

STATE OF LOUISIANA BROKER SERVICES CONTRACT

On this 1st day of April, 2015, the Office of Risk Management, hereinafter sometimes referred to as “ORM” or “State”, and Arthur J. Gallagher Risk Management Services, Inc., 235 Highlandia Drive, Suite 200, Baton Rouge, LA 70810, hereinafter sometimes referred to as the “Contractor”, do hereby enter into a contract under the following terms and conditions.

1 SCOPE OF SERVICES

1.1 CONCISE DESCRIPTION OF SERVICES

The Contractor will be the State of Louisiana’s casualty insurance broker-of-record and shall develop and place the most effective and cost-efficient insurance coverage, and provide a range of consulting services associated with the program. The Contractor will provide brokerage and consulting services to assist ORM in fulfilling its critical role to ensure proper protection of the State’s assets and activities on behalf of the State’s citizens and taxpayers. The Contractor will develop re-structuring program options, market the coverage, present ORM with competitive quotes with recommendations, and place and service the coverage.

The current casualty program consists of coverage for general, professional, and media liability encompassing all State Agencies and various professional obligations. Coverage of the Louisiana Superdome and SMG is part of this program, carrying its own segregated policies. Related coverages and services may be added to each program at any time during the contract period and the Contractor must handle all additions.

1.2 STATEMENT OF WORK

See Attachment I, Scope of Services.

1.2.1. MONITORING PLAN

Melissa Harris, State Risk Administrator, or her designee, will monitor the services provided by the Contractor and the expenditure of funds under this contract. Ms. Harris, or her designee, will be primarily responsible for the day-to-day contact with the Contractor and day-to-day monitoring of the Contractor’s performance.

1.2.2. DELIVERABLES

The contract will be considered complete when Contractor has delivered and ORM has accepted all deliverables specified in the Statement of Work.

1.2.3. Veteran-Owned and Service-Connected Small Entrepreneurships (Veteran Initiative) and Louisiana Initiative for Small Entrepreneurships (Hudson Initiative) Programs Reporting Requirements

During the term of the contract and at expiration, the Contractor will be required to report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each.

1.2.4. SUBSTITUTION OF KEY PERSONNEL

The Contractor will assign the personnel listed in his proposal. The Contractor's personnel assigned to this contract shall not be replaced without the prior written consent of ORM. Such consent shall not be unreasonably withheld or delayed provided an equally qualified replacement is offered. In the event that any ORM or Contractor personnel become unavailable due to resignation, illness, or other factors, excluding assignment to projects outside this contract, outside of ORM's or Contractor's reasonable control, as the case may be, ORM or the Contractor shall be responsible for providing an equally qualified replacement in time to avoid delays in completing tasks.

2 ADMINISTRATIVE REQUIREMENTS

2.1 TERM OF CONTRACT

This contract shall begin on April 1, 2015 and shall end on March 31, 2018. In accordance with Section 2.1 of RFP UW-05, ORM exercises its right to contract for three (3) years with the concurrence of the Contractor and all appropriate approvals.

2.2 STATE FURNISHED RESOURCES

Notwithstanding the Contractor's responsibility for management during the performance of this contract, Ms. Harris, or her designee, shall be the principal point of contact on behalf of the State.

2.3 TAXES

Contractor is responsible for payment of all applicable taxes from the funds to be received under this contract. This does not apply to insurance company surplus lines taxes, if applicable. Contractor's federal tax identification number is 36-2151613.

3 COMPENSATION AND MAXIMUM AMOUNT OF CONTRACT

3.1 PAYMENT TERMS

In consideration of the services required by this contract, ORM hereby agrees to pay the Contractor a fixed annual fee of \$ 110,000. The maximum amount payable under this contract is \$ 330,000. Payments are predicated upon successful completion or acceptable progress and written approval by ORM of the described tasks and deliverables as provided in Attachment I, Scope of Services. Payments will be made to the Contractor after written acceptance by ORM of the tasks and approval of an invoice. ORM will make every reasonable effort to make payments within 30 days of the approval of invoice under a valid contract.

