your true cost of risk as opposed to the price of your insurance premium. As you review this coneptual proposal and the unique concept of protected self-insurance, you will find that it incorporates:

Broader coverages
All coverages under one policy
Significant cash flow advantages
Reduced insurance costs

SECTION 3 – SERVICES PROVIDED (CONT'D)

Contract Review:

Contractual Risk Transfer: The County's approach to contractual risk transfer can be considered successful if it meets the following criteria. We have for the past twenty-seven years assisted the County in these areas. Review of contracts have always been discussed with the Risk Manager and the County Attorney.

- Risk retained are appropriate and affordable.
- Risk as an element of the overall transaction and negotiation is incorporated at the onset.
- Indemnity, insurance and other pertinent conditions are not so onerous that contract negotiations drag on unnecessarily delaying the transaction or necessitate the use of second-rate service providers to accomplish the contract's purposes.
- Contractual conditions allocating risk are not so onerous that a court disallows their operation at a future point in time.
    - Insurance requirements are clear, using recognized terms that can be interpreted both at the time the contract is negotiated and in possible future disputes.
    - Insurance and other support for the indemnity is in place when a loss occurs.
    - A thorough insurance monitoring process keeps the transferee in compliance with the insurance requirement.
    - The performance of the contract process is monitored and regularly evaluated.

The contractual risk transfer process operates smoothly when there is an appropriate level of knowledge and skills to protect the interests of each party to the contract negotiation. Most important is knowledge of the business transaction, which the contract memorializes. An experienced attorney's knowledge of legal issues, statutes, and contract construction techniques is essential to the development and review of any contract. A risk management professional, along with the broker, are equally essential to the success of the process as they both bring knowledge of risk management principles, insurance coverages, and the insurance marketplace to the process.

SECTION 3 – SERVICES PROVIDED (CONT'D)

Contract Review (Cont'd):

The following is a list of specific cases for review and evaluation conducted by Arthur J. Gallagher & Co. – Orlando in the past few years.

- Non-Exclusive Commercial Solid Waste Collection Services Agreement
- Seminole Natural Lands Program
- Seminole County: Lynx Agreement
- Seminole County Zoo Lease
- Convention Center Interlocal Agreement
- Explorer Program
- Professional Services Agreement with Selectron Technologies, Inc.
- Insurance Coverage – Markham Regional WTP
- Various Agreements and the Indemnification Clause.
- Parks and Recreation Tournament/Event Rental Agreement
- Project 419 – Phase I & II
- CSX Agreement

Risk Identification:

Certainly, risk identification is key to a successful risk management program. AJGCo. understands this concept. AJGCo. uses a variety of processes and methods in properly identifying any risk that the County may bare. We continually work to maintain accurate and up-to-date records of the County's assets, ventures and contractual obligations, so that proper risk analysis and identification can be made. In addition to Contract Reviews and Loss Analysis, we provide the following services for asset identification.

Exposure Identification Services - Bi-Annual

A) Gallagher completes an internal E&O policy checklist each year, once all the policies are received from underwriters. This E&O checklist compares the policy to the proposal submitted and checks for the correct limits, deductible, premiums and coverages including all pertinent endorsements.

B) Twice a year a complete exposure update will be prepared; once at mid-term and then at a pre-renewal meeting.

C) We strive to remain current on any new vehicle purchased, projected new building plans, or any other specific projects the County is developing. This is an ongoing service.

SECTION 3 – SERVICES PROVIDED (CONT'D)

Claims Management:

AJGCo. works with and has access to the following list of "TPA", Third Party Administrators.

1. Gallagher Bassett Services, Inc. - A division of Arthur J. Gallagher & Co.
2. Johns Eastern Company, Inc.
3. North American Risk Services
4. Preferred Governmental Claim Solutions
5. Crawford and Company
6. Frank Gates
7. ACS, Inc.
8. GARMI
9. CJ & W

In addition to claims handling, a TPA should provide the following services to the County. As the County's Broker, we work with the TPA to monitor their services and make sure the County is receiving the best possible claims management. NOTE: The claims handling fees are set and charged by the TPA completely independent of AJGCo.

Claims Management Services

- Litigation Management
- Subrogation Management
- Settlement Management
- Rehabilitation Management
- Reserve Management
- Investigation Management
- Managed Care Management

Not only are these companies involved in large claims handling, but are also involved in the day to day handling of all claims. To track each claim, reports are issued on a monthly basis.

SECTION 3 – SERVICES PROVIDED (CONT'D)

Claims Management (Cont'd):

Accurate and timely reporting of losses incurred by the County is a key service provided by the TPA. Not only is this an important risk management tool, it also helps in the brokering and underwriting process. Here is a sampling of the types of reports that the County should be provided:

Claims Management Reports

- Reports by Coverage
- Reports by Department
- Accurate Reports
- Timely Reports
- Selex Facs
- Comprehensive Data Reports
- Ad Hoc Capabilities
- Specific Excess Reports
- Aggregate Excess Reports

Broker Involvement

The County recently went through the bidding process for TPA Services. AJGCo. was instrumental in the process. The County chose to move their TPA Services this year after the bid process. A list of the steps AJGCo. followed are listed below:

Created and distributed Request For Proposals
Collected and compiled the responses from each TPA
Evaluated each TPA
Prepared spreadsheets and comparisons for Risk Management
Coordinated and attended the presentations for final three bidders
Discussed, analyzed, and presented the final proposed figures for each of the final three bidders.
Reviewed the contract for the chosen TPA

The bidding process for TPA services is not unfamiliar to AJGCo. We conducted the last bid approximately three years ago.