4/6/15
[Handwritten signature]

During the execution of tasks contained in the Attachment I, Scope of Services, the Contractor may submit invoices, not more frequently than quarterly. The maximum schedule of invoicing is as follows:

Invoice #	To be dated the last working day of	Percent of fixed annual fee
1	May	50%
2	October	50%

Revised page – changes from original underlined

ORM reserves the right to reduce the flat annual fee otherwise due to the Contractor by \$1,000 per day when each independent Key Deliverable, found in Section 2. A. of Attachment I, Scope of Services, is not successfully completed and delivered in the timeframe stated herein. If circumstances arise that are out of the control of the Contractor and will impact Contractor's performance, a clear explanation must be provided as soon as possible.

Payment of insurance premiums will be made under this contract and through the Contractor when approved programs are bound. Contractor will invoice insurance premiums separately from Contractor's fee. Contractor will be responsible to forward payment to the applicable markets. Any commission included in premiums for domestic/foreign wholesalers shall be disclosed and returned to ORM.

4 TERMINATION

4.1 TERMINATION FOR CAUSE

The State may terminate this contract for cause based upon the failure of the Contractor to comply with the terms and/or conditions of the Contract; provided that the State shall give the Contractor written notice specifying the Contractor's failure. If within fifteen (15) days after receipt of such notice, the Contractor shall not have corrected such failure or thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana Law to terminate for cause upon the failure of the State to comply with the terms and conditions of this contract; provided that the Contractor shall give the State written notice specifying the State's failure.

4.2 TERMINATION FOR CONVENIENCE

The State may terminate any contract entered into as a result of this RFP at any time by giving thirty (30) days written notice to the Contractor. The Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.

4.3 TERMINATION FOR NON-APPROPRIATION OF FUNDS

The continuance of this contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act or Title 39 of the Louisiana Revised Statutes of 1950 to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

5 FORCE MAJEUR AND INDEMNIFICATION

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under contract.

Contractor shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the State of Louisiana and ORM

from suits, actions, damages and costs of every name and description relating to the activities to be carried out pursuant to this contract, including but not limited to personal injury and property damage caused by Contractor, its agents, employees, partners or subcontractors, without limitation, provided, however, that the Contractor shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of ORM.

Contractor's liability to ORM, arising from any negligent acts or omissions of Contractor, whether related to the services provided hereunder or not, shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Contractor shall only be liable for actual damages incurred by ORM, and shall not be liable for any indirect, consequential or punitive damages.

If applicable, Contractor will indemnify, defend and hold the State and its Authorized Users harmless, without limitation, from and against any and all damages, expenses (including reasonable attorneys' fees), claims, judgments, liabilities and costs which may be finally assessed against the State in any action for infringement of a United States Letter Patent with respect to the Products furnished, or of any copyright, trademark, trade secret or intellectual property right, provided that the State shall give the Contractor: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit, (ii) the opportunity to take over, settle or defend such action, claim or suit at Contractor's sole expense, and (iii) assistance in the defense of any such action at the expense of Contractor. Where a dispute or claim arises relative to a real or anticipated infringement, the State or its Authorized Users may require Contractor, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as the Commissioner of Administration shall require.

The Contractor shall not be obligated to indemnify that portion of a claim or dispute based upon: i) Authorized User's unauthorized modification or alteration of a Product, Material or Service; ii) Authorized User's use of the Product in combination with other products not furnished by Contractor; iii) Authorized User's use in other than the specified operating conditions and environment.

In addition to the foregoing, if the use of any item(s) or part(s) thereof shall be enjoined for any reason or if Contractor believes that it may be enjoined, Contractor shall have the right, at its own expense and sole discretion as the Authorized User's exclusive remedy to take action in the following order of precedence: (i) to procure for the State the right to continue using such item(s) or part (s) thereof, as applicable; (ii) to modify the component so that it becomes non-infringing equipment of at least equal quality and performance; or (iii) to replace said item(s) or part(s) thereof, as applicable, with non-infringing components of at least equal quality and performance, or (iv) if none of the foregoing is commercially reasonable, then provide monetary compensation to the State up to the dollar amount of the Contract.

Unless otherwise specifically enumerated herein or in the work order mutually agreed between the parties, neither party shall be liable to the other for special, indirect or consequential damages, even if each party has been advised of the possibility of such damages. Neither party shall be liable for lost profits, lost revenue or lost institutional operating savings.

ORM may, in addition to other remedies available to them at law or equity and upon notice to the Contractor, retain such monies from amounts due Contractor, or may proceed against the performance and payment bond, if any, as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against them.

6 CONTRACT CONTROVERSIES

Any claim or controversy arising out of the contract shall be resolved by the provisions of the Louisiana Procurement Code; Procurement rules and regulations; and, executive orders,

standard terms and conditions, special terms and conditions, and specifications listed in the RFP and this contract.

7 FUND USE

Contractor agrees not to use contract proceeds to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority.

8 ASSIGNMENT

No Contractor shall assign any interest in this contract by assignment, transfer, or novation, without prior written consent of ORM. This provision shall not be construed to prohibit the Contractor from assigning to a bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to ORM.

9 RIGHT TO AUDIT

The State Legislative Auditor, agency, and/or federal auditors and internal auditors of the Division of Administration shall have the option to audit all accounts directly pertaining to the contract for a period of three (3) years from the date of the last payment made under this contract. Records shall be made available during normal working hours for this purpose.

10 RECORD RETENTION

The Contractor agrees to retain all records and other documents relevant to this contract in accordance with the Louisiana Public Records Law, LA R. S. 44:1 et seq.

11 CONTRACT MODIFICATION

No amendment or variation of the terms of this contract shall be valid unless made in writing, signed by the parties and approved as required by law. No oral understanding or agreement not incorporated in the contract is binding on any of the parties.

12 CONFIDENTIALITY OF DATA

All financial, statistical, personal, technical and other data and information relating to the State's operations which are designated confidential by the State and made available to the Contractor in order to carry out this contract, or which become available to the Contractor in carrying out this contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by ORM in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by ORM to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of ORM, to carry out the intent of this paragraph. The Contractor shall not be required under the provisions of the paragraph to keep confidential any data or information which is or becomes publicly available, is already

rightfully in the Contractor's possession, is independently developed by the Contractor outside the scope of the contract, or is rightfully obtained from third parties.

13 OWNERSHIP

All records, reports, documents and other material delivered or transmitted to Contractor by ORM shall remain the property of ORM, and shall be returned by Contractor to ORM, at Contractor's expense, at termination or expiration of this contract. All records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of ORM, and shall, upon request, be returned by Contractor to ORM, at Contractor's expense, at termination or expiration of this contract.

Contractor has the duty to fully cooperate with the State and provide any and all requested information, documentation, etc. to the State when requested. This applies even if an eventual contract is terminated and/or a lawsuit is filed. Specifically, the Contractor does not have the right to limit or impede the State's right to audit or to withhold State owned documents.

14 SUBCONTRACTORS

The Contractor may, with prior written permission from ORM, enter into subcontracts with third parties for the performance of any part of the Contractor's duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to ORM for any breach in the performance of the Contractor's duties. The Contractor will be the single point of contact for all subcontractor work.

15 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Contractor agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this contract.

16 INSURANCE

The Contractor shall maintain the insurance as shown in Exhibit A attached to this contract for the full term of the contract. Failure to comply shall be grounds for termination of this contract.

17 COMMISSIONER'S STATEMENTS

Statements, acts and omissions made by or on behalf of the Commissioner of Administration regarding the RFP or RFP process, this Contract, any Contractor and/or any subcontractor of the Contractor shall not be deemed a conflict of interest when the Commissioner is discharging her duties and responsibilities under law, including, but not limited, to the Commissioner of Administration's authority in procurement matters.

18 APPLICABLE LAW

This contract shall be governed by and interpreted in accordance with the laws of the State of Louisiana. Venue of any action brought with regard to this contract shall be in the Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana.

19 CODE OF ETHICS

The Contractor acknowledges that Chapter 15 of Title 42 of the Louisiana Revised Statutes (R.S. 42:1101 et. seq., Code of Governmental Ethics) applies to the Contracting Party in the performance of services called for in this contract. The Contractor agrees to immediately notify ORM if potential violations of the Code of Governmental Ethics arise at any time during the term of this contract.

20 SEVERABILITY

If any term or condition of this contract or the application thereof is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this contract are declared severable.

21 NOTICE

The address for mailing of notices is as follows:

If to ORM:	1201 North 3rd Street, Suite G-192 Baton Rouge, LA 70802
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If to Arthur J. Gallagher Risk Management Services, Inc.:	235 Highlandia Drive, Suite 200 Baton Rouge, LA 70803-7907
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22 MISCELLANEOUS

The language of this Agreement shall be construed as to its fair meaning and not strictly for or against either party. Any rule of construction to the effect that ambiguities are resolved against the drafting party shall not apply to the interpretation of this agreement.