In addition to our involvement in the TPA selection process, we also take an active role in the reporting of claims by analyzing monthly loss runs. We will work closely with the TPA to make sure claims tracking is done accurately and timely. Furthermore, we will attend quarterly claims review meetings between the TPA and the County. Included in our compensation (detailed in Section 8) is the cost to provide this service on behalf of the County.

SECTION 3 – SERVICES PROVIDED (CONT'D)

Safety/Loss Control Services:

Loss Control/Prevention Strategy

We have found that by organizing a consistent, uniform loss control program, the chances of producing meaningful results are far greater than random activities.

Accidents will occur until causes are addressed. A disciplined, managed, loss control system that anticipates and prevents accidents can turn the expense of losses into Risk Management Program cost savings. We advocate a pro-active Loss Control program rather than reactive. This approach helps develop and implement a structured Loss Control Program, with flexible options to help deal with past losses and the effects of change.

The focus of a pro-active Loss Control program is a constant cycle of information gathering, analysis, evaluation and decision-making. The steps involved in the process are:

- Identify and evaluate loss exposures - through surveys, loss reports, analysis and reviews of the current program.
- Analyze and evaluate options to address losses. A focus will be made to fit Seminole's culture and organizational structure.
- Develop strategies and implement a cost-effective "Action Plan" to reduce losses.
- Monitor the activities and results of the implemented "Action Plan".
- Adjust strategies and goals where necessary.

With the commitment of concerned management to a sound "Action Plan", the following benefits from this approach can be realized.

- Safety is increased
- Risks are reduced
- Loss exposures are controlled
- Accountability is developed and maintained
- Severe losses are limited
- The probability and frequency of accidents are reduced

A COST SAVINGS WILL BE REALIZED.

SECTION 3 – SERVICES PROVIDED (CONT'D)

Safety/Loss Control Services (Cont'd):

OSHA Compliance
OSHA, the Occupational Safety and Health Administration, was created in 1970 to reduce accidents in the workplace. It has the authority to:

1. Issue safety and health standards.
2. Conduct inspections and investigations, issue citations and impose penalties.
3. Require employers to keep records pertinent to safety and health.
4. Petition courts to restrain imminent damage situations.
5. Approve or reject administration of OSHA by state agency.

The first step is to achieve compliance. We provide Self-Evaluation forms that cover requirements. We conduct hazard surveys which is part of our Loss Prevention department. We will inspect for physical hazards and unsafe practices. We provide the assistance to staff on the type of inspections which should be done regularly by line supervisors. The line supervisor, whose motivation comes from the safety consciousness of top management, is the key to safety.

A permanent variance can be obtained as proof that the County's method of operation provides employees with at least the minimum safety requirements of OSHA.

AJGCo. assists the County in all safety/loss control efforts described above. The costs associated with providing this assistance is included in the Broker Compensation (Section 8). Please note: if outside loss control services are needed or desired, there will be a cost for that vendor to provide such services. This fee is negotiated between the County and the outside vendor.

Risk Management Information System and Data Management:

As explained earlier in this Section under the heading "Claims Management", the TPA provides several reports to the County which illustrates the County's loss history. In addition to these reports, the TPA also provides for internet-based access to their claims system. Both the County and the Broker will have access to this program, which will allow either party to view the claims that have been reported, see adjuster notes, pull specific reports for specific needs, and monitor the claims as they develop.

Any fees associated with access to this type of program is set by the TPA. Currently, the County is using Johns Eastern Company for TPA services. The charge for this internet access is included in their claims handling fee.

BEST AND FINAL

RFP-4205-03/TLC
INSURANCE BROKERAGE SERVICES FOR SEMINOLE COUNTY

Broker Compensation

Each Broker shall respond in the following format - indicate where none:

Broker Compensation (each item is mutually exclusive):

fee:
Commission (must indicate maximum): Flat 6% commission with $100,000 maximum each year for five (5) years beginning 10/01/04*

Claims Management: $0

Safety/Loss Control: $0

RMIS Services: Included

*It should be noted that coverages have been secured through 10/01/04 and commissions have been paid to A. J. Gallagher. Thus, NO ADDITIONAL compensation would be paid to AJG until 10/1/04 when renewal coverages are placed.

Disclosure of other revenue:

Profit commissions/contingencies: $0

Administrative fees: $0

Investment Income: $0

Other (Specify): $0

We will accept equal monthly installments after services are rendered.

[] Yes XX No **

Company Name Date

Signature Authority Title

**We are proposing a commission, which is paid by the insurance carrier. Thus, we have no control over when the carrier pays us the commission. If we were proposing a fee, we could offer monthly installments. However, as explained, it would be illegal and unethical for us to charge a fee because we currently place coverages through Excess & Surplus Lines carriers. We cannot guarantee that we will not be placing coverages with E&S carriers in the future. Thus, we must follow the guidelines of Florida Law as outlined in Bulletin 02-001, dated April 16,2002.

TOTAL P.02