23 COMPLETE CONTRACT

This is the complete contract between the parties with respect to the subject matter and all prior discussions and negotiations are merged into this contract. This contract is entered into with neither party relying on any statement or representation made by the other party not embodied in this contract and there are no other agreements or understanding changing or modifying the terms. This contract shall become effective upon final statutory approval.

24 ENTIRE AGREEMENT

This contract, together with the RFP and addenda issued thereto by ORM, the proposal submitted by the Contractor in response to ORM's RFP, and any exhibits incorporated herein by reference, shall constitute the entire agreement between the parties with respect to the subject matter.

25 ORDER OF PRECEDENCE

In the event of any inconsistent or incompatible provisions, this signed agreement (excluding the RFP and the Contractor's proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's proposal.

THUS DONE AND SIGNED on the date(s) noted below:

ARTHUR J. GALLAGHER RISK
MANAGEMENT SERVICES, INC.:

Mitchel Brashin

Regional President

April 1, 2015

STATE OF LOUISIANA
OFFICE OF RISK MANAGEMENT:

By: [Signature]

Title: State Risk Director

Date: 4/1/15

EXHIBIT A

INSURANCE REQUIREMENTS

The Contractor shall purchase and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, and employees.

A. MINIMUM SCOPE AND LIMITS OF INSURANCE

1. **Workers Compensation**

Workers Compensation insurance shall be in compliance with the Workers Compensation law of the State of the Contractor's headquarters. Employers Liability is included with a minimum limit of \$500,000 per accident/per disease/per employee. A.M. Best's insurance company rating requirement may be waived for workers compensation coverage only.

2. **Commercial General Liability**

Commercial General Liability insurance, including Personal and Advertising Injury Liability, shall have a minimum limit per occurrence of \$1,000,000 and a minimum general aggregate of \$2,000,000. The Insurance Services Office (ISO) Commercial General Liability occurrence coverage form CG 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. Claims-made form is unacceptable.

3. **Automobile Liability**

Automobile Liability Insurance shall have a minimum combined single limit per occurrence of \$1,000,000. ISO form number CA 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. This insurance shall include third-party bodily injury and property damage liability for owned, hired and non-owned automobiles.

4. **Professional Liability (Errors and Omissions)**

Professional Liability (Error & Omissions) insurance, which covers the professional errors, acts, or omissions of the Contractor, shall have a minimum limit of \$10,000,000. Claims-made coverage is acceptable. The date of the inception of the policy must be no later than the first date of the anticipated work under this contract. It shall provide coverage for the duration of this contract and shall have an expiration date no later than 30 days after the anticipated completion of the contract. The policy shall provide an extended reporting period of not less than 24 months, with full reinstatement of limits, from the expiration date of the policy.

B. DEDUCTIBLES AND SELF-INSURED RETENTIONS

Any deductibles or self-insured retentions must be declared to and accepted by ORM. The Contractor shall be responsible for all deductibles and self-insured retentions.

C. OTHER INSURANCE PROVISIONS

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverages

- a. ORM, its officers, agents, employees and volunteers shall be named as an additional insured as regards negligence by the Contractor. ISO Form CG 20 10 (current form approved for use in Louisiana), or equivalent, is to be used when applicable.
- b. The Contractor's insurance shall be primary as respects ORM, its officers, agents, employees and volunteers. Any insurance or self-insurance maintained by ORM shall be excess and non-contributory of the Contractor's insurance.
- c. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the policy limits.

2. Workers Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against ORM, its officers, agents, employees and volunteers for losses arising from work performed by the Contractor for ORM.

3. All Coverages

- a. Coverage shall not be canceled, suspended, or voided by either party (the Contractor or the insurer) or reduced in coverage or in limits except after 30 days written notice has been given to ORM. Ten-day written notice of cancellation is acceptable for non-payment of premium. Notifications shall comply with the standard cancellation provisions in the Contractor's policy.
- b. Neither the acceptance of the completed work nor the payment thereof shall release the Contractor from the obligations of the insurance requirements or indemnification agreement.
- c. The insurance companies issuing the policies shall have no recourse against ORM for payment of premiums or for assessments under any form of the policies.
- d. Any failure of the Contractor to comply with reporting provisions of the policy shall not affect coverage provided to ORM, its officers, agents, employees and volunteers.

D. ACCEPTABILITY OF INSURERS

All required insurance shall be provided by a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located. Insurance shall be placed with insurers with an A.M. Best's rating of **A:-VI or higher**. This rating requirement may be waived for workers compensation coverage only.

If at any time an insurer issuing any such policy does not meet the minimum A.M. Best rating, the Contractor shall obtain a policy with an insurer that meets the A.M. Best rating and shall submit another Certificate of Insurance as required in the contract.

E. VERIFICATION OF COVERAGE

Contractor shall furnish ORM with Certificates of insurance reflecting proof of required coverage. The Certificates for each insurance policy are to be signed by a person authorized

by that insurer to bind coverage on its behalf. The Certificates are to be received and approved by ORM before work commences and upon any contract renewal thereafter.

Upon failure of the Contractor to furnish, deliver and maintain such insurance as above provided, this contract, at the election of ORM, may be suspended, discontinued or terminated. Failure of the Contractor to purchase and/or maintain any required insurance shall not relieve the Contractor from any liability or indemnification under the contract.

F. SUBCONTRACTORS

Contractor shall be responsible for verifying and maintaining the Certificates provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. ORM reserves the right to request copies of subcontractor's Certificates at any time.

G. WORKERS COMPENSATION INDEMNITY

In the event Contractor, or subcontractor, is not required to provide or elects not to provide workers compensation coverage, the parties hereby agree that Contractor, or subcontractor, its owners, agents and employees will have no cause of action against, and will not assert a claim against, the State of Louisiana and ORM as an employer, whether pursuant to the Louisiana Workers Compensation Act or otherwise, under any circumstance. The parties also hereby agree that the State of Louisiana and ORM shall in no circumstance be, or considered as, the employer or statutory employer of Contractor, or subcontractor, its owners, agents and employees. The parties further agree that Contractor, or subcontractor, is a wholly independent contractor and is exclusively responsible for its employees, owners, and agents. Contractor, or subcontractor, hereby agrees to protect, defend, indemnify and hold the State of Louisiana, its departments, agencies, agents and employees harmless from any such assertion or claim that may arise from the performance of this contract.

ATTACHMENT I: SCOPE OF SERVICES

Overview

The Contractor will be the State of Louisiana's casualty insurance broker-of-record and shall develop and place the most effective and cost-efficient insurance coverage, and provide a range of consulting services associated with the Statewide casualty program. The Contractor will provide brokerage and consulting services to assist ORM in fulfilling its critical role to ensure proper protection of the State's assets and activities on behalf of the State's citizens and taxpayers. The Contractor will develop re-structuring program options, market the coverage, present ORM competitive quotes with recommendations, and place and service the coverage.

The current statewide casualty program consists of coverage for general, professional, and media liability encompassing all State Agencies and various professional obligations.

The Statewide casualty program shall encompass services for:

- Commercial General Liability including or independent placement of:
 - Professional Liability
 - Publishers Media
 - Elevator and Escalator Liability
 - Watercraft Liability
 - Public Officials and Employees Liability
 - Employee Benefits Liability
 - Garage Keepers' Liability
 - Special Event/Entertainment Liability
 - Liquor Liability
 - Educators' Legal Liability
 - Law Enforcement Liability
 - Sexual Abuse and Molestation
- Workers' Compensation and Employers' Liability
- Medical Malpractice
- Wet Marine Hull and P&I
- Aircraft Hull and Liability
- Airport Liability
- Cyber Liability
- Publisher's Media
- Automobile Liability and Physical Damage
- Bonds (Fidelity & Surety) and Crime
- Club Sports Liability and Accident
- Intellectual Property Liability
- Student Liability including or independent placement of:
 - Student Organization Liability
 - Student Internship/Professional Liability
 - Participant Accident Insurance
- International Travel insurance
- Non-Owned Aircraft Liability
- Loss Portfolio Transfer

Coverage of the Mercedes-Benz Superdome, the Smoothie King Center, Champions Square and SMG is part of the statewide program, carrying its own segregated policies. The policies will remain separated, although ORM has statutory oversight of the Superdome coverage lines and shall authorize final approval. The State is statutorily obligated to provide only the following

casualty coverage lines for: 1) Commercial General Liability including Host Liquor Liability 2) Workers' Compensation and Employers' Liability and 3) Bond and Crime including employee theft.

Related coverages and services may be added to each program at any time during the contract period and the Contractor must handle all additions.

Tasks and Services

The Contractor shall provide, at a minimum, the following services for ORM:

- A. Act as broker-of-record for new coverages placed during the contract term.
- B. Analyze exposure, claims, coverage forms, and current program data to determine various options in casualty program structures and provide recommendations to make the program more efficient and effective.
- C. Identify programs, products, and markets capable of meeting the State's coverage needs. Make recommendations regarding quality of markets, limits, and differences in various markets' terms and conditions.
- D. Offer creative solutions and innovative suggestions for ORM to consider.
- E. Assist ORM in identifying and organizing pertinent information in order to more effectively market the casualty coverage programs. Coordinate the collection of data to include in any market solicitations.
- F. With authorization, solicit quotations for the program. Act as an advocate for the State in communications with the markets and intermediaries, including negotiations of the lowest possible fees and/or deductible options. ORM anticipates participation in the broker meetings with market representatives to assist in the solicitation of the program.
- G. For insurance coverage placement, a maximum 5% commission rate will be allowed for those placements utilizing a foreign wholesale/intermediary broker. The fixed annual fee must include this cost. All foreign wholesale/intermediary compensation must be pre-agreed by ORM and fully disclosed. For all premiums, placed through either foreign or domestic brokers, that have a commission component, the commission must be identified and refunded to ORM.
- H. Compile quotations for the program in an Excel spreadsheet. Where there are an adequate number of markets to do so, provide multiple quotes for competitive purposes. In the event that this requirement is not possible or recommended, the Contractor must submit an explanation/recommendation to ORM for approval. For those markets that decline to offer a quote on coverage, documentation from the market indicating why they chose not to quote must be provided.
- I. Consider quotes from all qualified markets. All contacts from qualified and non-qualified markets must be documented and the Contractor must provide all results to ORM.
- J. Upon authorization, bind the program as directed by ORM. Binders and/or confirmation of coverage shall be required upon placement.
- K. Review and verify coverage documents received from all bound markets. Determine the coverage placed is correct and verify accuracy of price, rating classification and exposure.
- L. In addition to the original paper copies, deliver electronic copies of all coverage documents. All documents shall be submitted electronically (as requested) within 90

calendar days of their effective date. All coverage placed with multiple layers must include an Excel graphic display of the placement showing markets, policy numbers, limits, premiums, taxes, fees, and commissions, if applicable, per layer.

- M.** The Contractor is prohibited from accepting any contingent income, profit sharing, enhanced commission, or other forms of hidden income associated with this contract. Confirm that compensation, including direct and contingent, on all market proposals has not been assessed or has been credited to the premium billed.
- N.** Ensure the timely billing of all documents and endorsements to ORM and assist with premium allocations or breakdowns by agency for internal ORM billing purposes. In the event a Notice of Cancellation has been issued due to nonpayment of premium, work with ORM to resolve the situation and, to the extent possible, make payment on behalf of ORM.
- O.** Prepare certificates of insurance and endorsements, as requested, within 48 hours on a normal schedule and within 12 hours on a rush schedule.
- P.** Ensure proper service from markets on coverage placed and endorsements requested.
- Q.** Assist ORM when other related coverage needs to be added during the term of the contract, at no additional cost.
- R.** Develop a strategy for any upcoming renewal during the contract period to be presented in writing to ORM a minimum of 90 calendar days before expiration. Include and identify any intended intermediaries used in the solicitation process.
- S.** Disclose coverage additions and coverage restrictions on all renewal quotes in a chart format as compared to the expiring coverage.
- T.** Assist ORM with the reporting of claims. Be an advocate for the State on any disputed or problem claims. ORM's third-party administrator shall report the claims to the Contractor and the Contractor will be responsible for the reporting of all claims to the markets. In the event of an incident of high severity, act as an intermediary and advocate for the State with the markets to facilitate communication, data exchange, and prompt resolution of claims.
- U.** Monitor claims submitted to the markets to ensure they are properly handled and responded to in a timely manner. Provide confirmation to ORM with the markets on all claims, including claim number and representative contact information.
- V.** As requested by ORM, obtain clarification regarding coverage or claims questions.
- W.** Provide annual loss runs for each policy a minimum of 60 calendar days before expiration, including any prior year with open losses. These reports shall reflect claims opened and closed and claims reserved and paid by policy year (including all allocated loss adjustment expenses) until all claims are closed. These reports shall be cumulative for the coverage year and not just activity for the year. At ORM's request, loss runs shall be provided at any time during the year.

Information to be reflected on the quarterly report for each individual claim shall include but not be limited to the following:

- Date of Loss;
- Status of claim (open, closed, reopened);
- Brief Description of Loss;
- Name of State Agency;
- Amount of claim as indicated below (by coverage code, if coverage code is applicable);

- Total Incurred;
- Amount paid;
- Amount reserved;
- Amount recovered;
- Amount of loss adjustment expenses; and
- Net Incurred.

- X. Advise ORM on a semiannual basis, or as requested, about current developments in the marketplace as to coverages, forms, availability, pricing or other significant developments that would impact the State or vendors/contractors dealing with the State.
- Y. Assist ORM with casualty-related training classes as needed for State agency personnel. Training on specific topics may be determined by ORM or recommended by the Contractor.
- Z. Provide risk management and professional services, as requested by ORM, including, but not limited to, identifying and minimizing loss potential, reviewing casualty exposures, researching alternative risk transfer techniques, attending meetings with State agencies, markets, or other consultants.
- AA. Assist ORM with the analysis and reporting required as per Act 715 of the 2014 LA Legislative Regular Session.
- BB. Submit a semi-annual stewardship report outlining intended activities on behalf of the State for the upcoming six months, including the status of all items in the prior six months' reports. Reports shall be provided two weeks after the end of each six month calendar period.

1 Deliverables

A. Key Deliverables

1. Contractor shall bind coverage as agreed upon by ORM within five (5) calendar days of ORM approval.
2. All coverage documents shall be received (electronically, as requested) within 90 calendar days of their effective date.
3. All certificates of insurance and endorsements shall be received within 24 hours on a normal schedule and within 12 hours on a rush schedule.
4. The Contractor will report all claims within 12 hours to the applicable markets when notified by ORM and/or ORM's TPA.

These Key Deliverables will be subject to a performance penalty as follows:

The flat annual fee otherwise due to the Contractor will be reduced by \$1,000 per day when each independent Key Deliverable is not successfully completed and delivered in the timeframe stated herein.

B. Additional Deliverables

1. Claims history and loss runs shall be submitted annually, a minimum of 60 calendar days before expiration, and at any time upon request by ORM.
2. Premium rates and commission rates shall be reported per market per layer on the bound insurance program within thirty (30) calendar days of binding. The preferred method of reporting is an Excel spreadsheet.

3. The costs associated with the contract shall be subject to audit. The Contractor shall submit an annual statement identifying all income earned by each party participating in the placement of each of the casualty coverage programs and verify that no direct or indirect compensation has been retained.
4. All requested reports, analyses, and recommendations shall be submitted in a timely manner as determined by ORM and communicated to the Contractor.
5. Contractor will deliver semi-annual stewardship report two weeks after the end of each six month calendar year period.

2 Functional Requirements

LA R.S. 39:1527, et seq, authorizes ORM to be solely responsible for all property and casualty and workers' compensation insurance purchased or self-insured by ORM for all State Departments, Agencies, Boards and Commissions. The mission of ORM is to develop, direct, achieve and administer a cost effective comprehensive risk management program for all departments, agencies, boards and commissions of the State of Louisiana, and for any other entity for which the State has an equity interest, in order to preserve and protect the assets of the State of Louisiana. The Contractor will partner with ORM to determine the most effective and cost-efficient casualty coverage and provide a range of consulting services to assist ORM in reaching and maintaining its goal.

THUS DONE AND SIGNED on the date(s) noted below:

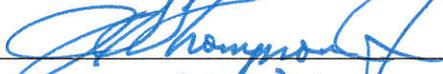
ARTHUR J. GALLAGHER RISK
MANAGEMENT SERVICES, INC.:

Mitchel Brashin

Regional President

April 1, 2015

STATE OF LOUISIANA
OFFICE OF RISK MANAGEMENT:

By: 

Title: State Risk Director

Date: 4/1/15